

Prudential Holborn Life Limited

Incorporated in England and Wales Registered No. 793051

Laurence Pountney Hill, London, EC4R 0HH

Annual FSA Insurance Returns for the year ended

31 December 2011

IPRU(iNS) Appendices 9.1, 9.3, 9.4, 9.6

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Statement of solvency - long-term insurance businessName of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2011**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	793051	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising within the long-term insurance fund	11			
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		22838	23505
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		22838	23505

Guarantee fund

Guarantee fund requirement	21		3056	3040
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		19782	20465

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31			
Resilience capital requirement	32			
Base capital resources requirement	33		3056	3040
Individual minimum capital requirement	34		3056	3040
Capital requirements of regulated related undertakings	35			
Minimum capital requirement (34+35)	36		3056	3040
Excess (deficiency) of available capital resources to cover 50% of MCR	37		21310	21985
Excess (deficiency) of available capital resources to cover 75% of MCR	38		20546	21225

Enhanced capital requirement

With-profits insurance capital component	39			
Enhanced capital requirement	40			

Capital resources requirement (CRR)

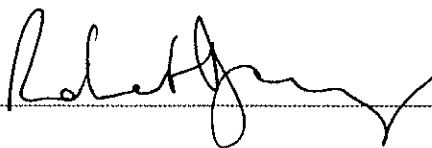
Capital resources requirement (greater of 36 and 40)	41		3056	3040
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		19782	20465

Contingent liabilities

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

Name of insurer **Prudential Holborn Life Limited**
Global business
Financial year ended **31 December 2011**


----- R A Devey **Chief Executive**


----- D J Belsham **Director**


----- K Nunn **Director**

Date 23 March 2012

Components of capital resources

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2011

	Company registration number	GL/UK/CM	day month year			Units
R3	793051	GL	31	12	2011	£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

Core tier one capital

Permanent share capital	11		20885	20885	20885
Profit and loss account and other reserves	12		15884	15884	16668
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		36769	36769	37553

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		36769	36769	37553
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		36769	36769	37553

Components of capital resources

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2011

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	793051	GL				£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Tier two capital

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

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

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

Components of capital resourcesName of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2011**

Company registration number	GL/UK/CM	day month year			Units	
R3	793051	GL	31	12	2011	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year
		1	2	3		4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		36769	36769	37553
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74		1117	1117	1029
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76		12814	12814	13019
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		22838	22838	23505

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		22838	22838	23505
Available capital resources for 50% MCR requirement	82		22838	22838	23505
Available capital resources for 75% MCR requirement	83		22838	22838	23505

Financial engineering adjustments

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

Analysis of admissible assetsName of insurer **Prudential Holborn Life Limited**

Global business

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

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2011		
	793051	GL	31	12	2011	£000	1
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	2759	3427
	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	19401	19723
	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	3267	3289	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assetsName of insurer **Prudential Holborn Life Limited**

Global business

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	793051	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

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

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1547	1175
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	65	41
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	27039	27655
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Analysis of admissible assetsName of insurer **Prudential Holborn Life Limited**

Global business

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	793051	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	27039	27655
Admissible assets in excess of market and counterparty limits	92	1117	1029
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	7739	6832
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	5075	6187
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	40970	41703
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	3267	3289

Liabilities (other than long term insurance business)Name of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2011**

Company registration number	GL/ UK/ CM	day	month	year	Units	
R15	793051	GL	31	12	2011	£000
				As at end of this financial year	As at end of the previous year	
				1	2	

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	19	8
	Foreseeable dividend	48		
	Other	49	4182	4142
Accruals and deferred income		51		
Total (19 to 51)		59	4201	4150
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	4201	4150

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	36769	37553
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	40970	41703

Profit and loss account (non-technical account)Name of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2011**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	793051	GL	31	12	2011	£000
				This financial year		Previous year		
				1		2		
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14			659	276	
	Value re-adjustments on investments		15			(855)		
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17					
	Value re-adjustments on investments		18				1157	
	Loss on the realisation of investments		19			555		
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			(751)	(881)	
Tax on profit or loss on ordinary activities			31			33	54	
Profit or loss on ordinary activities after tax (29-31)			39			(784)	(935)	
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			(784)	(935)	
Dividends (paid or foreseeable)			51				21000	
Profit or loss retained for the financial year (49-51)			59			(784)	(21935)	

Long-term insurance business : Revenue account

Name of insurer Prudential Holborn Life Limited
Total business / subfund Ordinary Long Term
Financial year ended 31 December 2011
Units £000

Financial year	Previous year
1	2

Income

Earned premiums	11		137074
Investment income receivable before deduction of tax	12		60552
Increase (decrease) in the value of non-linked assets brought into account	13		471
Increase (decrease) in the value of linked assets	14		90486
Other income	15		
Total income	19		288583

Expenditure

Claims incurred	21		184372
Expenses payable	22		20518
Interest payable before the deduction of tax	23		25
Taxation	24		9327
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29		214242

Business transfers - in	31		
Business transfers - out	32		1858684
Increase (decrease) in fund in financial year (19-29+31-32)	39		(1784343)
Fund brought forward	49		1784343
Fund carried forward (39+49)	59		

Long-term insurance business : Analysis of premiums

Name of insurer Prudential Holborn Life Limited
 Total business / subfund Ordinary Long Term
 Financial year ended 31 December 2011
 Units £000

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

Gross

Regular premiums	11				528
Single premiums	12				136849

Reinsurance - external

Regular premiums	13				
Single premiums	14				303

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17				528
Single premiums	18				136546

Total

Gross	19				137377
Reinsurance	20				303
Net	21				137074

Long-term insurance business : Analysis of claims

Name of insurer **Prudential Holborn Life Limited**
 Total business / subfund **Ordinary Long Term**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Death or disability lump sums	11				20624
Disability periodic payments	12				
Surrender or partial surrender	13				172596
Annuity payments	14				
Lump sums on maturity	15				1112
Total	16				194332

Reinsurance - external

Death or disability lump sums	21				4816
Disability periodic payments	22				
Surrender or partial surrender	23				5144
Annuity payments	24				
Lump sums on maturity	25				
Total	26				9960

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				15808
Disability periodic payments	42				
Surrender or partial surrender	43				167452
Annuity payments	44				
Lump sums on maturity	45				1112
Total	46				184372

Long-term insurance business : Analysis of expenses

Name of insurer **Prudential Holborn Life Limited**
 Total business / subfund **Ordinary Long Term**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14				20008
Management - other	15				510
Total	16				20518

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				20008
Management - other	45				510
Total	46				20518

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

Name of insurer **Prudential Holborn Life Limited**
Total business
Financial year ended **31 December 2011**
Units **£000**

Financial year 1	Previous year 2
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Income

Value of total creation of units	11		161193
Investment income attributable to the funds before deduction of tax	12		60110
Increase (decrease) in the value of investments in the financial year	13		90755
Other income	14		
Total income	19		312058

Expenditure

Value of total cancellation of units	21		185365
Charges for management	22		20251
Charges in respect of tax on investment income	23		11797
Taxation on realised capital gains	24		1771
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		3163
Other expenditure	26		1823122
Total expenditure	29		2045469

Increase (decrease) in funds in financial year (19-29)	39		(1733411)
Internal linked fund brought forward	49		1733411
Internal linked funds carried forward (39+49)	59		

Long-term insurance business : Summary of new business

Name of insurer **Prudential Holborn Life Limited**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

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

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

Regular premium business	11				
Single premium business	12				
Total	13				

Amount of new regular premiums

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

Amount of new single premiums

Direct insurance business	25				
External reinsurance	26				
Intra-group reinsurance	27				160840
Total	28				160840

Long-term insurance business : Distribution of surplus

Name of insurer **Prudential Holborn Life Limited**
Total business / subfund **Ordinary Long Term**
Financial year ended **31 December 2011**
Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		23277
Subtotal (11 to 14)	15		23277
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		23277

Composition of surplus

Balance brought forward	31		15207
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		8070
Total	39		23277

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		23277
Total distributed surplus (46+47)	48		23277
Surplus carried forward	49		
Total (48+49)	59		23277

Percentage of distributed surplus allocated to policyholders

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

PRUDENTIAL HOLBORN LIFE LIMITED

Appendix 9.4

VALUATION REPORT ON PRUDENTIAL HOLBORN LIFE LIMITED

INTRODUCTION

1. (1) The investigation relates to 31 December 2011.

The assets and liabilities of the insurer relating to long-term insurance business were transferred to The Prudential Assurance Company Limited (PAC) on 31 October 2010 in accordance with Part VII of the Financial Services and Markets Act 2002. No new contracts have been effected since the date of transfer. Consequently the insurer had no in force long term insurance business at the date of the investigation.

- (2) The previous investigation related to 31 December 2010.

- (3) Not applicable.

PRODUCT RANGE

2. Not applicable.

DISCRETIONARY CHARGES AND BENEFITS

3. (1) Not applicable.
(2) Not applicable.
(3) Not applicable.
(4) Not applicable.
(5) Not applicable.
(6) Not applicable.
(7) Not applicable.
(8) Not applicable.
(9) Not applicable.
(10) Not applicable.

VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)

4. (1) Not applicable.
(2) Not applicable.
(3) Not applicable.
(4) Not applicable.
(5) Not applicable.

PRUDENTIAL HOLBORN LIFE LIMITED

Appendix 9.4 (continued)

- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.
- (11) Not applicable.
- (12) Not applicable.

OPTIONS AND GUARANTEES

- 5. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.

EXPENSE RESERVES

- 6. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.

MISMATCHING RESERVES

- 7. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.

PRUDENTIAL HOLBORN LIFE LIMITED

Appendix 9.4 (continued)

OTHER SPECIAL RESERVES

8. Not applicable.

REINSURANCE

9. (1) Not applicable.
(2) Not applicable.
(3) Not applicable.

REVERSIONARY BONUS

10. Not applicable.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Notes to the returns

Form 2

0201 There are no waivers issued disapplying or modifying any of the provisions of the Accounts and Statements Rules in respect of long-term insurance business.

0204 On 31 October 2010, the insurer transferred its long term business to The Prudential Assurance Company Limited in accordance with Part VII of the Financial Services and Markets Act 2002.

Form 3

0301 Reconciliation of net admissible assets to total capital resources after deductions	2011 £000
Form 13 Line 89 (Other than long term) Grand total of admissible assets	27,039
Form 15 Line 69 Total	(4,201)
	<hr/> 22,838
Form 3 Line 79 Capital resources after deductions	22,838
Difference	<hr/> <u>0</u>

0313 Reconciliation of profit and loss account change	2011 £000
Profit and loss account and reserves b/fwd	16,668
Profit and loss account and reserves c/fwd	15,884
Movement	<hr/> (784)
Form 16 Line 59 Loss retained for the financial year	<hr/> <u>(784)</u>

Form 13

1300 Form 13 Total long term insurance business assets has been omitted, as the amounts required to be shown would be zero.

Notes 1301 to 1319 apply to the other than long term business fund.

1301 Assets specified in IPRU(INS) Form 13 instruction 5

The Company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in IPRU(INS) Form 13 instruction 5.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Notes to the returns (continued)

1304 Statement on set-off

Amounts due to or from the Company have been set off to the extent permitted by generally accepted accounting principles.

1305 Maximum Counterparty Limits

The Company's investment guidelines set maximum counterparty limits in order to maintain the admissibility of assets in accordance with INSPRU 2.1.22. During the financial year the balance exceeded the INSPRU 2.1.22 limit. This was due to an intragroup loan with The Prudential Assurance Company Ltd amounting to £4,384k at 2011 year end of which £1,117k was over the counterparty limit and unsecured loans issued by the company's Vietnamese subsidiary amounting to £6,144k of which £4,511k was over the counterparty limit. In respect of the Company's main working capital bank accounts within both the other than long-term, the balances are reviewed daily and compared to expected cashflows to ensure the Company is technically solvent. The balances did not exceed the INSPRU 2.1.22 limit during the year.

1306 Counterparty exposures at year end

Counterparty exposures were held at year end that were greater than five percent of the sum of the base capital resources requirement and long term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded. This was held as cash at bank with HSBC Bank £1.5m.

Form 14

1400 Form 14 has been omitted, as the amounts required to be shown would be zero.

Form 15

1501 Provision for Adverse Changes

No derivatives were held by the other than long term fund at any time during the year and therefore no provision for adverse changes is required.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Notes to the returns (continued)

1502 Details of charges over assets, etc.

- (a) There were no charges attributable to the other than long term business assets.
- (b) There was no potential tax liability arising in the other than long-term fund.
- (c) There were no contingent liabilities at the year end.
- (d) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business and in respect of related companies.
- (e) There were no fundamental uncertainties.

Form 16

1601 Foreign Currencies

Foreign currency revenue transactions, assets and liabilities are translated at year end exchange rates, except that certain revenue transactions are translated at rates ruling at the transaction dates.

Form 17

1700 Form 17 has been omitted, as no such contracts were used.

Form 40

4004 Details of transfers of contracts to another insurer

On 31 October 2010 the long term insurance business of Prudential Holborn Life Limited was transferred to The Prudential Assurance Company Limited in accordance with Part VII of the Financial Services and Markets Act 2000. The balance at Line 32 for 2010 represents the value of the fund transferring to The Prudential Assurance Company Limited.

4008 Provision of Management Services

The Company was provided throughout the year with management services by M&G Investment Management Limited, Prudential Distribution Limited, Prudential Services Limited and The Prudential Assurance Company Limited.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Notes to the returns (continued)

***4009* Details of material connected party transactions**

Until the Part VII transfer on 31 October 2010 the Company had two reinsurance agreements with a related Company, The Prudential Assurance Company Limited.

The first reinsurance agreement remained in force throughout the period and provides for the reinsurance of linked benefits. Included in earned premiums for 2010 is an amount of £160.8m received under this reinsurance agreement. Also included within claims incurred for 2010 is an amount of £178.0m arising from claims under this reinsurance agreement. The reinsurance agreement was drawn up under normal commercial terms which reflect the level of business transacted with the Company. There were no amounts written off in 2010 in respect of debts due to or from connected parties. The rebate of fund management charge to The Prudential Assurance Company Limited for 2010 amounted to £18.6m. In addition, The Prudential Assurance Company Limited met the expenses associated with this business.

The second reinsurance agreement was recaptured on 1 April 2010 and provided for the reinsurance of outstanding PHI claims in payment. Earned premiums for 2010 are stated net of a recapture premium of £24.0m paid to the cedant under this reinsurance agreement. The reinsurance agreement was drawn up under normal commercial terms. There were no amounts written off in 2010 in respect of debts due to or from connected parties.

Form 44

4400 Form 44 has been omitted, as the amounts required to be shown would be zero.

Form 45

4502 Particulars of other expenditure

On 31 October 2010 the long term insurance business of Prudential Holborn Life Limited was transferred to The Prudential Assurance Company Limited in accordance with Part VII of the Financial Services and Markets Act 2000. The balance at Line 26 of 2010 represents the value of internal linked funds transferring to The Prudential Assurance Company Limited.

Form 47

4700 Form 47 has been omitted, as the amounts required to be shown would be zero.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Notes to the returns (continued)

Form 50

5000 Form 50 has been omitted, as the amounts required to be shown would be zero.

Form 51

5100 Form 51 has been omitted, as the amounts required to be shown would be zero.

Form 53

5300 Form 53 has been omitted, as the amounts required to be shown would be zero.

Form 54

5400 Form 54 has been omitted, as the amounts required to be shown would be zero.

Form 55

5500 Form 55 has been omitted, as the amounts required to be shown would be zero.

Form 60

6000 Form 60 has been omitted, as the amounts required to be shown would be zero.

PRUDENTIAL HOLBORN LIFE LIMITED

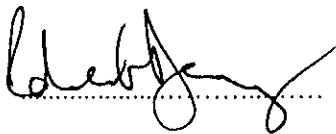
Global Business

Financial year ended 31 December 2011

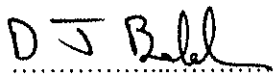
Directors' Certificate required by rule 9.34 of the Accounts and Statements Rules

We certify:

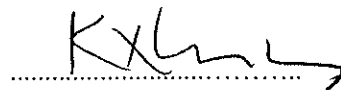
1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU, and INSPRU; and:
 - (b) we are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU, INSPRU and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2. that the statements required by paragraph 2 of Part 1 of Appendix 9.6 of the Interim Prudential Sourcebook for Insurers have been omitted as the insurer no longer carries on long-term insurance business.



R A Devey
Chief Executive



D J Belsham
Director



K Nunn
Director

23 March 2012

PRUDENTIAL HOLBORN LIFE LIMITED

Global Business

Financial year ended 31 December 2011

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

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Insurance Prudential Sourcebook, ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13, 15, 16, 40 to 43, 45 and 58, (including the supplementary notes) on pages 1 to 17 ('the Forms') and pages 21 to 25;
- the statement required by IPRU(INS)rule 9.29 on page 29 ('the Statement');
- the valuation report required by rule IPRU(INS) 9.31(a) (i) ('the valuation report').

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

- Form 46 (including the supplementary notes) on page 16;
- the statement required by IPRU(INS) rule 9.30 on page 30;
- the certificate required by IPRU(INS) rule 9.34 on page 26 ('the certificate').

This report is made solely to the insurer's directors, as a body, in accordance with the requirements of IPRU(INS) rule 9.35. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor's report has been commissioned by the insurer's directors and issued in accordance with the requirements of IPRU(INS) rule 9.35 and to facilitate the discharge by the FSA of its regulatory functions in respect of the insurer, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our work (including our examination) has been undertaken so that we might state to the insurer's directors, as a body, those matters we are required to state to them in an auditor's report issued pursuant to IPRU(INS) rule 9.35 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer and the insurer's directors as a body, for our work (including our examination), for this report, or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the Statement, and the valuation report, are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the valuation report meet these requirements, and to report our opinions to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the Statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our examination.

Basis of opinion

We conducted our work in accordance with Practice Note 20 “The audit of insurers in the United Kingdom (revised)” issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the Statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the Statement and the valuation report.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the Statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under rule IPRU(INS) 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

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

Robert Lewis

Robert Lewis (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square,
Canary Wharf,
London
E14 5GL

Date 23 March 2012

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Rule 9.29 Statement on Derivative Contracts

- a. **Investment Guidelines**
During 2011, investment guidelines did not allow the use of derivative contracts.
- b. **Derivatives where exercise is unlikely**
The Company was not subject to any counterparty derivative exposure during the financial year.
- c. **Quantification of derivatives in (b) above**
The Company was not subject to any counterparty derivative exposure during the financial year.
- h. **Provisions for reasonably foreseeable variations arising from derivative contracts, rule INSPRU 3.2.17R**
The Company was not subject to any counterparty derivative exposure during the financial year.
- i. **Consideration received for granting rights under derivative contracts**
The investment guidelines did not allow the writing of options.

PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2011

Rule 9.30 Statement on Shareholder Controllers

The following companies were shareholder controllers of Prudential Holborn Life Limited for the year: The Prudential Assurance Company Limited holding 100% of its issued share capital and voting power throughout the year; and Prudential plc, being the ultimate holding company, holding 100% of the issued share capital and voting power of The Prudential Assurance Company Limited throughout the year.