

The Prudential Assurance Company Limited

Annual PRA Insurance Returns for the year ended

31 December 2015

IPRU(INS) Appendices 9.1, 9.2, 9.3, 9.4, 9.4A, 9.5, 9.6

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Statement of solvency - general insurance businessName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Adjusted solo solvency calculation

R1	Company registration number	GL/UK/CM	day month year			Units
			31	12	2015	
	15454	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising outside the long-term insurance fund	11	4574531	4503430
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	4514531	4443430
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	60000	60000

Guarantee fund

Guarantee fund requirement	21	8583	7545
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	51417	52455

Minimum capital requirement (MCR)

General insurance capital requirement	31	4107	3944
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	4107	3944
Capital requirements of regulated related undertakings	35	7214	6230
Minimum capital requirement (34+35)	36	11321	10174
Excess (deficiency) of available capital resources to cover 50% of MCR	37	54340	54913
Excess (deficiency) of available capital resources to cover 75% of MCR	38	51509	52370

Capital resources requirement (CRR)

Capital resources requirement	41	11321	10174
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	48679	49826

Contingent liabilities

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Statement of solvency - long-term insurance businessName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Adjusted solo solvency calculation

	Company registration number	GL/UK/CM	day month year			Units
	R2	15454	GL	31	12	2015
			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	20399300	21839909
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	4514531	4443430
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	24913831	26283339

Guarantee fund

Guarantee fund requirement	21	2379788	2331060
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	22534043	23952278

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	3679532	3575533
Resilience capital requirement	32		
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	3679532	3575533
Capital requirements of regulated related undertakings	35	1160168	1143556
Minimum capital requirement (34+35)	36	4839700	4719089
Excess (deficiency) of available capital resources to cover 50% of MCR	37	22493981	23923795
Excess (deficiency) of available capital resources to cover 75% of MCR	38	21284056	22744022

Enhanced capital requirement

With-profits insurance capital component	39	8933089	10997782
Enhanced capital requirement	40	13772789	15716871

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	13772789	15716871
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	11141042	10566468

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51	255796	174368
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Components of capital resourcesName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	15454	GL	31	12	2015	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

Core tier one capital

Permanent share capital	11	242617			242617	242617
Profit and loss account and other reserves	12	4688130	5474284		10162415	8602650
Share premium account	13					
Positive valuation differences	14	225708	8863460		9089168	11172782
Fund for future appropriations	15		10758593		10758593	10475772
Core tier one capital in related undertakings	16	(4178856)			(4178856)	(3173045)
Core tier one capital (sum of 11 to 16)	19	977599	25096337		26073936	27320776

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	86900			86900	86900
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	1064499	25096337		26160836	27407676
Investments in own shares	32					
Intangible assets	33		34520		34520	51122
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35					
Deductions in related undertakings	36	826973			826973	783102
Deductions from tier one (32 to 36)	37	826973	34520		861492	834224
Total tier one capital after deductions (31-37)	39	237527	25061818		25299344	26573452

Components of capital resourcesName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R3	15454	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					
Upper tier two capital (44 to 47)	49					

Fixed term preference shares	51	1000			1000	1000
Other tier two instruments	52					
Lower tier two capital in related undertakings	53					
Lower tier two capital (51+52+53)	59	1000			1000	1000

Total tier two capital before restrictions (49+59)	61	1000			1000	1000
Excess tier two capital	62					
Further excess lower tier two capital	63					
Total tier two capital after restrictions, before deductions (61-62-63)	69	1000			1000	1000

Components of capital resourcesName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	15454	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

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72	238527	25061818	25300344	26574452	
Inadmissible assets other than intangibles and own shares	73	177945	147987	325932	206408	
Assets in excess of market risk and counterparty limits	74	581		581	1013	
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	60000	24913831	24973831	26367031	

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81	60000	24913831	24973831	26343339	
Available capital resources for 50% MCR requirement	82	60000	24913831	24973831	26343339	
Available capital resources for 75% MCR requirement	83	60000	24913831	24973831	26343339	

Financial engineering adjustments

Implicit items	91					
Financial reinsurance - ceded	92		83899	83899	109312	
Financial reinsurance - accepted	93					
Outstanding contingent loans	94		171897	171897	65056	
Any other charges on future profits	95					
Sum of financial engineering adjustments (91+92-93+94+95)	96		255796	255796	174368	

Calculation of general insurance capital requirement - premiums amount and brought forward amountName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

General insurance business

	Company registration number	GL/UK/CM	day month year			Units
R11	15454	GL	31	12	2015	£000
			This financial year 1			Previous year 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				
Premium taxes and levies (included in line 21)		22				
Premiums earned net of taxes and levies (21-22)		23				
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				
Sub-total I (higher of sub-total A and sub-total H)		30				
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				
	Excess (if any) over 61.3M EURO x 0.02	33				
Sub-total J (32-33)		34				
Claims paid in period of 3 financial years		41			12560	10923
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			144396	143262
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			92874	98659
Sub-total C (41+42+43-44-45)		46			64082	55527
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47			64082	55527
Sub-total D (46-47)		48				
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)		49			0.50	0.50
Premiums amount (Sub-total J x reinsurance ratio)		50				
Provision for claims outstanding (before discounting and net of reinsurance)		51				
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		52			144397	143262
Brought forward amount (See instruction 4)		53			3944	3944
Greater of lines 50 and 53		54			3944	3944

Calculation of general insurance capital requirement - premiums amount and brought forward amountName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	15454	GL	31	12	2015	£000
				This financial year 1		Previous year 2	
Gross premiums written			11	30687		24350	
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13	30687		24350	
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15	10441		11699	
Sub-total A (13 + 1/2 14 - 2/3 15)			16	23726		16550	
Gross premiums earned			21	35426		27841	
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23	35426		27841	
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25	10441		11699	
Sub-total H (23 + 1/2 24 - 2/3 25)			26	28466		20041	
Sub-total I (higher of sub-total A and sub-total H)			30	28466		20041	
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	5124		3607	
	Excess (if any) over 61.3M EURO x 0.02		33				
Sub-total J (32-33)			34	5124		3607	
Claims paid in period of 3 financial years			41	109317		97319	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42	10817		11968	
	For insurance business accounted for on an accident year basis		43	180			
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44	13006		19094	
	For insurance business accounted for on an accident year basis		45				
Sub-total C (41+42+43-44-45)			46	107308		90193	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	54014		44748	
Sub-total D (46-47)			48	53293		45445	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)			49	0.50		0.50	
Premiums amount (Sub-total J x reinsurance ratio)			50	2562		1818	
Provision for claims outstanding (before discounting and net of reinsurance)			51	6146		7197	
Provision 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	4037		4727	
Greater of lines 50 and 53			54	4037		4727	

Calculation of general insurance capital requirement - claims amount and resultName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	15454	GL	31	12	2015	£000
					This financial year 1		Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R		11			36		36	
Claims paid in reference period		21			12560		10923	
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			144396		143262	
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			92874		98659	
Claims incurred in reference period (21+22+23-24-25)		26			64082		55527	
Claims incurred for classes 11, 12 or 13 (included in 26)		27			62005		55484	
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 +1/2 27 - 2/3 28)		29			95085		83269	
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			31695		27756	
Division of sub-total F (gross adjusted claims amount)	x 0.26	32			8241		7217	
	Excess (if any) over 42.9M EURO x 0.03	33			27			
Sub-total G (32-33)		39			8214		7217	
Claims amount Sub-total G x reinsurance ratio (11.49)		41			4107		3608	
Higher of premiums amount and brought forward amount (11.54)		42			3944		3944	
General insurance capital requirement (higher of lines 41 and 42)		43			4107		3944	

Calculation of general insurance capital requirement - claims amount and resultName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	15454	GL	31	12	2015	£000
					This financial year 1		Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R		11			36		36	
Claims paid in reference period		21			109317		97319	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22			10817		11968	
	For insurance business accounted for on an accident year basis	23			180			
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24			13006		19094	
	For insurance business accounted for on an accident year basis	25						
Claims incurred in reference period (21+22+23-24-25)		26			107308		90193	
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28			21169		22177	
Sub-total E (26 +1/2 27 - 2/3 28)		29			93195		75409	
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			31065		25136	
Division of sub-total F (gross adjusted claims amount)	x 0.26	32			8077		6535	
	Excess (if any) over 42.9M EURO x 0.03	33			8			
Sub-total G (32-33)		39			8069		6535	
Claims amount Sub-total G x reinsurance ratio (11.49)		41			4035		3293	
Higher of premiums amount and brought forward amount (11.54)		42			4037		4727	
General insurance capital requirement (higher of lines 41 and 42)		43			4037		4727	

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**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	15454	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	2029884	1614756
	Debts and loans	22		
Other insurance dependants	Shares	23	321372	357830
	Debts and loans	24		
Non-insurance dependants	Shares	25		3134
	Debts and loans	26		
Other group undertakings	Shares	27	86262	82274
	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	1182476	1279895	
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	765	1308
	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 **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**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	15454	GL	31	12	2015	£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	144396	143262
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	780654	953238
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	313026	408121
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		
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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	4858834	4843819
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**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	15454	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	4858834	4843819
Admissible assets in excess of market and counterparty limits	92	581	1013
Inadmissible assets directly held	93	4709	1306
Capital resources requirement deduction of regulated related undertakings	94	1167381	1146884
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	173236	118908
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	4727782	3582734
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	10932524	9694665
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 assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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		8080574	7756775	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		657676
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	1440167	1301653
	Debts and loans	26	826866	889406
Other group undertakings	Shares	27	433686	517987
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	27474912	22909818	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	9298172	7702631	
Rights under derivative contracts	44	1213246	1611998	
Fixed interest securities	Approved	45	7335017	6373073
	Other	46	32735112	34788125
Variable interest securities	Approved	47	247580	223189
	Other	48	3409988	3658835
Participation in investment pools	49	2384243	2348924	
Loans secured by mortgages	50	1022552	1442319	
Loans to public or local authorities and nationalised industries or undertakings	51	192	217	
Loans secured by policies of insurance issued by the company	52	11191	13996	
Other loans	53	511966	628984	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	8572702	10285295
	More than one month withdrawal	55	4422	4656
Other financial investments	56			
Deposits with ceding undertakings	57	4464388	4645320	
Assets held to match linked liabilities	Index linked	58	3536167	3658971
	Property linked	59	8566473	8842099

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	15454	GL	31	12	2015	£000
					1	2
					As at end of this financial year	As at end of the previous year

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	43931	37150
	Intermediaries	72	777	718
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	54481	85147
	Ceded	75	543	6489
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	611173	404078
	due in more than 12 months	79	80554	51768

Other assets

Tangible assets	80	89	85
Deposits not subject to time restriction on withdrawal with approved institutions	81	550461	632628
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	804559	785269
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	38243	40532

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	123754429	122305812
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	123754429	122305812
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	123218	67444
Capital resources requirement deduction of regulated related undertakings	94		2902
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	239	(58464)
Deferred acquisition costs excluded from line 89	99	59289	69872
Reinsurers' share of technical provisions excluded from line 89	100	14786025	15321804
Other asset adjustments (may be negative)	101	65132	77774
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	138788331	137787144
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	9403	5780

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	357681	395062

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	83508	79935
	Debts and loans	26	27120	48701
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	2005764	2038870	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	542831	469417	
Rights under derivative contracts	44	24388	42693	
Fixed interest securities	Approved	45	448548	523778
	Other	46	1798622	2047026
Variable interest securities	Approved	47	13016	2989
	Other	48	101519	135039
Participation in investment pools	49	184485	232594	
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	3198	4082	
Other loans	53	55893	60711	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	365279	731260
	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 **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2015	£000	11
					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	1273	201
	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	24782	27929
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	131115	69825
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	36627	41742
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	15141	4358

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	6220789	6956212
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	6220789	6956212
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	(1171)	1298
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	1850	885
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	438756	472170
Other asset adjustments (may be negative)	101	3402	3885
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	6663625	7434450
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 assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **With-Profits Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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		6968681	6687489	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		657676
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	1356659	1221718
	Debts and loans	26	799746	840705
Other group undertakings	Shares	27	433686	517987
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	23697065	19382048	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	8130297	6508372	
Rights under derivative contracts	44	1185358	1566926	
Fixed interest securities	Approved	45	5489503	4949267
	Other	46	27600161	29400758
Variable interest securities	Approved	47	234564	220200
	Other	48	3289831	3519036
Participation in investment pools	49	2199758	2116329	
Loans secured by mortgages	50	735130	1122162	
Loans to public or local authorities and nationalised industries or undertakings	51	192	217	
Loans secured by policies of insurance issued by the company	52	7993	9914	
Other loans	53	456073	568273	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	7510436	8728886
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	2201213	2404127
	Property linked	59		

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **With-Profits Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2015	£000	12
					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	24248	24587
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	543	6410
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	384557	239439
	due in more than 12 months	79	80554	51768

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	161603	505303
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	686335	666211
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	23102	17375

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	93657289	91933185
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **With-Profits Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	93657289	91933185
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	91884	21213
Capital resources requirement deduction of regulated related undertakings	94		2902
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	(7939)	(59349)
Deferred acquisition costs excluded from line 89	99	2306	3409
Reinsurers' share of technical provisions excluded from line 89	100	10840681	11360390
Other asset adjustments (may be negative)	101	61324	73383
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	104645546	103335133
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	7584	4164

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Defined Charge Participating Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	544768		451294	

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	1772083	1488900	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	624556	639865	
Rights under derivative contracts	44	2034	1069	
Fixed interest securities	Approved	45		
	Other	46	782004	771135
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	420947	497014
	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 **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Defined Charge Participating Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2015	£000	13
					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	259	269
	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	8783	7804
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	41631	9468
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	266	1108
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	4197333	3867927
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Defined Charge Participating Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	4197333	3867927
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	406	506
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	4197739	3868433
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 assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non-Profit Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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		209445	222930	

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	488	84977	
Rights under derivative contracts	44	1467	1310	
Fixed interest securities	Approved	45	1396966	900027
	Other	46	2554324	2569206
Variable interest securities	Approved	47		
	Other	48	18638	4761
Participation in investment pools	49			
Loans secured by mortgages	50	287422	320157	
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	276041	328134
	More than one month withdrawal	55	4422	4656
Other financial investments	56			
Deposits with ceding undertakings	57	4464388	4645320	
Assets held to match linked liabilities	Index linked	58	1334954	1254844
	Property linked	59	8566473	8842099

Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non-Profit Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2015	£000	14
					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	18150	12092
	Intermediaries	72	777	718
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	54481	85147
	Ceded	75		79
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	193051	128906
	due in more than 12 months	79		

Other assets

Tangible assets	80	89	85
Deposits not subject to time restriction on withdrawal with approved institutions	81	216111	48033
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	81331	76208
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		18799

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	19679018	19548487
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Analysis of admissible assetsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non-Profit Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	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	19679018	19548487
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	32504	44933
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	6328	
Deferred acquisition costs excluded from line 89	99	56983	66463
Reinsurers' share of technical provisions excluded from line 89	100	3506588	3489244
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	23281421	23149127
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	1819	1616

Long term insurance business liabilities and margins

Name of insurer **The Prudential Assurance Company Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Summary**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	96705589	94730661	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	490329	193673	
Long term insurance business fund carried forward (11 to 13)	14	97195918	94924333	
Claims outstanding	Gross	15	438981	358152
	Reinsurers' share	16	126	78
	Net (15-16)	17	438854	358074
Provisions	Taxation	21	479078	556135
	Other risks and charges	22	82176	55283
Deposits received from reinsurers	23	1116818	1198706	
Creditors	Direct insurance business	31	146603	72535
	Reinsurance accepted	32	75004	73069
	Reinsurance ceded	33	133	741
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	124059	268305
	Other	38	4090334	3041164
Accruals and deferred income	39	96485	114134	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	6649543	5738145	
Excess of the value of net admissible assets	51	19908968	21643333	
Total liabilities and margins	59	123754429	122305812	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	754224	593902
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	8566473	8842099

Total liabilities (11+12+49)	71	103355132	100468806
Increase to liabilities - DAC related	72	25995	36483
Reinsurers' share of technical provisions	73	14786025	15321804
Other adjustments to liabilities (may be negative)	74	8902836	10853192
Capital and reserves and fund for future appropriations	75	11718343	11106858
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	138788331	137787143

Long term insurance business liabilities and margins

Name of insurer **The Prudential Assurance Company Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **Scottish Amicable Insurance Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	5369703	5880282	
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	5369703	5880282	
Claims outstanding	Gross	15	70180	77742
	Reinsurers' share	16		
	Net (15-16)	17	70180	77742
Provisions	Taxation	21	30968	44971
	Other risks and charges	22	2300	2200
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	4776	11912
	Other	38	263983	206548
Accruals and deferred income	39	4581	6645	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	376788	350018	
Excess of the value of net admissible assets	51	474297	725912	
Total liabilities and margins	59	6220789	6956212	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	109355	112453
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	5746491	6230300
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	438756	472170
Other adjustments to liabilities (may be negative)	74	478377	731980
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	6663624	7434450

Long term insurance business liabilities and margins

Name of insurer **The Prudential Assurance Company Limited**
Global business
Financial year ended **31 December 2015**
Total business/Sub fund **With-Profits Sub-Fund**
Units **£000**

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

Mathematical reserves, after distribution of surplus	11	69204041	66603781	
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	69204041	66603781	
Claims outstanding	Gross	15	186926	152542
	Reinsurers' share	16	11	2
	Net (15-16)	17	186914	152540
Provisions	Taxation	21	495630	525072
	Other risks and charges	22	76741	29946
Deposits received from reinsurers	23	1116818	1198706	
Creditors	Direct insurance business	31	19237	20183
	Reinsurance accepted	32		
	Reinsurance ceded	33	133	407
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	59447	172327
	Other	38	3078980	2334428
Accruals and deferred income	39	91904	107488	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	5125804	4541098	
Excess of the value of net admissible assets	51	19327444	20788307	
Total liabilities and margins	59	93657289	91933185	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	119602	143788
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	74329845	71144878
Increase to liabilities - DAC related	72	415	
Reinsurers' share of technical provisions	73	10840681	11360390
Other adjustments to liabilities (may be negative)	74	8744815	10397294
Capital and reserves and fund for future appropriations	75	10729790	10432570
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	104645546	103335133

Long term insurance business liabilities and margins

Name of insurer **The Prudential Assurance Company Limited**
 Global business
 Financial year ended **31 December 2015**
 Total business/Sub fund **Defined Charge Participating Sub-Fund**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	4085134	3730475	
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	4085134	3730475	
Claims outstanding	Gross	15	410	400
	Reinsurers' share	16		
	Net (15-16)	17	410	400
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	122	124
	Other	38	4441	7813
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	4973	8338	
Excess of the value of net admissible assets	51	107227	129114	
Total liabilities and margins	59	4197333	3867927	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	926	875
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	4090106	3738813
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	107633	129620
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	4197740	3868433

Long term insurance business liabilities and margins

Name of insurer **The Prudential Assurance Company Limited**
 Global business
 Financial year ended **31 December 2015**
 Total business/Sub fund **Non-Profit Sub-Fund**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	18046711	18516123	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	490329	193673	
Long term insurance business fund carried forward (11 to 13)	14	18537040	18709795	
Claims outstanding	Gross	15	181465	127468
	Reinsurers' share	16	115	76
	Net (15-16)	17	181350	127392
Provisions	Taxation	21	(47520)	(13908)
	Other risks and charges	22	3134	23136
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	127366	52351
	Reinsurance accepted	32	75004	73069
	Reinsurance ceded	33		334
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	59715	83942
	Other	38	742930	492375
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	1141978	838692	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	19679018	19548487	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	524340	336786
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	8566473	8842099

Total liabilities (11+12+49)	71	19188689	19354815
Increase to liabilities - DAC related	72	25580	36483
Reinsurers' share of technical provisions	73	3506588	3489244
Other adjustments to liabilities (may be negative)	74	(427990)	(405703)
Capital and reserves and fund for future appropriations	75	988552	674288
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	23281421	23149127

Liabilities (other than long term insurance business)Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	15454	GL	31	12	2015	£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	144396	143262
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	144396	143262

Provisions and creditors

Provisions	Taxation	21	66833	86396
	Other risks and charges	22	12297	8920
Deposits received from reinsurers	31			
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43	2826	2054
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions	46			
Creditors	Taxation	47	6709	5203
	Foreseeable dividend	48		
	Other	49	1218620	1241424
Accruals and deferred income	51		13	
Total (19 to 51)	59	1451680	1487272	
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62	1000	1000	
Subordinated loan capital	63			
Total (59 to 63)	69	1452680	1488272	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	1039817	1054716
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(52339)	(70996)
Capital and reserves	84	9532182	8277388
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	10932524	9694665

Profit and loss account (non-technical account)Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	15454	GL	31	12	2015	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					846
Transfer from the long term insurance business revenue account			13			36184		260997
Investment income	Income		14			291256		10132
	Value re-adjustments on investments		15			1308058		4088278
	Gains on the realisation of investments		16					61049
Investment charges	Investment management charges, including interest		17			101		115
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19			35760		34122
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			6137		(2372)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			1605774		4384695
Tax on profit or loss on ordinary activities			31			13748		6370
Profit or loss on ordinary activities after tax (29-31)			39			1592025		4378325
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			1592025		4378325
Dividends (paid or foreseeable)			51			360960		409833
Profit or loss retained for the financial year (49-51)			59			1231065		3968492

Analysis of derivative contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	15454	GL	31	12	2015	£000	1
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							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16				61631		993125	
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51				61631		993125	
Adjustment for variation margin		52							
Total (51 + 52)		53				61631			

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 contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	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	6163	1496	539342	1255485			
	Interest rates	12	1030483	128732	11199337	11199337			
	Inflation	13	24271	84528	753949	753949			
	Credit index / basket	14							
	Credit single name	15	3598		101104				
	Equity index	16	5129	38042	2508911	936362			
	Equity stock	17							
	Land	18							
	Currencies	19	68960	1110183	33377272	34391515			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	92		152				
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44	85955			2091620			
	Equity stock puts	45							
	Other	46	334		29				
Total (11 to 46)		51	1224986	1362982	48480096	50628270			
Adjustment for variation margin		52	(11740)	(46278)					
Total (51 + 52)		53	1213246	1316704					

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 contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Scottish Amicable Insurance Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	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	147	127	50807	74441			
	Interest rates	12	20342	8762	122111	122111			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	410	2535	161317	85965			
	Equity stock	17							
	Land	18							
	Currencies	19	4037	65062	2354168	2415265			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	24936	76487	2688402	2697781			
Adjustment for variation margin		52	(549)	(3402)					
Total (51 + 52)		53	24388	73085					

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 contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **With-Profits Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	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	6016	1369	488536	1181045			
	Interest rates	12	1010119	119970	11075795	11075795			
	Inflation	13	24271	84479	743649	743649			
	Credit index / basket	14							
	Credit single name	15	3598		101104				
	Equity index	16	3713	35186	2283009	841352			
	Equity stock	17							
	Land	18							
	Currencies	19	61286	1041872	30676352	31629664			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	92		152				
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44	85955			2091620			
	Equity stock puts	45							
	Other	46	334		29				
Total (11 to 46)		51	1195384	1282875	45368625	47563125			
Adjustment for variation margin		52	(10027)	(42469)					
Total (51 + 52)		53	1185357	1240406					

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 contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Defined Charge Participating Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	GL	31	12	2015	£000	13	
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							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	1006		321		64585	9045	
	Equity stock	17							
	Land	18							
	Currencies	19	2193		2533		301631	301972	
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	3199		2855		366216	311017	
Adjustment for variation margin		52	(1165)		(406)				
Total (51 + 52)		53	2034		2448				

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 contractsName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non-Profit Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	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 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	23			1432	1432		
	Inflation	13			49	10300	10300		
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	1444	716	45122	44615			
	Mortality	20							
Other	21								
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
Other	36								
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
Other	46								
Total (11 to 46)		51	1467	765	56853	56347			
Adjustment for variation margin		52							
Total (51 + 52)		53	1467	765					

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 fundName of insurer **The Prudential Assurance Company Limited**With-profits fund **Total Business**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	104075410	102757326
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	12919347	13962755
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	560552	604582
	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	90595512	88189988
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	65739532	62251783
	Regulatory current liabilities of the fund	22	5507566	4899454
	Total (21+22)	29	71247097	67151237
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	2619014	2479522
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	73866111	69630758
Regulatory excess capital (19-39)		49	16729401	18559230

Realistic excess capital

Realistic excess capital	51	6536667	6170562
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	10192734	12388668
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	1315823	1410991
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	8933089	10997782

With-profits insurance capital component for the fundName of insurer **The Prudential Assurance Company Limited**With-profits fund **Scottish Amicable Insurance Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	6220787	6956212
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	453306	440430
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	49733	50342
	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	5717748	6465441
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	4916397	5439852
	Regulatory current liabilities of the fund	22	376789	350018
	Total (21+22)	29	5293187	5789870
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	156736	174770
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	5449923	5964640
Regulatory excess capital (19-39)		49	267825	500801

Realistic excess capital

Realistic excess capital	51		(48635)
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	267825	549436
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in 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	267825	549436

With-profits insurance capital component for the fundName of insurer **The Prudential Assurance Company Limited**With-profits fund **With-Profits Sub-Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	93657289	91933186
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	12466041	13522326
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	510818	554241
	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	80680430	77856620
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	56738000	53081455
	Regulatory current liabilities of the fund	22	5125804	4541098
	Total (21+22)	29	61863804	57622553
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	2298872	2155533
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	64162677	59778086
Regulatory excess capital (19-39)		49	16517754	18078533

Realistic excess capital

Realistic excess capital	51	6536667	6219197
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	9981087	11859337
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	1315823	1410991
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	8665264	10448346

With-profits insurance capital component for the fundName of insurer **The Prudential Assurance Company Limited**With-profits fund **Defined Charge Participating Sub-Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	4197333	3867927
	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	4197333	3867927
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	4085134	3730475
	Regulatory current liabilities of the fund	22	4973	8338
	Total (21+22)	29	4090106	3738813
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	163405	149219
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	4253512	3888032
Regulatory excess capital (19-39)		49	(56179)	(20105)

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(56179)	(20105)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in 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		

Realistic balance sheetName of insurer **The Prudential Assurance Company Limited**With-profits fund **Total Business**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	90595512	88189988
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		657675
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1512415	1602797
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		660577
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	92107927	89795687
Support arrangement assets	27		
Assets available to the fund (26+27)	29	92107927	89795687

Realistic value of liabilities of fund

With-profits benefit reserve	31	74330630	73045349	
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	521740	385264
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	1499215	1402982
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	223116	222419
	Future costs of contractual guarantees (other than financial options)	41	3116294	3200853
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	458931	589133
	Future costs of smoothing (possibly negative)	44	1132190	1095627
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	1175189	1046569
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	4682013	4692045
Realistic current liabilities of the fund	51	5507562	4899446	
Realistic value of liabilities of fund (31+49+51)	59	84520205	82636840	

Realistic balance sheet

Name of insurer **The Prudential Assurance Company Limited**
 With-profits fund **Total Business**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	85571260	83625125
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	85571260	83625125
Risk capital margin for fund (62-59)	65	1051054	988285
Realistic excess capital for fund (26-(59+65))	66	6536667	6170562
Realistic excess available capital for fund (29-(59+65))	67	6536667	6170562
Working capital for fund (29-59)	68	7587721	7158847
Working capital ratio for fund (68/29)	69	8.24	7.97

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 sheetName of insurer **The Prudential Assurance Company Limited**With-profits fund **Scottish Amicable Insurance Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	5717748	6465441
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	233080	229967
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	5950828	6695408
Support arrangement assets	27		
Assets available to the fund (26+27)	29	5950828	6695408

Realistic value of liabilities of fund

With-profits benefit reserve	31	4682993	5394039	
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	249275	88888
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	106996	(33201)
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	34537	38294
	Future costs of contractual guarantees (other than financial options)	41	208490	203522
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	412214	544336
	Future costs of smoothing (possibly negative)	44	46460	49888
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	116145	69815
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	891050	951355
Realistic current liabilities of the fund	51	376784	350014	
Realistic value of liabilities of fund (31+49+51)	59	5950828	6695408	

Realistic balance sheet

Name of insurer **The Prudential Assurance Company Limited**
 With-profits fund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	5950828	6744043
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	5950828	6744043
Risk capital margin for fund (62-59)	65		48635
Realistic excess capital for fund (26-(59+65))	66		(48635)
Realistic excess available capital for fund (29-(59+65))	67		(48635)
Working capital 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 sheetName of insurer **The Prudential Assurance Company Limited**With-profits fund **With-Profits Sub-Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	80680430	77856620
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		657675
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1279335	1372830
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		660577
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	81959765	79232351
Support arrangement assets	27		
Assets available to the fund (26+27)	29	81959765	79232351

Realistic value of liabilities of fund

With-profits benefit reserve	31	65463532	63803115	
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	272466	296377
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	1297458	1346314
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	132048	136151
	Future costs of contractual guarantees (other than financial options)	41	2907804	2997331
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	46717	44797
	Future costs of smoothing (possibly negative)	44	1085730	1045740
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	899496	827517
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	3782707	3729295
Realistic current liabilities of the fund	51	5125805	4541094	
Realistic value of liabilities of fund (31+49+51)	59	74372044	72073505	

Realistic balance sheet

Name of insurer **The Prudential Assurance Company Limited**
 With-profits fund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	75423099	73013155
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	75423099	73013155
Risk capital margin for fund (62-59)	65	1051054	939650
Realistic excess capital for fund (26-(59+65))	66	6536667	6219197
Realistic excess available capital for fund (29-(59+65))	67	6536667	6219197
Working capital for fund (29-59)	68	7587721	7158847
Working capital ratio for fund (68/29)	69	9.26	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 sheetName of insurer **The Prudential Assurance Company Limited**With-profits fund **Defined Charge Participating Sub-Fund**Financial year ended **31 December 2015**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	4197333	3867927
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in 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 fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	4197333	3867927
Support arrangement assets	27		
Assets available to the fund (26+27)	29	4197333	3867927

Realistic value of liabilities of fund

With-profits benefit reserve	31	4184105	3848195	
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		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	94761	89869
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	56531	47974
	Future costs of contractual guarantees (other than financial options)	41		
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	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	159548	149237
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	8256	11394
Realistic current liabilities of the fund	51	4973	8338	
Realistic value of liabilities of fund (31+49+51)	59	4197333	3867927	

Realistic balance sheet

Name of insurer **The Prudential Assurance Company Limited**
 With-profits fund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	4197333	3867927
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	4197333	3867927
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 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		

General insurance business : Summary of business carried on

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Category number	PRA return general insurance business reporting category	R20A	Company registration number	GL/UK/CM	day month year			units
			15454	GL	31	12	2015	£000
			Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
				Reported	Incurred but not reported			
			1	2	3	4		
001	Total business	1		34633	109763			
002	Total primary (direct) and facultative business	2		34633	109763			
003	Total treaty reinsurance accepted business	3						
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4						
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5		17384				
160	Primary (direct) and facultative household and domestic all risks	6		69				
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7						
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8						
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9		1270				
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10		15910	109763			
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11						
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12						
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13						
350	Total primary (direct) and facultative goods in transit	14						
400	Miscellaneous primary (direct) and facultative business	15						
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16						
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17						
700	Miscellaneous treaty reinsurance accepted business	18						
	Total (lines 4 to 18)	20		34633	109763			

General insurance business : Summary of business carried on

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	15454	GL	31	12	2015	£000
Category number	PRA return general insurance business reporting category	Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year			
			Reported	Incurred but not reported				
		1	2	3	4			

Primary (direct) and facultative personal lines business

111	Medical insurance	21				
112	HealthCare cash plans	22				
113	Travel	23				
114	Personal accident or sickness	24				
121	Private motor - comprehensive	25		14358		
122	Private motor - non-comprehensive	26		3026		
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28		69		
181	Assistance	29				
182	Creditor	30				
183	Extended warranty	31				
184	Legal expenses	32				
185	Mortgage indemnity	33				
186	Pet insurance	34				
187	Other personal financial loss	35				

Primary (direct) and facultative commercial lines business

221	Fleets	41				
222	Commercial vehicles (non-fleet)	42				
223	Motor other	43				
261	Commercial property	44				
262	Consequential loss	45		1270		
263	Contractors or engineering all risks	46				
271	Employers liability	47		14603	104278	
272	Professional indemnity	48				
273	Public and products liability	49		1307	5485	
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51				
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				

Primary (direct) and facultative aviation

331	Aviation liability	61				
332	Aviation hull	62				
333	Space and satellite	63				

General insurance business : Summary of business carried onName of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015**

Category number	PRA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	15454	GL	31	12	2015
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
		1	Reported	Incurred but not reported	3		4
			2	3			

Primary (direct) and facultative marine and transport

341	Marine liability	64				
342	Marine hull	65				
343	Energy (on and off-shore)	66				
344	Protection and indemnity	67				
345	Freight demurrage and defence	68				
346	War risks	69				
347	Yacht	70				
350	Total primary (direct) and facultative goods in transit (equals line 14)	71				

Primary (direct) and facultative miscellaneous

400	Miscellaneous primary (direct) and facultative business (equals line 15)	72				
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Non-proportional treaty

510	Non-proportional accident and health	81				
520	Non-proportional motor	82				
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				
560	Non-proportional property	86				
570	Non-proportional liability (non-motor)	87				
580	Non-proportional financial lines	88				
590	Non-proportional aggregate cover	89				

Proportional treaty

610	Proportional accident and health	91				
620	Proportional motor	92				
630	Proportional aviation	93				
640	Proportional marine	94				
650	Proportional transport	95				
660	Proportional property	96				
670	Proportional liability (non-motor)	97				
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				

Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
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	Total (lines 21 to 101)	111	34633	109763		
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General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	001
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	143262	4822		144396	5955		
	Reinsurers' share	12	143262	4822		144396	5955		
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	002
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	143262	4822	144396	5955			
	Reinsurers' share	12	143262	4822	144396	5955			
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	120
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	16207	93		17384	1270		
	Reinsurers' share	12	16207	93		17384	1270		
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Primary (direct) and facultative household and domestic all risks**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	160
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	120	15		69	(35)		
	Reinsurers' share	12	120	15		69	(35)		
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	270
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	125184	3679		125672	4167		
	Reinsurers' share	12	125184	3679		125672	4167		
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2015****Balance of all primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	15454	GL	31	12	2015	£000	409
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		1751	1034		1270	554	
	Reinsurers' share	12		1751	1034		1270	554	
	Net (11-12)	13							
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer **The Prudential Assurance Company Limited**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2015**

Company registration number **R31** GL/UK/CM **GL** day month year **31 12 2015** Monetary units **000** Category number **160** Currency code **GBP** Reporting territory code **AA**

Primary (direct) and facultative household and domestic all risks

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurrred but not reported				Reported
		1	2	3	4	5	6	7	8	9	10	11
12	2015	11										
12	2014	12										
12	2013	13										
12	2012	14										
12	2011	15										
12	2010	16										
12	2009	17										
12	2008	18										
12	2007	19										
12	2006	20										
Prior accident years		21		2	15	69		120		(35)		
Total (11 to 21)		29		2	15	69		120		(35)		
Line 29 expressed in sterling		30			15	69		120		(35)		

General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer **The Prudential Assurance Company Limited**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2015**

Company registration number **R31** GL/UK/CM **GL** day month year **31 12 2015** Monetary units **000** Category number **271** Currency code **GBP** Reporting territory code **AA**

Employers liability

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported				Reported
		1	2	3	4	5	6	7	8	9	10	11
12	2015	11										
12	2014	12										
12	2013	13										
12	2012	14										
12	2011	15										
12	2010	16										
12	2009	17										
12	2008	18										
12	2007	19										
12	2006	20										
Prior accident years		21		1293	3521	14603	104278	13516	104278	4607		
Total (11 to 21)		29		1293	3521	14603	104278	13516	104278	4607		
Line 29 expressed in sterling		30			3521	14603	104278	13516	104278	4607		

General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer **The Prudential Assurance Company Limited**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2015**

Company registration number **GL/UK/CM** day month year **31 12 2015** Monetary units **000** Category number **273** Currency code **GBP** Reporting territory code **AA**

Public and products liability

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurrred but not reported				Reported
		1	2	3	4	5	6	7	8	9	10	11
12	2015	11										
12	2014	12										
12	2013	13										
12	2012	14										
12	2011	15										
12	2010	16										
12	2009	17										
12	2008	18										
12	2007	19										
12	2006	20										
Prior accident years		21		197	158	1307	5485	1905	5485	(440)		
Total (11 to 21)		29		197	158	1307	5485	1905	5485	(440)		
Line 29 expressed in sterling		30			158	1307	5485	1905	5485	(440)		

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **The Prudential Assurance Company Limited**

Currency

British Pound

Global business

Reporting Territory

United Kingdom other than home foreign

Financial year ended **31 December 2015**

Company registration number

GL/UK/CM

day month year

Monetary units

Category number

Currency code

Reporting territory code

Private motor - comprehensive

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %	
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported						Reported
		1	2	3	4	5	6	7	8	9	10	11	12	13
12	2015	11												
12	2014	12												
12	2013	13												
12	2012	14												
12	2011	15												
12	2010	16												
12	2009	17												
12	2008	18												
12	2007	19												
12	2006	20												
Prior accident years		21		4		81	14358		12697	547	1195			
Total (11 to 21)		29		4		81	14358		12697	547	1195			
Line 29 expressed in sterling		30				81	14358		12697	547	1195			

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **The Prudential Assurance Company Limited**

Currency

British Pound

Global business

Reporting Territory

United Kingdom other than home foreign

Financial year ended **31 December 2015**

Company registration number

GL/UK/CM

day month year

Monetary units

Category number

Currency code

Reporting territory code

Private motor - non-comprehensive

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %	
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported						Reported
		1	2	3	4	5	6	7	8	9	10	11	12	13
12	2015	11												
12	2014	12												
12	2013	13												
12	2012	14												
12	2011	15												
12	2010	16												
12	2009	17												
12	2008	18												
12	2007	19												
12	2006	20												
Prior accident years		21		3		13	3026		2963		75			
Total (11 to 21)		29		3		13	3026		2963		75			
Line 29 expressed in sterling		30				13	3026		2963		75			

Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	7293249	5434782
Investment income receivable before deduction of tax	12	3973924	5113861
Increase (decrease) in the value of non-linked assets brought into account	13	862932	6240292
Increase (decrease) in the value of linked assets	14	107243	275526
Other income	15	144570	16863
Total income	19	12381918	17081325

Expenditure

Claims incurred	21	8847461	8215217
Expenses payable	22	990623	899993
Interest payable before the deduction of tax	23	34965	32523
Taxation	24	120319	528852
Other expenditure	25	80781	69504
Transfer to (from) non technical account	26	36184	260997
Total expenditure	29	10110334	10007085

Business transfers - in	31		77369
Business transfers - out	32		10285069
Increase (decrease) in fund in financial year (19-29+31-32)	39	2271584	(3133460)
Fund brought forward	49	94924334	98057794
Fund carried forward (39+49)	59	97195918	94924334

Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	38107	45130
Investment income receivable before deduction of tax	12	235213	269949
Increase (decrease) in the value of non-linked assets brought into account	13	182948	793041
Increase (decrease) in the value of linked assets	14		
Other income	15	11006	10817
Total income	19	467275	1118938

Expenditure

Claims incurred	21	914225	963681
Expenses payable	22	43852	49588
Interest payable before the deduction of tax	23	8624	8706
Taxation	24	2239	16839
Other expenditure	25	8913	9255
Transfer to (from) non technical account	26		
Total expenditure	29	977854	1048070

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(510579)	70868
Fund brought forward	49	5880282	5809415
Fund carried forward (39+49)	59	5369703	5880282

Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Income

Earned premiums	11	5682742	2333591
Investment income receivable before deduction of tax	12	3249896	3704861
Increase (decrease) in the value of non-linked assets brought into account	13	749827	4908664
Increase (decrease) in the value of linked assets	14		
Other income	15	47685	35823
Total income	19	9730150	10982939

Expenditure

Claims incurred	21	6149644	5607251
Expenses payable	22	660471	579734
Interest payable before the deduction of tax	23	7992	7506
Taxation	24	97598	420436
Other expenditure	25		47877
Transfer to (from) non technical account	26	214184	199997
Total expenditure	29	7129889	6862801

Business transfers - in	31		77369
Business transfers - out	32		7982967
Increase (decrease) in fund in financial year (19-29+31-32)	39	2600261	(3785460)
Fund brought forward	49	66603781	70389241
Fund carried forward (39+49)	59	69204041	66603781

Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Income

Earned premiums	11	710028	571866
Investment income receivable before deduction of tax	12	15171	16428
Increase (decrease) in the value of non-linked assets brought into account	13	92132	177774
Increase (decrease) in the value of linked assets	14		
Other income	15		47877
Total income	19	817331	813946

Expenditure

Claims incurred	21	403431	369146
Expenses payable	22	(1496)	(1990)
Interest payable before the deduction of tax	23		
Taxation	24	593	(159)
Other expenditure	25	60145	47112
Transfer to (from) non technical account	26		
Total expenditure	29	462673	414109

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	354658	399836
Fund brought forward	49	3730475	3330639
Fund carried forward (39+49)	59	4085134	3730475

Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	862372	2484194
Investment income receivable before deduction of tax	12	498666	1146582
Increase (decrease) in the value of non-linked assets brought into account	13	(161975)	360814
Increase (decrease) in the value of linked assets	14	107243	275526
Other income	15	160163	34311
Total income	19	1466469	4301428

Expenditure

Claims incurred	21	1380161	1275138
Expenses payable	22	312818	296619
Interest payable before the deduction of tax	23	18348	16311
Taxation	24	19889	91737
Other expenditure	25	86007	77225
Transfer to (from) non technical account	26	(178000)	61000
Total expenditure	29	1639224	1818030

Business transfers - in	31		
Business transfers - out	32		2302102
Increase (decrease) in fund in financial year (19-29+31-32)	39	(172756)	181296
Fund brought forward	49	18709795	18528499
Fund carried forward (39+49)	59	18537040	18709795

Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	335108	781955	27797	1144860	1233139
Single premiums	12	3181102	3082284	688678	6952065	6528395

Reinsurance - external

Regular premiums	13	50086	19907	422	70415	65362
Single premiums	14	137	12364		12501	7305

Reinsurance - intra-group

Regular premiums	15		328409		328409	383943
Single premiums	16		392351		392351	1870143

Net of reinsurance

Regular premiums	17	285022	433639	27375	746036	783834
Single premiums	18	3180966	2677569	688678	6547213	4650947

Total

Gross	19	3516211	3864239	716475	8096925	7761534
Reinsurance	20	50223	753031	422	803676	2326753
Net	21	3465988	3111208	716054	7293250	5434782

Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	33014	4911		37926	45088
Single premiums	12	245	12474		12720	18782

Reinsurance - external

Regular premiums	13	47	17		64	70
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		12474		12474	18670

Net of reinsurance

Regular premiums	17	32967	4894		37861	45018
Single premiums	18	245			245	112

Total

Gross	19	33260	17386		50645	63870
Reinsurance	20	47	12491		12538	18739
Net	21	33213	4894		38107	45130

Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	94595	482420	3739	580754	616200
Single premiums	12	3052808	2398692	180	5451679	3600683

Reinsurance - external

Regular premiums	13	5647	4012	39	9698	9655
Single premiums	14		597		597	166

Reinsurance - intra-group

Regular premiums	15		102251		102251	92609
Single premiums	16		237144		237144	1780862

Net of reinsurance

Regular premiums	17	88947	376157	3700	468805	513936
Single premiums	18	3052808	2160950	180	5213937	1819655

Total

Gross	19	3147402	2881112	3919	6032433	4216883
Reinsurance	20	5647	344005	39	349691	1883292
Net	21	3141755	2537107	3880	5682742	2333591

Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11		21819	21819	25526
Single premiums	12		688209	688209	546341

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17		21819	21819	25526
Single premiums	18		688209	688209	546341

Total

Gross	19		710028	710028	571866
Reinsurance	20				
Net	21		710028	710028	571866

Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	207499	294623	2238	504361	546326
Single premiums	12	128049	671118	290	799457	2362590

Reinsurance - external

Regular premiums	13	44392	15878	383	60652	55638
Single premiums	14	137	11767		11904	7139

Reinsurance - intra-group

Regular premiums	15		226158		226158	291334
Single premiums	16		142732		142732	70611

Net of reinsurance

Regular premiums	17	163108	52587	1856	217550	199354
Single premiums	18	127913	516620	290	644822	2284840

Total

Gross	19	335549	965742	2528	1303818	2908916
Reinsurance	20	44528	396535	383	441446	424721
Net	21	291020	569207	2145	862372	2484194

Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Summary**
 Financial year ended **31 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	641413	123701	28357	793470	706973
Disability periodic payments	12	751	64	57	872	639
Surrender or partial surrender	13	1806024	1995839	273369	4075231	3908366
Annuity payments	14	1949	2388472	3167	2393589	2308339
Lump sums on maturity	15	932105	1972675		2904780	2916102
Total	16	3382242	6480751	304949	10167942	9840419

Reinsurance - external

Death or disability lump sums	21	41975	202	332	42509	35188
Disability periodic payments	22			42	42	2
Surrender or partial surrender	23	6346	12475		18821	15741
Annuity payments	24		12067		12067	608
Lump sums on maturity	25	87	8361		8447	4576
Total	26	48407	33106	374	81887	56115

Reinsurance - intra-group

Death or disability lump sums	31		6958		6958	9576
Disability periodic payments	32					
Surrender or partial surrender	33		477764		477764	842089
Annuity payments	34		626815		626815	621977
Lump sums on maturity	35		127057		127057	95445
Total	36		1238594		1238594	1569087

Net of reinsurance

Death or disability lump sums	41	599438	116540	28025	744003	662209
Disability periodic payments	42	751	64	15	830	637
Surrender or partial surrender	43	1799678	1505600	273369	3578647	3050536
Annuity payments	44	1949	1749591	3167	1754707	1685754
Lump sums on maturity	45	932018	1837258		2769276	2816081
Total	46	3333835	5209052	304576	8847462	8215217

Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 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	13546	9921		23467	29248
Disability periodic payments	12		64		64	94
Surrender or partial surrender	13	39198	93893		133092	119536
Annuity payments	14		37986		37986	38941
Lump sums on maturity	15	447619	310032		757651	814840
Total	16	500364	451896		952260	1002660

Reinsurance - external

Death or disability lump sums	21	44	6		49	37
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	44	6		49	37

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		37985		37985	38941
Lump sums on maturity	35					
Total	36		37985		37985	38941

Net of reinsurance

Death or disability lump sums	41	13503	9915		23418	29211
Disability periodic payments	42		64		64	94
Surrender or partial surrender	43	39198	93893		133092	119536
Annuity payments	44					
Lump sums on maturity	45	447619	310032		757651	814840
Total	46	500320	413905		914225	963681

Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 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	503404	96410	8377	608190	525559
Disability periodic payments	12	107			107	112
Surrender or partial surrender	13	1502952	1141316	4780	2649048	2248598
Annuity payments	14		1736580	1	1736581	1678564
Lump sums on maturity	15	423898	1505115		1929013	1868362
Total	16	2430362	4479421	13158	6922941	6321196

Reinsurance - external

Death or disability lump sums	21	5276		17	5293	6595
Disability periodic payments	22					
Surrender or partial surrender	23	30	1166		1196	1333
Annuity payments	24		749		749	608
Lump sums on maturity	25	87	589		676	1786
Total	26	5393	2504	17	7913	10322

Reinsurance - intra-group

Death or disability lump sums	31		3574		3574	1504
Disability periodic payments	32					
Surrender or partial surrender	33		82728		82728	49721
Annuity payments	34		583443		583443	574577
Lump sums on maturity	35		95638		95638	77821
Total	36		765383		765383	703623

Net of reinsurance

Death or disability lump sums	41	498128	92836	8360	599323	517461
Disability periodic payments	42	107			107	112
Surrender or partial surrender	43	1502922	1057423	4780	2565125	2197544
Annuity payments	44		1152388	1	1152389	1103379
Lump sums on maturity	45	423811	1408888		1832699	1788755
Total	46	2424969	3711534	13141	6149644	5607251

Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 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			19565	19565	14186
Disability periodic payments	12					
Surrender or partial surrender	13			268274	268274	235223
Annuity payments	14	1949	110477	3166	115592	119737
Lump sums on maturity	15					
Total	16	1949	110477	291005	403431	369146

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			19565	19565	14186
Disability periodic payments	42					
Surrender or partial surrender	43			268274	268274	235223
Annuity payments	44	1949	110477	3166	115592	119737
Lump sums on maturity	45					
Total	46	1949	110477	291005	403431	369146

Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 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	124462	17370	415	142248	137979
Disability periodic payments	12	644		57	701	433
Surrender or partial surrender	13	263873	760630	315	1024817	1305009
Annuity payments	14		503430		503430	471097
Lump sums on maturity	15	60587	157528		218116	232900
Total	16	449567	1438957	787	1889311	2147417

Reinsurance - external

Death or disability lump sums	21	36655	197	315	37167	28556
Disability periodic payments	22			42	42	2
Surrender or partial surrender	23	6316	11310		17626	14408
Annuity payments	24		11318		11318	
Lump sums on maturity	25		7772		7772	2790
Total	26	42971	30597	357	73924	45756

Reinsurance - intra-group

Death or disability lump sums	31		3384		3384	8072
Disability periodic payments	32					
Surrender or partial surrender	33		395036		395036	792368
Annuity payments	34		5386		5386	8459
Lump sums on maturity	35		31419		31419	17624
Total	36		435225		435225	826523

Net of reinsurance

Death or disability lump sums	41	87807	13788	101	101697	101350
Disability periodic payments	42	644		15	659	431
Surrender or partial surrender	43	257558	354284	315	612156	498233
Annuity payments	44		486725		486725	462638
Lump sums on maturity	45	60587	118338		178925	212486
Total	46	406596	973135	430	1380161	1275138

Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	92102	(2474)	8531	98159	89745
Commission - other	12	32876	13603	704	47183	43675
Management - acquisition	13	104774	63366	2131	170270	146005
Management - maintenance	14	171176	371254	5171	547601	508531
Management - other	15	77638	53512		131150	116087
Total	16	478567	499260	16537	994363	904043

Reinsurance - external

Commission - acquisition	21					
Commission - other	22		1		1	1
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26		1		1	1

Reinsurance - intra-group

Commission - acquisition	31		56		56	3569
Commission - other	32	249	3434		3683	480
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	249	3491		3740	4049

Net of reinsurance

Commission - acquisition	41	92102	(2530)	8531	98103	86176
Commission - other	42	32626	10168	704	43498	43194
Management - acquisition	43	104774	63366	2131	170270	146005
Management - maintenance	44	171176	371254	5171	547601	508531
Management - other	45	77638	53512		131150	116087
Total	46	478317	495769	16537	990623	899993

Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11		64		64	72
Commission - other	12	242	264		505	967
Management - acquisition	13					
Management - maintenance	14	5478	31798		37276	43068
Management - other	15	1532	4475		6007	5483
Total	16	7252	36600		43853	49589

Reinsurance - external

Commission - acquisition	21					
Commission - other	22		1		1	1
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26		1		1	1

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		64		64	72
Commission - other	42	242	263		505	966
Management - acquisition	43					
Management - maintenance	44	5478	31798		37276	43068
Management - other	45	1532	4475		6007	5483
Total	46	7252	36600		43852	49588

Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	51	(3556)	5612	2107	(354)
Commission - other	12	26637	7267	412	34317	36497
Management - acquisition	13	56124	54659	1620	112403	86998
Management - maintenance	14	132129	266738	3755	402622	356895
Management - other	15	74214	34809		109023	99698
Total	16	289156	359917	11399	660471	579734

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	51	(3556)	5612	2107	(354)
Commission - other	42	26637	7267	412	34317	36497
Management - acquisition	43	56124	54659	1620	112403	86998
Management - maintenance	44	132129	266738	3755	402622	356895
Management - other	45	74214	34809		109023	99698
Total	46	289156	359917	11399	660471	579734

Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 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		(1496)	(1496)	(1990)
Management - other	15				
Total	16		(1496)	(1496)	(1990)

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		(1496)	(1496)	(1990)
Management - other	45				
Total	46		(1496)	(1496)	(1990)

Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	92051	1018	2919	95988	90027
Commission - other	12	5996	6072	292	12361	6212
Management - acquisition	13	62565	19814	511	82890	82966
Management - maintenance	14	33569	72718	2911	109199	110558
Management - other	15	1892	14228		16120	10906
Total	16	196073	113851	6634	316558	300668

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		56		56	3569
Commission - other	32	249	3434		3683	480
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	249	3491		3740	4049

Net of reinsurance

Commission - acquisition	41	92051	962	2919	95932	86457
Commission - other	42	5747	2638	292	8677	5732
Management - acquisition	43	62565	19814	511	82890	82966
Management - maintenance	44	33569	72718	2911	109199	110558
Management - other	45	1892	14228		16120	10906
Total	46	195824	110360	6634	312818	296619

Long-term insurance business : Linked funds balance sheetName of insurer **The Prudential Assurance Company Limited**

Total business

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

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	1076806	1090891
Directly held assets in collective investment schemes of connected companies	12	6741111	7018003
Directly held assets in other collective investment schemes	13	777082	775927
Total assets (excluding cross investment) (11+12+13)	14	8594999	8884821
Provision for tax on unrealised capital gains	15	48958	61061
Secured and unsecured loans	16		
Other liabilities	17	36061	40183
Total net assets (14-15-16-17)	18	8509979	8783577

Directly held linked assets

Value of directly held linked assets	21	56754	60785
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Total

Value of directly held linked assets and units held (18+21)	31	8566733	8844363
Surplus units	32	261	2264
Deficit units	33		
Net unit liability (31-32+33)	34	8566473	8842099

Long-term insurance business : Revenue account for internal linked fundsName of insurer **The Prudential Assurance Company Limited**

Total business

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

Financial year	Previous year
1	2

Income

Value of total creation of units	11	357328	360852
Investment income attributable to the funds before deduction of tax	12	271699	269893
Increase (decrease) in the value of investments in the financial year	13	110958	283935
Other income	14		
Total income	19	739985	914680

Expenditure

Value of total cancellation of units	21	890428	811586
Charges for management	22	110965	94461
Charges in respect of tax on investment income	23	9074	11048
Taxation on realised capital gains	24	3115	20496
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26		1256882
Total expenditure	29	1013583	2194472

Increase (decrease) in funds in financial year (19-29)	39	(273598)	(1279792)
Internal linked fund brought forward	49	8783577	10063368
Internal linked funds carried forward (39+49)	59	8509979	8783577

Long-term insurance business : Summary of new businessName of insurer **The Prudential Assurance Company Limited**

Total business

Financial year ended **31 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	78199	23344	6438	107981	118657
Single premium business	12	51963	39697	64	91724	66156
Total	13	130162	63041	6502	199705	184813

**Amount of new regular
premiums**

Direct insurance business	21	53698	166480	3041	223219	213076
External reinsurance	22			125	125	115
Intra-group reinsurance	23					
Total	24	53698	166480	3165	223343	213192

**Amount of new single
premiums**

Direct insurance business	25	3184598	2768347	5382	5958327	4105158
External reinsurance	26					
Intra-group reinsurance	27		375106	699100	1074206	2348636
Total	28	3184598	3143454	704482	7032534	6453794

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
120	Conventional endowment with-profits OB savings				245
300	Level Whole of Life Assurance	14653	12826		
325	Level term assurance	37484	21854		
330	Decreasing term assurance	12242	8089		
350	Stand-alone critical illness (guaranteed premiums)	6829	3863		
360	Income protection non-profit (guaranteed premiums)	4999	3923		
365	Income protection non-profit (reviewable premiums)	271	213		
380	Miscellaneous protection rider		11		
395	Annuity non-profit (PLA)			17	47
500	Life UWP single premium			51122	3055346
505	Life UWP whole life regular premium		204		
506	Life UWP whole life regular premium (ISA)	1721	2557		

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
700	Life property linked single premium			824	128959
710	Life property linked whole life regular premium		148		
720	Life property linked endowment regular premium - target cash		0		
790	Miscellaneous protection rider		5		
795	Miscellaneous property linked		6		

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Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
170	Conventional deferred annuity with-profits - increments		732		706
200	Annuity with-profits (CPA)			2068	102881
325	Level term assurance	6	0		
400	Annuity non-profit (CPA)			6620	293545
405	Annuity non-profit (CPA impaired life)			402	19498
525	Individual pensions UWP	5162	20309	11240	822080
530	Individual pensions UWP - increments	13	5992		7895
535	Group money purchase pensions UWP	387	1168	3	3524
540	Group money purchase pensions UWP - increments		22		10
555	Group deposit administration with-profits	6483	36668		18254
565	DWP National Insurance rebates UWP				30
570	Income drawdown UWP			13346	934881
571	Trustee investment plan UWP			2102	278337
595	Income protection rider		40		

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
725	Individual pensions property linked	1426	4088	971	60428
730	Individual pensions property linked - increments	17	1064		510
735	Group money purchase pensions property linked	9850	69298	2165	47033
740	Group money purchase pensions property linked - increments		27095		105612
745	DWP National Insurance rebates property linked				(2)
750	Income drawdown property linked			639	64727
755	Trustee investment plan			21	3772
785	Income protection rider		6		
905	Index linked annuity			120	4626

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Reinsurance accepted intra-group

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
400	Annuity non-profit (CPA)				66461
401	Annuity non-profit (bulk transfer)				124236
405	Annuity non-profit (CPA impaired life)				4813
905	Index linked annuity(CPA)				2576
906	Index linked annuity (bulk transfer)				176982
907	Index linked deferred annuity				39

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

Overseas / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
120	Conventional endowment with-profits OB savings	2909	1637		
170	Conventional deferred annuity with-profits - increments		6		
370	Long-term care policy	2150	611		
380	Miscellaneous protection rider	1379	786		
395	Annuity non-profit (PLA)			64	5275
500	Life UWP single premium				83

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

Overseas / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
700	Life property linked single premium				24

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

Overseas / Reinsurance accepted external

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
530	Individual pensions UWP - increments		125		

Long-term insurance business : Analysis of new business

Name of insurer

The Prudential Assurance Company Limited

Total business

Financial year ended

31 December 2015

Units

£000

Overseas / Reinsurance accepted intra-group

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
500	Life UWP single premium				606048
575	Miscellaneous UWP - Capital redemption bond				93052

08

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

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 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	917842	917842	47786	5.21	
Approved fixed interest securities	12	4488977	4488977	163879	2.50	
Other fixed interest securities	13	10300868	10300868	503473	4.16	
Variable interest securities	14	449827	449827	8081	0.87	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	4900972	4900972	198849		
Total	19	21058486	21058486	922068	2.81	

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

Land and buildings	21	7162732	10271901	494987	4.82	14.39
Approved fixed interest securities	22	2946337	2572367	66022	2.50	0.48
Other fixed interest securities	23	22940445	26397017	1001144	3.35	2.13
Variable interest securities	24	3216055	3405257	48672	1.87	5.32
UK listed equity shares	25	11576476	10096691	366667		3.71
Non-UK listed equity shares	26	15381517	20072501	611744		2.16
Unlisted equity shares	27	2390773	1931503	2604		2.84
Other assets	28	24978969	15846068	116054		1.17
Total	29	90593304	90593304	2707895	1.67	3.62

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

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **11 Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 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	86184	86184	2965	2.56	
Other fixed interest securities	13	397166	397166	16344	3.99	
Variable interest securities	14	21898	21898	361	1.85	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	505248	505248	19669	3.65	

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

Land and buildings	21	357681	462390	28939	6.26	13.96
Approved fixed interest securities	22	366991	365887	12586	2.56	2.37
Other fixed interest securities	23	1430007	1686114	69388	3.99	2.37
Variable interest securities	24	92924	92924	1531	1.85	2.37
UK listed equity shares	25	818310	889458	32848	4.82	3.62
Non-UK listed equity shares	26	1177600	1420257	46048	4.58	2.16
Unlisted equity shares	27	93362	163520	2518	1.63	2.78
Other assets	28	1378666	634990	4782	0.75	
Total	29	5715541	5715541	198640	3.89	3.20

Overall return on with-profits assets

Post investment costs but pre-tax	31					2.39
Return allocated to non taxable 'asset shares'	32					2.57
Return allocated to taxable 'asset shares'	33					2.57

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

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **12 With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 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	708397	708397	35919	5.07	
Approved fixed interest securities	12	2972095	2972095	113353	2.62	
Other fixed interest securities	13	7301796	7301796	365954	4.29	
Variable interest securities	14	409271	409271	7524	0.80	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	(615913)	(615913)	13734	(2.23)	
Total	19	10775646	10775646	536483	4.12	

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

Land and buildings	21	6260284	9118827	438702	4.81	14.41
Approved fixed interest securities	22	2579346	2203447	53298	2.49	0.17
Other fixed interest securities	23	20728434	23670694	894358	3.31	2.11
Variable interest securities	24	3123131	3311040	47089	1.87	5.40
UK listed equity shares	25	10106796	8494856	307694	4.87	3.72
Non-UK listed equity shares	26	13083664	17323983	524931	3.54	2.16
Unlisted equity shares	27	2296951	1767523	74	0.00	2.85
Other assets	28	22501825	14790061	111172	0.75	1.25
Total	29	80680430	80680430	2377318	3.07	3.62

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.44
Return allocated to non taxable 'asset shares'	32					3.62
Return allocated to taxable 'asset shares'	33					3.62

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

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **13 Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 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	544768	690684	27345	3.96	14.41
Approved fixed interest securities	22		3033	137	4.51	0.17
Other fixed interest securities	23	782004	1040208	37399	3.39	2.11
Variable interest securities	24		1293	53	4.12	5.40
UK listed equity shares	25	651370	712377	26125	4.79	3.72
Non-UK listed equity shares	26	1120253	1328261	40766	3.63	2.16
Unlisted equity shares	27	460	460	12	2.70	2.85
Other assets	28	1098478	421017	100	0.02	
Total	29	4197333	4197333	131938	3.46	4.21

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.44
Return allocated to non taxable 'asset shares'	32					3.62
Return allocated to taxable 'asset shares'	33					3.62

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

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **14 Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 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	209445	209445	11867	5.67	
Approved fixed interest securities	12	1430697	1430697	47561	2.25	
Other fixed interest securities	13	2601906	2601906	121174	3.81	
Variable interest securities	14	18658	18658	197	1.35	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	5516885	5516885	185115	3.36	
Total	19	9777592	9777592	365915	3.36	

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 : Fixed and variable interest assets

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	2172998	16.19	2.34	2.34
Other approved fixed interest securities	21	4888345	8.78	2.57	2.42
Other fixed interest securities					
AAA/Aaa	31	1955811	4.72	2.44	2.21
AA/Aa	32	3202397	8.22	3.05	2.37
A/A	33	10398393	8.89	3.31	2.39
BBB/Baa	34	12430639	7.20	3.88	2.42
BB/Ba	35	1578562	5.63	4.45	2.45
B/B	36	607947	4.92	7.84	2.47
CCC/Caa	37	64666	3.20	13.71	2.50
Other (including unrated)	38	6459470	7.29	3.34	2.99
Total other fixed interest securities	39	36697885	7.54	3.58	2.50
Approved variable interest securities	41	248021	5.25	0.69	0.66
Other variable interest securities	51	3607064	1.32	1.83	1.75
Total (11+21+39+41+51)	61	47614312	7.58	3.27	2.42

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **11 Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	38354	4.75	1.37	1.37
Other approved fixed interest securities	21	413717	10.16	2.67	2.54
Other fixed interest securities					
AAA/Aaa	31	115525	5.43	2.66	2.53
AA/Aa	32	182349	9.85	3.43	2.70
A/A	33	612213	10.62	3.50	2.73
BBB/Baa	34	688221	9.12	4.19	2.77
BB/Ba	35	120394	6.07	5.74	2.79
B/B	36	46974	5.03	7.87	2.81
CCC/Caa	37	4296	3.02	14.55	2.84
Other (including unrated)	38	313309	5.51	3.91	2.85
Total other fixed interest securities	39	2083280	8.60	3.99	2.76
Approved variable interest securities	41	13034	0.12	0.99	0.95
Other variable interest securities	51	101787	0.21	1.96	1.46
Total (11+21+39+41+51)	61	2650173	8.42	3.65	2.65

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **12 With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1282530	18.33	2.44	2.44
Other approved fixed interest securities	21	3893012	8.63	2.61	2.44
Other fixed interest securities					
AAA/Aaa	31	1658820	4.32	2.38	2.19
AA/Aa	32	2636764	7.75	2.99	2.31
A/A	33	8475933	8.49	3.26	2.32
BBB/Baa	34	10576792	6.96	3.86	2.38
BB/Ba	35	1358379	5.54	4.29	2.42
B/B	36	541923	4.90	7.84	2.45
CCC/Caa	37	58619	3.21	13.64	2.48
Other (including unrated)	38	5665261	7.02	3.26	2.99
Total other fixed interest securities	39	30972491	7.21	3.54	2.46
Approved variable interest securities	41	234986	5.54	0.68	0.64
Other variable interest securities	51	3485324	1.33	1.83	1.76
Total (11+21+39+41+51)	61	39868344	7.18	3.25	2.39

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **13 Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 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	3033	6.38	4.51	4.10
Other fixed interest securities					
AAA/Aaa	31	61974	5.98	2.67	2.16
AA/Aa	32	83396	6.36	2.68	2.18
A/A	33	279117	7.32	2.98	2.19
BBB/Baa	34	404351	6.85	3.71	2.20
BB/Ba	35	57178	5.62	4.35	2.21
B/B	36	19050	4.95	7.81	2.23
CCC/Caa	37	1751	3.23	14.00	2.27
Other (including unrated)	38	133390	5.06	2.88	2.28
Total other fixed interest securities	39	1040208	6.55	3.39	2.20
Approved variable interest securities	41				
Other variable interest securities	51	1294	0.12	4.12	3.24
Total (11+21+39+41+51)	61	1044535	6.54	3.39	2.21

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Prudential Assurance Company Limited**
 Category of assets **14 Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	852113	13.49	2.23	2.23
Other approved fixed interest securities	21	578583	8.81	2.28	2.18
Other fixed interest securities					
AAA/Aaa	31	119492	8.97	2.89	2.26
AA/Aa	32	299888	11.93	3.43	2.72
A/A	33	1031130	11.62	3.67	2.75
BBB/Baa	34	761274	8.95	3.93	2.79
BB/Ba	35	42611	7.03	6.25	2.83
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	347510	14.06	4.30	3.36
Total other fixed interest securities	39	2601906	11.00	3.81	2.82
Approved variable interest securities	41				
Other variable interest securities	51	18658	5.50	1.35	0.59
Total (11+21+39+41+51)	61	4051261	11.19	3.25	2.59

Long-term insurance business : Summary of mathematical reservesName of insurer **The Prudential Assurance Company Limited**Total business / subfund **Summary**Financial year ended **31 December 2015**Units **£000**

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

Gross

Form 51 - with-profits	11	2385760	11729374	111090	14226224	15249818
Form 51 - non-profit	12	460739	28249163	140498	28850400	30625564
Form 52	13	23245260	24696640	3321941	51263841	46709999
Form 53 - linked	14	4222164	8903395	4830	13130390	13443093
Form 53 - non-linked	15	61913	393394	2465	457772	316737
Form 54 - linked	16	2902	3929374	980	3933257	4084674
Form 54 - non-linked	17		47148		47148	73800
Total	18	30378738	77948489	3581805	111909033	110503686

Reinsurance - external

Form 51 - with-profits	21	2565			2565	2638
Form 51 - non-profit	22	196811	28294	76	225180	190316
Form 52	23	49	0		49	53
Form 53 - linked	24	142780	135175		277955	294024
Form 53 - non-linked	25	3867	459		4325	4701
Form 54 - linked	26		3408		3408	4142
Form 54 - non-linked	27					
Total	28	346071	167336	76	513483	495875

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		10258569		10258569	10836563
Form 52	33					
Form 53 - linked	34		4285962		4285962	4306970
Form 53 - non-linked	35					
Form 54 - linked	36		393682		393682	421561
Form 54 - non-linked	37		3827		3827	6713
Total	38		14942040		14942040	15571807

Net of reinsurance

Form 51 - with-profits	41	2383195	11729374	111090	14223659	15247180
Form 51 - non-profit	42	263928	17962300	140423	18366651	19598684
Form 52	43	23245211	24696640	3321941	51263792	46709946
Form 53 - linked	44	4079384	4482259	4830	8566473	8842099
Form 53 - non-linked	45	58046	392936	2465	453447	312036
Form 54 - linked	46	2902	3532284	980	3536167	3658971
Form 54 - non-linked	47		43321		43321	67086
Total	48	30032667	62839113	3581730	96453510	94436003

Long-term insurance business : Summary of mathematical reservesName of insurer **The Prudential Assurance Company Limited**Total business / subfund **Scottish Amicable Insurance Fund**Financial year ended **31 December 2015**Units **£000**

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

Gross

Form 51 - with-profits	11	368499	1421049		1789548	2066586
Form 51 - non-profit	12	4366	843093		847459	882408
Form 52	13	660959	2447657		3108617	3351334
Form 53 - linked	14					
Form 53 - non-linked	15		70918		70918	59459
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	1033824	4782718		5816542	6359787

Reinsurance - external

Form 51 - with-profits	21	1767			1767	1774
Form 51 - non-profit	22	20	131		151	177
Form 52	23		0		0	1
Form 53 - linked	24					
Form 53 - non-linked	25		0		0	1
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1787	132		1918	1953

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		464920		464920	501260
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		464920		464920	501260

Net of reinsurance

Form 51 - with-profits	41	366732	1421049		1787781	2064812
Form 51 - non-profit	42	4347	378041		382388	380971
Form 52	43	660959	2447657		3108616	3351333
Form 53 - linked	44					
Form 53 - non-linked	45		70918		70918	59458
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	1032038	4317666		5349703	5856574

Long-term insurance business : Summary of mathematical reservesName of insurer **The Prudential Assurance Company Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31 December 2015**Units **£000**

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

Gross

Form 51 - with-profits	11	2004052	9436477	83646	11524175	12168143
Form 51 - non-profit	12	513769	19259311	140299	19913379	21292750
Form 52	13	22584300	22248983	149308	44982592	40643279
Form 53 - linked	14		1345815		1345815	1371387
Form 53 - non-linked	15	9663	45937		55600	47014
Form 54 - linked	16	2571	2578959	980	2582511	2814387
Form 54 - non-linked	17		36695		36695	64366
Total	18	25114356	54952177	374234	80440767	78401325

Reinsurance - external

Form 51 - with-profits	21	798			798	863
Form 51 - non-profit	22	19461	10245	76	29782	31311
Form 52	23	49			49	52
Form 53 - linked	24		28373		28373	25109
Form 53 - non-linked	25	926			926	929
Form 54 - linked	26		3408		3408	4142
Form 54 - non-linked	27					
Total	28	21234	42026	76	63336	62407

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		9706311		9706311	10246978
Form 52	33					
Form 53 - linked	34		1317442		1317442	1346277
Form 53 - non-linked	35					
Form 54 - linked	36		377890		377890	406118
Form 54 - non-linked	37		3827		3827	6713
Total	38		11405470		11405470	12006086

Net of reinsurance

Form 51 - with-profits	41	2003255	9436477	83646	11523377	12167279
Form 51 - non-profit	42	494308	9542755	140224	10177286	11014461
Form 52	43	22584252	22248983	149308	44982543	40643227
Form 53 - linked	44					
Form 53 - non-linked	45	8737	45937		54674	46085
Form 54 - linked	46	2571	2197661	980	2201213	2404127
Form 54 - non-linked	47		32868		32868	57652
Total	48	25093122	43504681	374159	68971961	66332832

Long-term insurance business : Summary of mathematical reservesName of insurer **The Prudential Assurance Company Limited**Total business / subfund **Defined Charge Participating Sub-Fund**Financial year ended **31 December 2015**Units **£000**

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

Gross

Form 51 - with-profits	11	13209	871848	27444	912501	1015089
Form 51 - non-profit	12					
Form 52	13			3172633	3172633	2715386
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	13209	871848	3200077	4085134	3730475

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	13209	871848	27444	912501	1015089
Form 51 - non-profit	42					
Form 52	43			3172633	3172633	2715386
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	13209	871848	3200077	4085134	3730475

Long-term insurance business : Summary of mathematical reservesName of insurer **The Prudential Assurance Company Limited**Total business / subfund **Non-Profit Sub-Fund**Financial year ended **31 December 2015**Units **£000**

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

Gross

Form 51 - with-profits	11					
Form 51 - non-profit	12	(57396)	8146759	199	8089562	8450406
Form 52	13					
Form 53 - linked	14	4222164	7557580	4830	11784575	12071707
Form 53 - non-linked	15	52250	276539	2465	331254	210265
Form 54 - linked	16	331	1350415		1350746	1270287
Form 54 - non-linked	17		10453		10453	9434
Total	18	4217349	17341746	7494	21566590	22012098

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	177330	17917		195247	158829
Form 52	23					
Form 53 - linked	24	142780	106802		249582	268915
Form 53 - non-linked	25	2940	458		3399	3771
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	323050	125178		448228	431515

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		87338		87338	88325
Form 52	33					
Form 53 - linked	34		2968519		2968519	2960693
Form 53 - non-linked	35					
Form 54 - linked	36		15792		15792	15443
Form 54 - non-linked	37					
Total	38		3071650		3071650	3064461

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	(234726)	8041504	199	7806977	8203252
Form 52	43					
Form 53 - linked	44	4079384	4482259	4830	8566473	8842099
Form 53 - non-linked	45	49309	276081	2465	327855	206494
Form 54 - linked	46	331	1334623		1334954	1254844
Form 54 - non-linked	47		10453		10453	9434
Total	48	3894298	14144918	7494	18046711	18516122

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	3025	66353	646				56515
120	Conventional endowment with-profits OB savings	12111	153178	3063				133775
125	Conventional endowment with-profits OB target cash	8716	157504	4154				153221
165	Conventional deferred annuity with-profits		1					28
175	Group conventional deferred annuity with-profits	62						
185	Group conventional pensions endowment with-profits	2						16
205	Miscellaneous conventional with-profits	7	13					
210	Additional reserves with-profits OB							24944
300	Regular premium non-profit WL/EA OB	104	1938	8				1402
330	Decreasing term assurance		152478	571				1273
390	Deferred annuity non-profit	243	39					211
395	Annuity non-profit (PLA)	775	33					1160
435	Miscellaneous non-profit	1	0					
440	Additional reserves non-profit OB							320

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB		1985	18				1767
330	Decreasing term assurance		327	3				20
336	Mortality risk premium reinsurance		384					

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	26656	515641	2668				480500
165	Conventional deferred annuity with-profits	126	234	2				2927
175	Group conventional deferred annuity with-profits	495	25984	296				174818
210	Additional reserves with-profits OB							762805
300	Regular premium non-profit WL/EA OB	579	10142					10389
325	Level term assurance	5856	234435	726				5044
380	Miscellaneous protection rider		92	0				73
385	Income protection claims in payment		7					67
390	Deferred annuity non-profit	3325	15682	0				333707
400	Annuity non-profit (CPA)	26570	37418					468256
440	Additional reserves non-profit OB							25557

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		4355	14				120
336	Mortality risk premium reinsurance							
390	Deferred annuity non-profit		1423	12				11

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / 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)		36871					464920

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	57075	434988	2068				335351
105	Conventional whole life with-profits IB	685717	616331	2267				899078
120	Conventional endowment with-profits OB savings	18553	249320	4606				218727
125	Conventional endowment with-profits OB target cash	19837	622193	12456				331585
130	Conventional endowment with-profits IB	38203	9367	45				72679
165	Conventional deferred annuity with-profits		46					853
205	Miscellaneous conventional with-profits							794
210	Additional reserves with-profits OB							93204
215	Additional reserves with-profits IB							51783
300	Regular premium non-profit WL/EA OB	100679	211719	542				156780
310	Non-profit IB	1483140	95518					84245
325	Level term assurance	36874	1745434	4847				19934
330	Decreasing term assurance	11321	448302	2326				10673
335	Decreasing term assurance (rider benefits)		978	6				30
340	Accelerated critical illness (guaranteed premiums)	7777	531309	2711				15396

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
345	Accelerated critical illness (reviewable premiums)	1457	75248	540				3066
350	Stand-alone critical illness (guaranteed premiums)		3154	16				91
355	Stand-alone critical illness (reviewable premiums)		2239	13				76
360	Income protection non-profit (guaranteed premiums)		9716	230				1761
380	Miscellaneous protection rider			0				0
385	Income protection claims in payment		47					474
390	Deferred annuity non-profit	21	190	1				2517
395	Annuity non-profit (PLA)	2766	5712					73780
435	Miscellaneous non-profit			117				115
440	Additional reserves non-profit OB							111988
445	Additional reserves non-profit IB							32844

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB		454	10				585
120	Conventional endowment with-profits OB savings		13	1				21
125	Conventional endowment with-profits OB target cash		130	6				192
300	Regular premium non-profit WL/EA OB		213	0				178
325	Level term assurance		957897	1449				6744
330	Decreasing term assurance		121864	422				1371
335	Decreasing term assurance (rider benefits)		978	3				8
336	Mortality risk premium reinsurance		240					0
340	Accelerated critical illness (guaranteed premiums)		478207	2021				8127
345	Accelerated critical illness (reviewable premiums)		64458	259				1041
350	Stand-alone critical illness (guaranteed premiums)		2839	11				46
355	Stand-alone critical illness (reviewable premiums)		1918	8				32
360	Income protection non-profit (guaranteed premiums)		7303	105				872
385	Income protection claims in payment		36					355
440	Additional reserves non-profit OB							687

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Conventional pensions endowment with-profits	3602	3587					75008
165	Conventional deferred annuity with-profits	112532	245940	20733				4127138
175	Group conventional deferred annuity with-profits		1882					23504
195	Annuity with-profits (PLA)	1	1					16
200	Annuity with-profits (CPA)	108505	344524					5088934
205	Miscellaneous conventional with-profits							6425
210	Additional reserves with-profits OB							115452
325	Level term assurance	4754	1079107	3193				13328
390	Deferred annuity non-profit	52138	47630	1				870108
400	Annuity non-profit (CPA)	823922	1185261					17595206
405	Annuity non-profit (CPA impaired life)	11356	21584					351559
440	Additional reserves non-profit OB							429111

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance							(0)
400	Annuity non-profit (CPA)		426					10245

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred annuity non-profit		3643					74035
400	Annuity non-profit (CPA)		550038					9243221
405	Annuity non-profit (CPA impaired life)		21116					345162
440	Additional reserves non-profit OB							43893

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	227	6229	38				4392
120	Conventional endowment with-profits OB savings	5869	68028	3321				7677
125	Conventional endowment with-profits OB target cash	89	2671	89				2249
165	Conventional deferred annuity with-profits	1080	4203	657				68110
175	Group conventional deferred annuity with-profits		41					651
195	Annuity with-profits (PLA)	2	6					56
205	Miscellaneous conventional with-profits							215
210	Additional reserves with-profits OB							296
300	Regular premium non-profit WL/EA OB	260	877	5				2146
325	Level term assurance	190	14452	41				131
330	Decreasing term assurance	48	1376	11				6
335	Decreasing term assurance (rider benefits)		131	1				4

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred annuity non-profit	9	98					2218
395	Annuity non-profit (PLA)	1652	3107					47224
400	Annuity non-profit (CPA)	3054	5702					87813
435	Miscellaneous non-profit			2				2
440	Additional reserves non-profit OB							756

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
120	Conventional endowment with-profits OB savings		45494	51				
325	Level term assurance		8876	13				67
330	Decreasing term assurance		1040	4				5
335	Decreasing term assurance (rider benefits)		131	0				4
435	Miscellaneous non-profit							(0)

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
195	Annuity with-profits (PLA)	1552	1838					13209

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 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
200	Annuity with-profits (CPA)	50763	102144					871848

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
195	Annuity with-profits (PLA)	520	2037					16039
200	Annuity with-profits (CPA)	233	1092					11404

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	61070	4985114	56650				49554
325	Level term assurance	147298	25460513	82253				(157097)
330	Decreasing term assurance	56685	6739720	28841				(60419)
340	Accelerated critical illness (guaranteed premiums)	7507	614148	3017				15834
345	Accelerated critical illness (reviewable premiums)	4260	397292	1757				3251
350	Stand-alone critical illness (guaranteed premiums)	16902	2440192	10113				(35327)
355	Stand-alone critical illness (reviewable premiums)	1158	131956	707				4604
360	Income protection non-profit (guaranteed premiums)	12573	1486957	10801				(44690)
365	Income protection non-profit (reviewable premiums)	931	113458	983				(3224)
380	Miscellaneous protection rider		218580	513				1724
385	Income protection claims in payment		380					3150
390	Deferred annuity non-profit	66	76					1021
395	Annuity non-profit (PLA)	50	54					327
410	Group life	40	4441	5				465

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
415	Collective life	2141	7067					39805
425	Group income protection claims in payment		112	53				895
435	Miscellaneous non-profit	240	3765	98				88
440	Additional reserves non-profit OB							122642

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		3359581	15145				175129
325	Level term assurance		15417618	17066				(13658)
330	Decreasing term assurance		3615941	6516				(4463)
340	Accelerated critical illness (guaranteed premiums)		507360	1760				10986
345	Accelerated critical illness (reviewable premiums)		279407	868				1099
350	Stand-alone critical illness (guaranteed premiums)		1316247	1424				(1495)
355	Stand-alone critical illness (reviewable premiums)		27845	106				271
360	Income protection non-profit (guaranteed premiums)		810658	1019				650
365	Income protection non-profit (reviewable premiums)		63367	158				(245)
380	Miscellaneous protection rider		6	0				0
385	Income protection claims in payment		193					1925
395	Annuity non-profit (PLA)		15					1
410	Group life		2220	2				233
415	Collective life		158					1
435	Miscellaneous non-profit		2680	51				36

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

Name of insurer **The Prudential Assurance Company Limited**
Total business / subfund **Non-Profit Sub-Fund**
Financial year ended **31 December 2015**
Units **£000**
UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
440	Additional reserves non-profit OB							6859

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance	547	11567	57				234
365	Income protection non-profit (reviewable premiums)		1712	335				522
390	Deferred annuity non-profit	8	4467					89236
400	Annuity non-profit (CPA)	134767	491318					7549680
405	Annuity non-profit (CPA impaired life)	193	12503					173013
440	Additional reserves non-profit OB							334075

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		11113	36				133
365	Income protection non-profit (reviewable premiums)		9	191				0
400	Annuity non-profit (CPA)		66175					17778
440	Additional reserves non-profit OB							5

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

Name of insurer	The Prudential Assurance Company Limited
Total business / subfund	Non-Profit Sub-Fund
Financial year ended	31 December 2015
Units	£000
UK Pension / 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)		4629					82473
405	Annuity non-profit (CPA impaired life)		290					4865

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance			0				
355	Stand-alone critical illness (reviewable premiums)	6	545	4				19
360	Income protection non-profit (guaranteed premiums)	3	12	0				1
370	Long-term care policy	4264	251176	1247				64
380	Miscellaneous protection rider	2626	422271	1484				94
440	Additional reserves non-profit OB							21

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
370	Long-term care policy		189447	184				
380	Miscellaneous protection rider		317839	297				

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
510	Life UWP endowment regular premium - savings		9013	479	9195	9195		9195
515	Life UWP endowment regular premium - target cash		608299	29800	644357	644357		644357
610	Additional reserves UWP						7407	7407

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	159118	1705182	13376	2347356	2347356	3124	2350480
535	Group money purchase pensions UWP	1055	9947	49	14062	14062	0	14062
570	Income drawdown UWP	10	498		498	498		498
595	Income protection rider		2894	74			897	897
610	Additional reserves UWP						81720	81720

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
575	Miscellaneous UWP		427	5				
595	Income protection rider		11	0			0	0

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium - Optimum Bonus Fund	14437	890711		881892	943602		943602
500	Life UWP single premium - Other	234046	8789839		8702765	8702763		8702763
500	Life UWP single premium - PruFund	154878	10574848		10470147	10586217		10586217
500	Life UWP single premium	24709	677727		671017	677881		677881
505	Life UWP whole life regular premium	63697	871707	24219	870126	1108206		1108206
506	Life UWP endowment regular premium - savings	1721	2618	2557	2593	2619		2619
510	Life UWP endowment regular premium - savings	1495	8860	472	6887	7465	1	7466
515	Life UWP endowment regular premium - target cash	62457	1556007	11953	178390	198953	928	199880
555	Group deposit administration with-profits - 0% guarantee	7	154	10	161	161		161
555	Group deposit administration with-profits - 2.5% guarantee		141		148	148		148
555	Group deposit administration with-profits - 4.75% guarantee		382		402	402		402
595	Income protection rider		20883	485			2147	2147
610	Additional reserves UWP						352809	352809

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
575	Miscellaneous UWP		765	15			2	2
595	Income protection rider		996	24			47	47

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	565213	7408147	158478	7407005	7529754	4691	7534445
535	Group money purchase pensions UWP	79106	1116527	37761	1419517	1419517	18	1419536
555	Group deposit administration with-profits	173838	1410217	115644	1678810	1677248		1677248
555	Group deposit administration with-profits - 0% guarantee		1113752		1325663	1324223		1324223
555	Group deposit administration with-profits - 2.5% guarantee	1970	452556		536242	536242		536242
555	Group deposit administration with-profits - 4.75% guarantee	27677	226434	39061	268908	268908		268908
565	DWP National Insurance rebates UWP	168042	5765221		5765221	5810582		5810582
570	Income drawdown UWP	21936	1536037		1539518	1511135	28	1511163
571	Trustee investment plan UWP	5502	579579		657348	644386		644386
575	Miscellaneous UWP - Flexible lifetime annuity	493	32734		32734	32734	180	32914
595	Income protection rider		7135	100			256	256
610	Additional reserves UWP						1489083	1489083

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	2217	38381	1107	38381	38969		38969
535	Group money purchase pensions UWP	99	2463		2528	2528		2528
555	Group deposit administration with-profits	535	55773	2154	56006	56006		56006
555	Group deposit administration with-profits - 0% guarantee		24652		24929	24929		24929
555	Group deposit administration with-profits - 2.5% guarantee		14935		15526	15526		15526
565	DWP National Insurance rebates UWP	423	11251		11251	11350		11350

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	21431	2378829		2378829	2346180		2346180
525	Individual pensions UWP	22909	265009	25272	265009	291703		291703
575	Miscellaneous UWP - Capital redemption bond	3958			527037	517395		517395
610	Additional reserves UWP						17354	17354

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	58032	25565	4			21481	21481
735	Group money purchase pensions property linked	234	23	0			168	168
750	Income drawdown property linked	32					16	16
755	Trustee Investment Plan						87	87
785	Income protection rider		2519	65			662	662
800	Additional reserves property linked						48505	48505

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
785	Income protection rider		11	0			0	0
795	Miscellaneous property linked		406	4				

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	7517	16853				850	850
710	Life property linked whole life regular premium	4334	103515	15			1749	1749
715	Life property linked endowment regular premium - savings	309	7	4			66	66
720	Life property linked endowment regular premium - target cash	4552	203777	106			3463	3463
785	Income protection rider		6073	134			597	597
790	Miscellaneous protection rider		203	20				
795	Miscellaneous property linked	338	8573	161			1792	1792
800	Additional reserves property linked						1145	1145

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
785	Income protection rider		941	22			68	68
795	Miscellaneous property linked		11808	198			858	858

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

Name of insurer	The Prudential Assurance Company Limited
Total business / subfund	With-Profits Sub-Fund
Financial year ended	31 December 2015
Units	£000
UK Pension / Gross	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	1999	21991	96			734	734
735	Group money purchase pensions property linked	56056	1345815	85242	1345815	1345815	32923	1378738
770	Term assurance rider		13694	46			409	409
800	Additional reserves property linked						11871	11871

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

Name of insurer **The Prudential Assurance Company Limited**
Total business / subfund **With-Profits Sub-Fund**
Financial year ended **31 December 2015**
Units **£000**
UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
735	Group money purchase pensions property linked		28373	45	28373	28373		28373

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

Name of insurer	The Prudential Assurance Company Limited
Total business / subfund	With-Profits Sub-Fund
Financial year ended	31 December 2015
Units	£000
UK Pension / 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
735	Group money purchase pensions property linked		1317442	85197	1317442	1317442		1317442

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	94048	3255802		3152525	3151473	(7204)	3144269
710	Life property linked whole life regular premium	14375	567554	6166	387452	387764	1555	389318
715	Life property linked endowment regular premium - savings	4477	90927	1120	90568	90656	991	91647
720	Life property linked endowment regular premium - target cash	7444	819742	23549	593716	592088	2429	594517
785	Income protection rider		18331	400			1759	1759
790	Miscellaneous protection rider		149	12	41	41	13	55
795	Miscellaneous property linked	407	5284	139	143	143	818	960
800	Additional reserves property linked						51890	51890

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium		169803		98216	98216	328	98544
710	Life property linked whole life regular premium		152246	1095	37388	37388	514	37902
715	Life property linked endowment regular premium - savings		7159	19	7177	7177		7177
720	Life property linked endowment regular premium - target cash		3106	15				
785	Income protection rider		13152	310			1183	1183
795	Miscellaneous property linked		96313	1147			915	915

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	121104	4062389	50744	4061560	4054328	13225	4067553
735	Group money purchase pensions property linked	137879	3068411	222637	3067681	3067681	82047	3149728
750	Income drawdown property linked	3189	214998		278046	278046	1267	279314
755	Trustee investment plan	100	17280		23043	23043		23043
770	Term assurance rider		780	2			19	19
785	Income protection rider		11090	115			917	917
795	Miscellaneous property linked						10	10
795	Miscellaneous property linked - Flexible Lifetime Annuity	737	103530				2179	2179
795	Miscellaneous property linked (Life annuities - Retirement Units)	3	3		29	29		29
795	Miscellaneous property linked (Life annuities - Accumulation Unit)	424	2307		30922	30922		30922
795	Miscellaneous property linked (Flexible Retirement Income Account)				103530	103530		103530
800	Additional reserves property linked						176876	176876

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked		57951	4	55584	55584		55584
735	Group money purchase pensions property linked		51218	1021	51218	51218		51218
785	Income protection rider		8471	66			447	447
795	Miscellaneous property linked - mortality risk premium reinsurance		11396	34			11	11

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

Name of insurer	The Prudential Assurance Company Limited
Total business / subfund	Non-Profit Sub-Fund
Financial year ended	31 December 2015
Units	£000
UK Pension / 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
735	Group money purchase pensions property linked		2968519	221421	2968519	2968519		2968519

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium				4830	4830	1729	6560
800	Additional reserves property linked						736	736

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
910	Miscellaneous index linked	24	205		2571	2571		2571

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)	58700	119715		2066349	2066349		2066349
907	Index linked deferred annuity	16726	16507		460425	460425		460425
915	Additional reserves Index Linked				52185	52185	36695	88880

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 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)		342		3408	3408		3408

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)		16825		324425	324425		324425
907	Index linked deferred annuity		1722		48022	48022		48022
915	Additional Reserves Index Linked				5443	5443	3827	9270

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity (CPA)	1	0		4	4		4
910	Miscellaneous index linked	35	63		976	976		976

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

Name of insurer	The Prudential Assurance Company Limited
Total business / subfund	Non-Profit Sub-Fund
Financial year ended	31 December 2015
Units	£000
UK Life / Gross	

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
910	Miscellaneous index linked		80		331	331		331

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)	706	63386		1280373	1280373		1280373
907	Index linked deferred annuity		2240		56226	56226		56226
915	Additional reserves index linked				13816	13816	10453	24269

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity (CPA)		570		15792	15792		15792

Long-term insurance business : Unit prices for internal linked funds

Name of insurer **The Prudential Assurance Company Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Prufund	02 - life - balanced managed fund	141585		1.00	10.9415	11.2889	3.18
Managed	02 - life - balanced managed fund	884202	2	0.25	4.3300	4.4950	3.81
Pru (ex M&G) Managed Bond Fund	02 - life - balanced managed fund	108002	3	1.00	25.9090	26.6600	2.90
Managed Defensive	03 - life - defensive managed fund	122566	5	1.55	1.5130	1.5030	(0.66)
Distribution Fund	04 - life - other managed fund	685785	7	1.40	1.0090	1.0150	0.59
M&G Recovery	04 - life - other managed fund	105789	3	1.00	29.0750	28.0340	(3.58)
Pru Inherit. Bond (ex SA)	04 - life - other managed fund	221628	1	0.75	1.3070	1.3110	0.31
Equity	05 - life - UK equity	108686	2	0.25	4.2200	4.3770	3.72
Property	07 - life - property	163157	5	1.55	1.4840	1.6300	9.84
Pru Exempt Equity (ex SA)	11 - individual pension - stock market managed fund	422085	2	1.00	1.9380	1.9980	3.10
MG Managed Growth Portfolio	11 - individual pension - stock market managed fund	133470	2	1.15	1.9090	1.8890	(1.05)
P P Equity	11 - individual pension - stock market managed fund	202760	7	1.00	25.4150	26.4150	3.93
Pru Exempt Managed (ex SA)	12 - individual pension - balanced managed fund	1772743	4	0.88	18.2380	18.8540	3.38
Pru Exempt Cash (ex SA)	14 - individual pension - other managed fund	484884	4	0.88	5.9990	5.9990	
Pru Exempt Recovery Series A (ex M&G)	15 - individual pension - UK equity	105110	6	1.00	25.0450	23.9040	(4.56)
Pru Exempt International (ex SA)	16 - individual pension - overseas equity	110627	4	0.88	14.5860	15.0730	3.34
Pru Exempt Property (ex SA)	17 - individual pension - property	135695	2	1.00	2.1620	2.4210	11.98

Long-term insurance business : Index linked businessName of insurer **The Prudential Assurance Company Limited**

Total business

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

Value of assets	Mean Term
1	2

Analysis of assets

Approved variable interest securities	11	404228	16.96
Other variable interest securities	12	1300132	11.12
Approved fixed interest securities	13	79779	7.58
Other fixed interest securities	14	232623	6.68
Cash and deposits	15	13297	
Equity index derivatives	16		
Inflation swaps	17	147355	
Other assets	18	1358753	
Variation margin	19		
Total (11 to 19)	20	3536167	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31	1667	5.81
AA/Aa	32	20834	8.64
A/A	33	594210	10.80
BBB/Baa	34	300882	7.08
BB/Ba	35	80359	8.80
B/B	36	53	2.79
CCC/Caa	37	50	3.09
Other (including unrated)	38	534700	12.37
Total other fixed interest and other variable interest securities	39	1532755	10.48

Long-term insurance business: Analysis of valuation interest rateName of insurer **The Prudential Assurance Company Limited**Subfund **Scottish Amicable Insurance Fund**Financial year ended **31 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 assurances Form 51	365543	0.75	0.85	2.26
UK Life WP assurances Form 52	671619	1.00	1.15	2.07
UK Pensions NP assurances Form 51	374843		1.00	2.45
UK Pensions Form 52	2404069		1.25	2.13
UK Pensions WP FlexiPension Form 51	402296		1.75	2.99
UK Pensions WP group assurances Form 51	175802		2.00	3.14
UK Pensions maturity options	764456		2.50	3.07
UK Pensions WP group assurances (other) Form 51	132274		1.75	3.49
Misc	78802	n/a	n/a	2.18
Total	5369704			

Long-term insurance business: Analysis of valuation interest rateName of insurer **The Prudential Assurance Company Limited**Subfund **With-Profits Sub-Fund**Financial year ended **31 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 assurances Form 51	2009696	1.75	1.89	2.56
UK Life WP assurances Form 52	21549814	0.95	1.15	2.40
UK Pension WP deferred annuities Form 51	4247846		2.50	3.91
UK Pension WP immediate annuities Form 51	1788004		-	1.63
UK Pension Income Choice Annuity Form 51	3300986		1.00	1.85
UK Pension NP immediate and deferred annuities Form 51	8983196		2.77	2.84
UK Pension personal pensions guarantees under the FSA pensions review Form 52	490000		2.36	3.18
UK Pension unitised WP and cash accumulation - 0% guarantee Form 52	19003891		1.50	2.35
UK Pension cash accumulation - 2.5% guarantee Form 52	1349299		2.25	2.78
UK Pension cash accumulation - 4.75% guarantee Form 52	552170		2.50	3.40
UK Pension additional reserves Form 52	1446652		-	1.34
Misc	2281275	n/a	n/a	2.95
Total	67002829			

Long-term insurance business: Analysis of valuation interest rateName of insurer **The Prudential Assurance Company Limited**Subfund **Defined Charge Participating Sub-Fund**Financial year ended **31 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 Immediate Annuities Form 51	13204		1.50	2.41
UK Pensions WP Immediate Annuities Form 51	27433		1.50	2.41
Overseas contracts in sterling Form 52	2301763		1.50	2.41
Overseas contracts in euros Form 52	716669		1.85	2.48
Overseas contracts in US dollars Form 52	136846		1.95	2.38
Misc	17720	n/a	n/a	2.53
Total	3213634			

Long-term insurance business: Analysis of valuation interest rateName of insurer **The Prudential Assurance Company Limited**Subfund **Non-Profit Sub-Fund**Financial year ended **31 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 Pension NP immediate annuities Form 51 (direct written)	3310090		3.12	3.27
UK Pension NP immediate and deferred annuities Form 51 (reassurance accepted)	4257229		3.12	3.27
UK Pension Form 53 unit-linked business	114720		2.50	2.91
UK Pension Form 51 and Form 53 non-profit riders	166		2.50	2.91
Collective Life Form 51	41347		-	0.18
UK Life Forms 51 and 53	18798	2.00	2.50	2.91
Income Protection and Critical Illness Form 51	6546		2.55	2.91
Additional reserves Forms 51 (direct written) and 53	213143			1.06
Misc	183246	n/a	n/a	0.16
Total	8145285			

Long-term insurance business : Distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	97195918	94924333
Bonus payments in anticipation of a surplus	12	2099542	1927734
Transfer to non-technical account	13	36184	260997
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	99331644	97113065
Mathematical reserves	21	96453509	94436003
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	2878136	2677061

Composition of surplus

Balance brought forward	31	193673	129172
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	2684462	2547889
Total	39	2878135	2677061

Distribution of surplus

Bonus paid in anticipation of a surplus	41	2099542	1927734
Cash bonuses	42		
Reversionary bonuses	43	88690	95999
Other bonuses	44	163390	198658
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	2351622	2222391
Net transfer out of fund / part of fund	47	36184	260997
Total distributed surplus (46+47)	48	2387806	2483388
Surplus carried forward	49	490329	193673
Total (48+49)	59	2878135	2677061

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Scottish Amicable Insurance Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	5369703	5880282
Bonus payments in anticipation of a surplus	12	337604	338078
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	5707307	6218360
Mathematical reserves	21	5349703	5856574
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	357604	361786

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	357604	361786
Total	39	357604	361786

Distribution of surplus

Bonus paid in anticipation of a surplus	41	337604	338078
Cash bonuses	42		
Reversionary bonuses	43	20000	23708
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	357604	361786
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	357604	361786
Surplus carried forward	49		
Total (48+49)	59	357604	361786

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

Name of insurer **The Prudential Assurance Company Limited**
Total business / subfund **With-Profits Sub-Fund**
Financial year ended **31 December 2015**
Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	69204041	66603781
Bonus payments in anticipation of a surplus	12	1710582	1541128
Transfer to non-technical account	13	214184	199997
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	71128807	68344905
Mathematical reserves	21	68971961	66332832
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	2156846	2012074

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	2156846	2012074
Total	39	2156846	2012074

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1710582	1541128
Cash bonuses	42		
Reversionary bonuses	43	68690	72291
Other bonuses	44	163390	198658
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1942662	1812077
Net transfer out of fund / part of fund	47	214184	199997
Total distributed surplus (46+47)	48	2156846	2012074
Surplus carried forward	49		
Total (48+49)	59	2156846	2012074

Percentage of distributed surplus allocated to policyholders

Current year	61	90.07	90.06
Current year - 1	62	90.06	90.03
Current year - 2	63	90.03	90.05
Current year - 3	64	90.05	90.03

Long-term insurance business : Distribution of surplus

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Defined Charge Participating Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	4085134	3730475
Bonus payments in anticipation of a surplus	12	51356	48529
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	4136490	3779004
Mathematical reserves	21	4085134	3730475
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	51356	48529

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	51356	48529
Total	39	51356	48529

Distribution of surplus

Bonus paid in anticipation of a surplus	41	51356	48529
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	51356	48529
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	51356	48529
Surplus carried forward	49		
Total (48+49)	59	51356	48529

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

Name of insurer **The Prudential Assurance Company Limited**
 Total business / subfund **Non-Profit Sub-Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	18537040	18709795
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		61000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	18537040	18770795
Mathematical reserves	21	18046710	18516122
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	490329	254673

Composition of surplus

Balance brought forward	31	193673	129172
Transfer from non-technical account	32	178000	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	118656	125501
Total	39	490329	254673

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		61000
Total distributed surplus (46+47)	48		61000
Surplus carried forward	49	490329	193673
Total (48+49)	59	490329	254673

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)

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Prudential Assurance Company Limited**
 Date of maturity value / open market option **01 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	6991	1172	n/a	CWP	N	6991
Endowment assurance	15	12343	3088	n/a	CWP	N	12343
Endowment assurance	20	19379	5010	n/a	CWP	N	19379
Endowment assurance	25	31537	9094	n/a	CWP	N	31537
Regular premium pension	5	13772	1110	n/a	UWP	N	13772
Regular premium pension	10	32044	4807	n/a	UWP	N	32044
Regular premium pension	15	56956	12476	n/a	UWP	N	56956
Regular premium pension	20	84518	21349	n/a	UWP	N	84518
Single premium pension	5	13285	2070	n/a	UWP	N	13285
Single premium pension	10	16775	3643	n/a	UWP	N	16775
Single premium pension	15	22301	6376	n/a	UWP	N	22301
Single premium pension	20	34606	14138	n/a	UWP	N	34606

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Prudential Assurance Company Limited**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	CWP	N	n/a
Endowment assurance	10	n/a	n/a	n/a	CWP	N	n/a
Endowment assurance	15	11792	3645	n/a	CWP	N	21256
Endowment assurance	20	17735	4949	n/a	CWP	N	24653
With-profits bond	2	10496	92	184	UWP	Y	10520
With-profits bond	3	11065	453	-184	UWP	Y	11092
With-profits bond	5	12216	1286		UWP	Y	12337
With-profits bond	10	15055	2034		UWP	Y	15205
Single premium pension	2	11000	596	-263	UWP	Y	11264
Single premium pension	3	11702	1085	-258	UWP	Y	11960
Single premium pension	5	13285	2070		UWP	N	13285
Single premium pension	10	16775	3643		UWP	N	16775

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

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Scottish Amicable Life Assurance Society Limited**
 Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 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	19555	6252	n/a	UWP	N	21170
Endowment assurance	25	31328	8951	n/a	CWP	N	31328
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	83815	16621	n/a	UWP	N	83815
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	38641	11797	n/a	UWP	N	38641

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Scottish Amicable Life Assurance Society Limited**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 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	18348	5866	n/a	UWP	N	44720
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 maturity (normal retirement)

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Scottish Amicable Life plc**
 Date of maturity value / open market option **01 March 2016**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	12513	2660	n/a	UWP	N	13000
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	n/a	n/a	n/a	n/a	n/a	n/a
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	56969	12611	n/a	UWP	N	56969
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	22729	7372	n/a	UWP	N	22729
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Prudential Assurance Company Limited**
 Original insurer **Scottish Amicable Life plc**
 Date of surrender value **01 March 2016**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 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	10696	2274		UWP	Y	39210
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 capital requirementName of insurer **The Prudential Assurance Company Limited**

Global business

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

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

Insurance death risk capital component

Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	20475	19063	0.50	10	10
Classes I (other), II and IX	13	0.15%	14568	3595		11	6
Classes I (other), II and IX	14	0.3%	50483459	23679653		75725	65539
Classes III, VII and VIII	15	0.3%	886347	592621	0.67	1778	1931
Total	16		51404850	24294932		77524	67486

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					4037	4727
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	94060883	83580487	0.89	835805	813712
Classes III, VII and VIII (investment risk)	33	1%	4970480	4568375	0.92	45684	45280
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	4529038	1822445	0.85	38497	38329
Classes III, VII and VIII (other)	35	25%				12001	9419
Class IV (other)	36	1%	20850	11659	0.85	177	290
Class V	37	1%					
Class VI	38	1%	520241	520241	1.00	5202	4611
Total	39					937366	911641

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	94060883	83580487	0.89	2507415	2441135
Classes III, VII and VIII (investment risk)	43	3%	4970480	4568375	0.92	137051	135840
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	4529038	1822445			
Classes III, VII and VIII (other)	45	0%	8059706	6202383			
Class IV (other)	46	3%	20850	11659	0.85	532	871
Class V	47	0%					
Class VI	48	3%	520241	520241	1.00	15607	13833
Total	49		112161198	96705590		2660605	2591678

Long term insurance capital requirement	51					3679532	3575533
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THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2015

Supplementary Notes to the Forms

APPENDIX 9.1

0101 Waivers modifying the Accounts and Statements rules

Section 68 (Insurance Companies Act 1982) Orders modifying 1996 Regulation provisions continued under transitional arrangements

The Financial Services Authority (FSA), the UK insurance regulator at the time, used its powers under section 156(2) of the Financial Services and Markets Act 2000 to allow waivers granted under section 68 of the Insurance Companies Act 1982 to continue without the need for companies to request a waiver under the Financial Services and Markets Act 2000.

(826) The Treasury issued to the Company in February 1999 an Order under section 68 of the Insurance Companies Act 1982 modifying the provisions of Regulation 13 of The Insurance Companies (Accounts and Statements) Regulations 1996 so that the Company is not required to submit a Form 31 in respect of the business written through its Dutch branch in the years 1976 to 1979. The section 68 Order under the Insurance Companies Act 1982 continues to have effect under the transitional arrangements set out in the Supervision manual. Regulation 13 of The Insurance Companies (Accounts and Statements) Regulation 1996 has been replaced by Rule 9.19 of the Interim Prudential Sourcebook for Insurers.

Application of Section 138 Waiver

(1614497) The Prudential Regulation Authority (PRA), on the application of the firm, made a direction under section 138 of the Financial Services and Markets Act 2000 in May 2013. The effect of the direction is to reduce the level of detail reported in Forms 23, 24, 25, 31 and 32 (by showing all business as written in prior years), and to exclude Forms 28, 29, 34, 37, 38 and 39 in the firm's return to the PRA, in respect of the firm's UK commercial lines general insurance business, which has been in run-off since 31 December 1992. This direction ends on the earlier of the date the relevant rules are revoked or no longer apply to the firm in whole or in part and 01 April 2018. This waiver is an extension of waiver 1245544 which expired on 30 June 2013.

(1664660) The PRA, on the application of Prudential Assurance Company Ltd, made a Direction under Section 138A of the Financial Services and Markets Act 2000 in September 2013. The effect of the direction is to modify GENPRU 2 Annex 7R and INSPRU 3.2.33R so as to permit the firm to value debts arising from amounts advanced as commission to approved credit institutions and wholly owned subsidiaries of approved credit institutions in respect of certain long term insurance policies sold on or before 31 December 2018. This direction ends on the earlier of the date the relevant rules are revoked or no longer applies to the firm and 31 December 2018. This waiver is an extension of waiver 948128 which expired on 09 September 2013.

(1735909) The PRA, on the application of the firm, made a direction under Section 138A of FSMA in February 2014. 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 is used for certain assets taken in combination. This direction ends on 01 April 2016 or, if earlier, the date the relevant rule is revoked or no longer applies to the firm (in whole or in part). This waiver is a renewal of the waiver 1388495 which expired on 31 March 2014.

(1270416) The FSA (the UK insurance regulator at the time), on the application of the firm, made a direction in February 2011 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to (i) Ex- Prudential Holborn Life Limited (PHL) funds in Prudential Assurance Company Limited (PAC) (Prudential European, Prudential International, Prudential Managed, Prudential Strategic Growth, Prudential Japanese, Prudential North American and Prudential Equity (Life only)); (ii) Ex-Scottish Amicable Life (SAL) funds in PAC (Prudential European, Prudential International, Prudential Managed, Prudential Japanese, Prudential North American and Prudential Equity (Life only)); (iii) Ex-Scottish Amicable Life (SAL) funds in PAC (Prudential European, Prudential International, Prudential Managed, Prudential Japanese, Prudential North American and Prudential Equity (Pension only)); (iv) Ex-M&G funds in PAC (Pru Equity Pension fund (ex M&G), Pru Equity Life fund (ex M&G), Pru Managed life fund (ex M&G) Pru Managed pension fund (ex M&G) and Pru Personal Pension fund (ex M&G) (Life & Pension)); and (v) PAC fund (Prufund Managed Fund) which are themselves determined, either wholly or partly, by reference to units in the Prudential European QIS Fund, Prudential Japanese QIS Fund, Prudential North American QIS Fund, and Prudential UK Growth QIS Fund. This direction ends on 08 February 2016.

(1741411) The FCA, on the application of the firm, made a direction in March 2014 under section 138A of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to (i) Ex-Prudential Holborn Life Limited (PHL) funds in Prudential Assurance Company Limited (PAC) (Prudential European, Prudential International, Prudential Managed, Prudential Strategic Growth, Prudential Japanese, Prudential North American and Prudential Equity (Life only)); (ii) Ex-Scottish Amicable Life (SAL) funds in PAC (Prudential European, Prudential International, Prudential Managed, Prudential Japanese, Prudential North American and Prudential Equity (Life only)); (iii) Ex-Scottish Amicable Life (SAL) funds in PAC (Prudential European, Prudential International, Prudential Managed, Prudential Japanese, Prudential North American and Prudential Equity (Pension only)); (iv) Ex-M&G funds in PAC (Pru Equity Pension fund (ex M&G), Pru Equity Life fund (ex M&G), Pru Managed life fund (ex M&G) Pru Managed pension fund (ex M&G) and Pru Personal Pension fund (ex M&G) (Life & Pension); and (v) PAC fund (Prufund Managed Fund) which are themselves determined, either wholly or partly, by reference to units in the CF Prudential European QIS Fund, CF Prudential Japanese QIS Fund, CF Prudential North American QIS Fund, and CF Prudential UK Growth QIS Fund. This direction ends on 08 February 2016.

0301	<u>Reconciliation of net assets to total capital resources</u>	2015 £'000
	Total assets per Form 13 (other than long-term business) line 89	4,858,834
	Total assets per Form 13 (long-term business) line 89	123,754,429
	Less: the sum of lines 11, 12 and 49 in Form 14	103,355,133
	Less: liabilities per Form 15 line 69	1,452,680
	Add: assets backing the capital resource requirements of dependants	1,167,381
	Add: preference shares	1,000
	Net assets per Form 3 line 79	<u>24,973,831</u>

0305 Details of other financing arrangements

Not included in lines 91 to 95 is the following: an arrangement with Swiss Re Europe S.A., UK branch provided financing for Prudential Protection contracts. The amount to be repaid is a proportion of the difference between the office premium (net of an allowance for renewal expenses) and the reinsurance premium for the time that the policy remains in force. The payment of a proportion of each future premium to the reinsurer has been allowed for when calculating the mathematical reserves.

0308 Nature of outstanding contingent loans

Included in Line 94 is a contingent liability that arises from two contingent loan arrangements with Discovery Holdings Europe Limited (previously Prudential Health Holdings Limited). The first agreement was entered into on 3 September 2007 and allows The Prudential Assurance Company Limited to borrow from Discovery Holdings Europe Limited, sums from time to time in an aggregate amount of up to £250m. The loan amount is unambiguously linked to the emergence of regulatory losses arising in respect of all income and costs associated with selling and underwriting the Flexible Protection Plan and Vitality Life (previously PruProtect) Plan. The loan is to be repaid as regulatory surplus arises in the future.

The commutation value of this arrangement is £51.7m.

The second agreement was entered into on 1 April 2015 and allows The Prudential Assurance Company Limited to borrow from Discovery Holdings Europe Limited, sums from time to time in order to fund acquisition costs associated with selling and underwriting the Flexible Protection Plan and Vitality Life (previously PruProtect) Plan. The loan is repaid as a percentage of premiums received subject to there being sufficient regulatory surplus.

The commutation value of this arrangement is £120.2m.

The Prudential Assurance Company Limited is entitled, if it has given Discovery Holdings Europe Limited prior notice to that effect, at any time, to repay any amount of either loan balance.

Included in Line 92 is a contingent liability that arises from a financial reinsurance treaty. This agreement was entered into on 4 December 2015 and provided an advance of £113m to The Prudential Assurance Company Limited. The repayments are linked to

the emergence of regulatory surplus on specified lines of business in the Non-Profit Sub-Fund. No repayments were made during 2015. Under the terms of the treaty £29.3m will become due in 2016.

The commutation value of this arrangement including interest is £83.9m.

0310 Details of valuation differences

<u>Other than long-term</u>	2015 £'000
Positive valuation differences in respect of assets where valuation in GENPRU is higher than the firm uses for external reporting purposes being:-	
Mortgages and loans valuation difference	317,841
Deferred tax on valuation differences	(67,600)
Negative valuation differences in respect of assets where Valuation in GENPRU is lower than the firm uses for external reporting purposes being:-	
Prudent valuation adjustment	(24,533)
Total line 14 column 1	<u>225,708.</u>
<u>Long-term</u>	2015 £'000
Positive valuation differences in respect of assets where valuation in GENPRU is higher than the firm uses for external reporting purposes being:-	
Mortgages and loans valuation difference	18,239
Positive valuation differences in respect of liabilities where Valuation in GENPRU is lower than the firm uses for external reporting purposes being:-	
Deferred tax on accounts DAC	25,995
Deferred tax on other valuation differences	154,106
Difference in valuation basis for actuarial liabilities	8,467,340
Creditors in respect of contingent loans and financial reinsurance accepted	255,796
Negative valuation differences in respect of assets where Valuation in GENPRU is lower than the firm uses for external reporting purposes being:-	
Pension deficit funding – see note 1405	(39,538)
Prudent valuation adjustment	(18,478)
Total line 14 column 2	<u>8,863,460</u>

0311 Restatement of prior year comparatives

This is the first year that the Company has presented its results under FRS 102 and FRS 103. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. This change has

resulted in a restatement of the prior year comparative in Form 3 Line 12 (profit and loss accounts and other reserves) by £25m.

0313 Reconciliation of the profit & loss a/c movement to the profit and loss retained on Form 16

Form 3 line 12 column 3 (2015)	10,162,415
Form 3 line 12 column 4 (2014 as restated)	8,602,650
	<u>1,559,765</u>
Movement in profit & loss a/c per Form 3	<u>1,559,765</u>
Long-term business results retained within the long-term fund	(328,700)
	<u>1,231,065</u>
Form 16 line 59 column 1 profit & loss for the year	<u>1,231,065</u>

1301 Aggregate value of certain investments

There are no units held in collective investment schemes, no unlisted investments, no listed investments which are not readily realisable, and no reversionary interests or remainders in property other than land or buildings in the other than long-term funds.

1302 Aggregate value of hybrid securities

The aggregate value of hybrid securities is nil for the other than long-term business fund.

1304 Use of set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

1305 Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one counterparty is set at 5% of the business amount, with the exception of short-term deposits with approved credit institutions, where the limit for any one institution is 20%. The 5% limit for the other than long-term fund has not been exceeded.

1306 Exposure at the year end to large counterparties

There were no exposures in excess of 5% of the relevant business amount within the other than long-term business fund at the year-end.

1307 Secured Obligations

No secured obligations were held by the other than long-term fund.

1308 Aggregate value of certain investments

The long-term business fund held unlisted investments with an aggregate value of £3,507m and units of beneficial interest in collective investment schemes with an aggregate value of £1,264m. There are no listed investments which are not readily

realisable, and no reversionary interests or remainders in property other than land or buildings in the long-term fund.

* 1309* Aggregate value of hybrid securities

The aggregate value of hybrid securities is £1,584m for the long-term business fund.

* 1310* Use of set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

* 1312* Exposure at the year end to large counterparties

There were no exposures in excess of 5% of the relevant business amount within the long-term business fund at the year-end.

* 1313* Secured Obligations

At the year end the Company's long-term business fund had an exposure of £1,021m to secured obligations to which para 14 of part 1 of Appendix 4.2 applies.

* 1314* Tangible lease assets

No tangible lease assets are included for the other than long-term business fund.

* 1316* Tangible lease assets

No tangible lease assets are included for the long-term business fund.

* 1318* Particulars of other assets adjustments

The amount in line 101 is made up of the following:

Long-term assets	£'000
Long-term assets netted off with liabilities	65,132
Total Line 101 (long-term)	<u>65,132</u>

* 1319* Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one counterparty is set at 5% of the business amount, with the exception of short-term deposits with approved credit institutions, where the limit for any one institution is 20%. During the year the 5% limit for the long-term fund was not exceeded.

* 1323* Acquisition of Scottish Amicable Life Assurance Society

In 1997 the business of Scottish Amicable Life Assurance Society (SALAS) was transferred to the Company. In effecting the transfer, a separate sub-fund, the Scottish Amicable Insurance Fund (SAIF) was established within the Company's long-term fund.

This sub-fund contains all the with-profits business and all other pension business that was transferred from SALAS and is closed to new business. As separate assets are managed for SAIF, separate Forms 13, 14 and 17 have been prepared for that fund.

* 1324* Inadmissible asset

Line 93 of the SAIF Form 13 is negative due to deducting the statutory accounts pension surplus from total assets. There is a deficit in the SAIF sub-fund, however the overall balance for the long-term fund was a surplus. Therefore the disclosure is considered appropriate. Reclassification of the deficit as a liability valuation difference would have incorrectly grossed up Forms 13 and 14 and created a reconciling difference with the financial statements. Also see note 1405.

* 1401* Provision for "reasonably foreseeable adverse variations"

No provision has been made for reasonably foreseeable adverse variations as all contracts are strictly covered by assets.

* 1402* Long-term charges, contingent liabilities, guarantees and commitments

- a) There were no charges over assets.
- b) The ordinary long-term business fund held a provision of £0.3m for potential tax on capital gains in respect of linked business in the ordinary long-term business fund, in line 11 of Form 14. Provision of £643m for tax on capital gains in respect of other long-term business has been included in line 21 of Form 14, including £30m in respect of SAIF. These provisions have been determined in accordance with the procedures outlined in paragraph 3 of the Valuation Report in Appendix 9.4 of this Return. The actual provisions and the maximum potential tax are the same.
- c) The Company has contingent liabilities in respect of insurance and other agreements entered into in the normal course of business and in respect of litigation arising therefrom.
- d) The Company used to sell guaranteed annuity products in the UK and held a technical provision of £102m at December 31 2015, (2014: £79m), within the With-Profits Sub-Fund to honour guarantees on these products. The Company's main exposure to guaranteed annuities in the UK is through SAIF and a technical provision of £760m was held in SAIF at 31 December 2015, (2014: £828m) to honour the guarantees.
- e) Inherited Estate in the With-Profits Sub-Fund.
The assets of the with-profits sub-fund (WPSF) within the long-term fund of the Company comprise the amounts that it expects to pay out to meet its obligations to existing policyholders and an additional amount used as working capital. The amount payable over time to policyholders from the WPSF is equal to the policyholders' accumulated asset shares plus any additional payments that may be required by way of smoothing or to meet guarantees. The balance of the assets of the WPSF is called the 'inherited estate' and has accumulated over many years from various sources.

The inherited estate, as working capital, enables the Company to support with-profits business by providing the benefits associated with smoothing and guarantees, by providing investment flexibility for the fund's assets, by meeting the regulatory capital requirements that demonstrate solvency and by absorbing the costs of significant events or fundamental changes in its long-term business without affecting the bonus and investment policies. The size of the inherited estate fluctuates from year to year depending on the investment return and the extent to which it has been required to meet smoothing costs, guarantees and other events.

- f) Historically, in common with several other UK insurance companies, the Company used to sell low-cost endowment products related to repayment of residential mortgages. At sale, the initial sum assured is set at a level such that the projected benefits, including an estimate of the annual bonus receivable over the life of the policy, would equal or exceed the mortgage debt. The FSA (the UK regulator at the time) was concerned that the maturity value of some of these products would be less than the mortgage debt because of a decrease in expected future investment returns since these products were sold. The FSA (the UK regulator at the time) worked with insurance companies to devise a programme whereby the companies write to customers indicating whether they may have a possible shortfall and outline the actions that the customers can take to prevent this possibility. This programme remains in place following the change in the regulatory regime.

The Company is exposed to mortgage endowment products in respect of policies issued by Scottish Amicable Life plc (SAL) and policies issued by Scottish Amicable Life Assurance Society (SALAS) and transferred into the Scottish Amicable Insurance Fund (SAIF). Technical provisions of £1m in the Non-Profit Sub-Fund and £6m in SAIF were held at 31 December 2015 to cover potential compensation in respect of mortgage endowment product mis-selling claims. As SAIF is a separate sub-fund of the Company's long-term business fund, wholly attributable to the policyholders of the fund, this provision has no impact on shareholders.

In addition, the Company's main with-profits fund paid compensation of £0.8m in respect of mortgage endowment products mis-selling claims in the year ended 31 December 2015 and held a provision of £17m at 31 December 2015, in respect of further compensation. This provision has no impact on the Company's profit before tax.

- g) Contingent liabilities arise in connection with the contingent loan and financial reinsurance arrangements described in note 0308. The total of these is £255.8m.
- h) The Company has adopted the provisions of FRS102 – Deferred Tax. Full provision has been made.
- i) There are no other fundamental uncertainties.

* 1405* Particulars of other adjustments

The amount in line 74 is made up of the following:	£000
Difference in valuation basis for actuarial liabilities	8,467,340
Pension deficit funding (note 1)	(39,538)
Creditors in respect of contingent loan	255,796
Deferred tax on other valuation differences	154,106
Long-term liabilities netted off with assets	65,132
Total Line 74	<u>8,902,836</u>

Note 1 - The pensions surplus in the statutory accounts is the actual pensions surplus for the Company's main schemes. The amount provided for in the PRA returns is the deficit reduction amount i.e. the additional funding (net of tax) that will be required to be paid into those schemes by the Company over the following five year period, for the purpose of reducing the firm's defined benefit liability. The deficit shown at line 22 of the With-Profits Sub-Fund Form 14 is £37.2m and the deficit shown at line 22 of the SAIF Form 14 is £2.3m. The surplus in the statutory accounts is £85.0m and is included in line 93 of the With-Profits Sub-Fund and SAIF Form 13. The net difference between the PRA returns (£39.5m) deficit and the accounts £85.0m surplus is therefore £124.5m.

* 1407* Provision for deferred tax

The provision for deferred tax on line 21 was negative for the Non-Profit Sub-Fund. However overall the balance for the long-term fund was a liability. A right of set off exists with the counterparty and the disclosure is considered appropriate. Reclassification of the provision as an asset would have incorrectly grossed up Forms 13 and 14 and created a reconciling difference with the financial statements.

* 1501* Provision for "reasonably foreseeable adverse variations"

There is no provision for reasonably foreseeable adverse variations as all contracts are strictly covered by assets.

* 1502* Other than long-term charges, contingent liabilities and guarantees

- a) There were no charges over assets.
- b) The potential tax on capital gains in respect of the other than long-term business assets shown on Form 15 is nil.
- c) Under the terms of the Company's arrangements with the Prudential Group's main UK bank, the bank has a right of set-off between credit balances (other than those of long-term business funds) and all overdrawn balances of those group undertakings with similar arrangements.
- d) The Company has contingent liabilities in respect of insurance and other agreements entered into in the normal course of business and in respect of litigation arising therefrom.

- e) The pensions review by the Financial Services Authority (FSA), the UK insurance regulator at the time, of past sales of personal pension policies required all UK life insurance companies to review their cases of potential mis-selling and record a provision for the estimated costs. The Company met the requirement of the FSA (the UK insurance regulator at the time) to issue offers to all cases by 30 June 2002. Provisions in respect of the costs associated with the review have been included in the change in long-term technical provisions in Form 40 line 13. The directors believe that, based on current information, the provision, together with future investment return on the assets backing the provision, will be adequate to cover the costs of pension mis-selling including administration costs. Such provision represents the best estimate of probable costs and expenses. However, there can be no assurance that the current provision level will not need to be increased.

The costs associated with the pension mis-selling review have been met from the inherited estate. Accordingly, these costs have not been charged to the asset shares used in the determination of policyholder bonus rates. Hence policyholders' payout values have been unaffected by pension mis-selling.

In 1998, the Company stated that deducting mis-selling costs from the inherited estate would not impact its bonus or investment policy and it gave an assurance that if this unlikely event were to occur, it would make available support to the fund from shareholder resources for as long as the situation continued, so as to ensure that policyholders were not disadvantaged. The assurance was designed to protect both existing policyholders at the date it was announced, and policyholders who subsequently purchased policies while the pension mis-selling review was continuing.

This review was completed on 30 June 2002. The assurance will continue to apply to any policy in force at 31 December 2003, both for premiums paid before 1 January 2004, and for subsequent regular premiums (including future fixed, retail price index or salary related increases and Department of Work and Pensions rebate business). The assurance has not applied to new business since 1 January 2004. New business in this context consists of new policies, new members to existing pension schemes plus regular and single premium top-ups, transfers and switches to existing arrangements. The maximum amount of capital support available under the terms of the assurance will reduce over time. The bonus and investment policy for each type of with-profits policy is the same irrespective of whether or not the assurance applies. Hence removal of the assurance for new business has had no impact on policyholder returns.

Prudential plc and the Company have put in place intra-group arrangements to formalise circumstances in which capital support would be made available by Prudential plc (including in the scenarios referred to in Pension Mis-selling Review above). While it is considered unlikely that such support will be required, the arrangements are intended to provide additional comfort to the Company and its policyholders.

- f) The Polish branch became operational in March 2013. The Company's inherited estate is contributing to the costs of establishing the branch. The inherited estate is expected to recoup this funding over time from charges levied, however, if experience is not as expected there is an obligation of the Company's shareholder funds to ensure the inherited estate will be repaid in full with interest. The maximum amount of support that could be required at 31 December 2015 is £62m.

- g) There is an obligation of the Company's shareholder funds to support Prudential Financial Planning Ltd, another group company, which became operational in 2013. Part of the acquisition costs incurred in the early years of operation are to be spread over five years to reflect the period over which the benefit, in terms of sales, would arise. Where the initial funding is provided by the Company's with-profits fund, it is subject to support from the shareholder funds that in the event of a closure during this period, the amortisation will be reversed and the shareholder fund will reimburse the consequent estate drain. The maximum amount of support that could be required at 31 December 2015 is £24m.
- h) On 1 January 2014, the Hong Kong branch business was transferred to two new Hong Kong incorporated Prudential companies; Prudential Hong Kong Limited (PHKL) providing life insurance and Prudential General Insurance Hong Kong Limited (PGHK) providing general insurance. Both companies are wholly owned subsidiaries of the Company. Following the transfer a series of intra-group capital support arrangements have been put in place:
- New Business Support Commitment:
For a period of three years from the transfer date capital support shall be provided from the Company's shareholders' fund to its with-profits fund to enable it to maintain the expectations of its with-profits policyholders as if the assets of the inherited estate had not been transferred to the new business sub-fund of PHKL. The maximum amount of support available is £90m. In the event that the Company has to provide capital support under this arrangement, Prudential plc shall, in turn, provide capital support to the Company to the extent that there are insufficient assets in the Company's shareholders' fund for it to provide the capital support required by the with-profits fund.
- PHKL Pension Mis-selling Costs Assurance:
The PHKL shareholder fund will provide capital support to enable PHKL to satisfy its obligations to manage its in-force sub-fund as if the Company's pension mis-selling costs had not been deducted from the PHKL inherited estate. The Company, in turn, will provide capital support from its shareholders' fund to PHKL to the extent that there are insufficient assets in the PHKL shareholders' fund to enable PHKL to support its obligations to its in-force sub-fund.
- Capital Support from Prudential plc:
Prudential plc will also provide capital support as necessary to PHKL and PGHK to support new business growth and to maintain solvency. These support arrangements meet a condition set by the Hong Kong regulator (amongst other matters) for its approval of the domestication of the Hong Kong branch.
- i) As a proprietary insurance company, the Company is liable to meet its obligations to policyholders even if the assets of the long-term funds are insufficient to do so. The assets, represented by the unallocated surplus of with-profits funds, in excess of amounts expected to be paid for future terminal bonuses and related shareholder transfers ('the excess assets') in the long-term funds could be materially depleted over time by, for example, a significant or sustained equity market downturn, costs of significant fundamental strategic change or a material increase in the pension mis-selling provision. In the unlikely circumstance that the depletion of the excess assets within the long-term fund was such that the Company's ability to satisfy policyholders' reasonable expectations was adversely affected, it might become necessary to restrict the annual distribution to shareholders or to contribute shareholders' funds to the long-term funds to provide financial support.

- j) The Company has agreed to guarantee the funding obligation that Prudential Distribution Limited (PDL), a service company within the Prudential Group and principal employer, and other participating employers have to the Scottish Amicable Pension Scheme. The funding obligation arises from the deficit in this pension scheme. Payment under the guarantee would be exercised should PDL fail to meet its funding obligation. The guarantee expires on 31 March 2024.
- k) The Company has agreed to provide capital support to Prudential Retirement Income Limited (PRIL). The drawdown of support would be triggered by a breach of pre-specified solvency conditions in PRIL on a Pillar I and Pillar II basis. The agreement expires on 31 December 2017.
- l) The Company is, and in the future may be, subject to legal actions and disputes in the ordinary course of its business. Current litigation includes a claim of £15m (plus interest) by the trustees of a pension scheme administered by the Company in relation to a historical administration matter and a claim for £159m in respect of which the Company is one of a number of defendants relating to the financial restructuring carried out by a borrower in one of the Company's investments. The outcome of litigation is always uncertain but the Company believes it has good grounds to defend these claims. In addition, a judgment has been made in favour of the Company (as a lending noteholder) in response to the partial early redemption of notes from a commercial property investment and a £10m early redemption payment is currently in escrow, which, subject to any appeal, will be released to the Company.
- m) There are no other fundamental uncertainties.

* 1503* Dividend on Cumulative Preference Shares

A dividend on cumulative preference shares of £11k had accrued at 31 December 2015.

* 1507* Particulars of other adjustments

The amount in line 83 is made up of the following:	£000
Deferred tax on lifetime mortgages	(67,600)
No negative equity guarantee on lifetime mortgages	15,261
Total line 83	<u>(52,339)</u>

* 1601* Basis of foreign currency conversion

Foreign currency revenue transactions have generally been translated at average exchange rates for the year.

* 1602* Restatement of brought forward balances

Brought forward balances in the Return denominated in foreign currencies have been retranslated at 2015 rates of exchange.

* 1603*	<u>Other income and charges</u>	£000
	Commission received on sale of general insurance products	27,605
	Expenses incurred on acquisition of equity release business	
	From another group company	(4,979)
	One-off project costs	(10,687)
	Share based payments	(610)
	Other items	(5,192)
	Total Line 21	<u>6,137</u>

* 1701* Variation margins

No excess variation margin has been received. A variation margin of £46m has been included in line 38 of Form 14 of the long-term business fund. No variation margin is included in respect of the other than long-term business fund.

* 1702* Quasi-derivatives

Convertible securities of £477m, with the features of a quasi-derivative, have been included in line 46 of the Long-term Form 13.

APPENDIX 9.2

* 20Aa* Details of risk categories

No contracts of insurance were allocated under Rule 9.14B.

* 20Ab* Death or injury to passenger risk categories

No such contracts were entered into.

* 20Ad* Details of claims made policies

No amount reported on Form 20A contains both claims made policies and policies that are not claims made.

* 20Ae* Amount of facultative business included under category 002

All business included under category 002 relates to direct business.

* 2007* Material connected party transactions

The payment of a 2015 interim dividend of £361m to the holding company (Prudential plc). The dividend was settled by a transfer of cash.

The receipt of a dividend of £15m from wholly owned subsidiary Prudential European Assurance Holdings.

The receipt of a dividend of £194m from wholly owned subsidiary MM&S.

The receipt of a dividend of £10m from wholly owned subsidiary Prudential Pensions Limited.

The receipt of a dividend of £58m from wholly owned subsidiary Prudential Hong Kong Limited.

The full repayment of 6 loans and partial repayment of another loan totalling £178m from the Company to the wholly owned subsidiary Prudential Retirement Income Limited.

The issue of two loans totalling £12m to fellow subsidiary Prudential Financial Services Limited.

The issue of a loan of £200m from fellow subsidiary Prudential Retirement Income Limited.

The repayment of two loans totalling £15m from the wholly owned subsidiary Prudential European Assurance Holdings, which was subsequently liquidated.

The repayment of a loan of £64m from the wholly owned subsidiary Prudential International Assurance plc.

The issue of two loans totalling £156m from fellow subsidiary Prudential Capital plc.

* 2000* Form 20

Form 20 has not been submitted as all entries, including comparatives, would be blank

* 2100* Form 21

Form 21 has not been submitted as all entries, including comparatives, would be blank.

* 2202* Claims management expenses

Claims management expenses comprise internal and external costs directly attributable to claims negotiation and settlement and indirect costs incurred in respect of maintaining a claims settlement function. Claims management expenses carried forward are based on the level of outstanding claims. The expense ratios applied to outstanding claims are determined separately for motor and non-motor accounting classes. Lower ratios are applied to the reported outstanding claims to allow for claims expenses, which have already been paid on these claims.

* 2300* Form 23

Form 23 has not been submitted as all entries, including comparatives, would be blank.

APPENDIX 9.3

4002 Other income and expenditure in the long-term business revenue accounts (£000)

	WPSF	NPSF	SAIF	DCPSF	Consolidation	Summary
Other income						
Transfer in respect of support assets	8,913				(8,913)	-
Annual management charges received from DCPSF /NPSF	12,311	36,047	11,006		(59,364)	-
Cost of capital charge received from another group company	3,644					3,644
Funding for special offers	3,236					3,236
Reinsurance profit share		77				77
Adviser charge received from another group company	13,574	3,189				16,763
Transfer of assets to the WPSF from the DCPSF	6,007				(6,007)	-
Contingent loan receipt		120,850				120,850
Total	47,685	160,163	11,006	-	(74,284)	144,570
Other expenditure						
Transfer in respect of support assets			8,913		(8,913)	-
Annual management charges paid to the NPSF/WPSF/SAIF		11,006		48,358	(59,364)	-
Annual management charge paid to another group company		26,208		5,780		31,988
Contingent loan repayments		19,493				19,493
Financial reinsurance repayments		29,300				29,300
Transfer of assets from the DCPSF to the WPSF				6,007	(6,007)	-
Total	-	86,007	8,913	60,145	(74,284)	80,781

Notes:

1. The transfer in respect of support assets reflects 1% of the Capital Support Fund paid by SAIF to the With-Profits Sub-Fund.

* 4006* Apportionment of income and expenses of the long-term business

The Company's long-term business fund comprises four separately managed sub-funds, namely the Scottish Amicable Insurance Fund (SAIF), Defined Charge Participating Sub-Fund (DCPSF), With-Profits Sub-Fund (WPSF) and Non-Profit Sub-Fund (NPSF), with separate pools of assets.

1 Scottish Amicable Insurance Fund

- a) Investment income is determined by the assets held.
- b) The increase or decrease in the value of assets is determined by the assets held.
- c) Expenses are charged in accordance with the provisions under the Scheme of Transfer.
- d) The tax charge is determined on the equivalent of a mutual office basis as provided under the Scheme of Transfer.

2&3 Defined Charge Participating Sub-Fund and Non-Profit Sub-Fund

- a) Investment income is determined by the assets held.
- b) Expenses which are incurred directly are charged to the revenue account. In addition for the Non-Profit Sub-Fund other expenses are allocated having regard to such measures as business volumes or time spent as considered necessary.
- c) The tax charge is incurred directly and charged to the revenue account.

4 With-Profits Sub-Fund

- a) A single pool of assets is maintained in respect of the With-Profits Sub-Fund which comprises two separate elements, these being the ordinary (other) and ordinary (pensions). Investment income and investment expenses are apportioned between the two elements of the fund on a mean fund basis.
- b) The increase or decrease in value of non-linked assets brought into account by way of transfer from investment and revaluation reserves and allocated to the ordinary (other) and ordinary (pensions) elements is apportioned so as to maintain reasonable compatibility in the amounts payable to the respective policyholders.
- c) Expenses (except investment expenses which are apportioned on a mean fund basis) which are incurred directly for the purpose of an element of the fund are allocated to that element. Other expenses are allocated having regard to such measures as business volumes or time spent as considered appropriate.
- d) The tax charge is allocated directly to the three elements of the fund to the extent that the charge can be separately identified. The balance of the charge is apportioned using a mean fund basis or a derivative thereof.

* 4008* Statement on provision of management services

- a) The Company was provided with management services by M&G Investment Management Limited, Silverfleet Capital Limited, Prudential Services Limited, Prudential UK Services Limited, M&G Real Estate Limited, PPM America Inc, Eastspring Investments (Singapore) Limited, Prudential Distribution Limited and Prudential Polska sp.z o.o., Aztec Financial Services (UK) Limited and Prudential Financial Planning Limited.
- b) The Company seconded employees to provide management and other services throughout the year to Prudential Pensions Limited, Prudential Holborn Life Limited, Prudential Retirement Income Limited, Prudential Lifetime Mortgages Limited, and Prudential Distribution Limited.

* 4012* Consolidation adjustment to income and expenses

Lines 12 and 22 of the summary form 40 include a consolidation adjustment of £25m to remove the license fee paid from the NPSF to the WPSF.

* 4302* Reinsurance commission

Line 41 of the With-Profits Form 43 column 2 is negative as it includes an amount of £3.7m in respect of reinsurance commission for business reinsured to another group company.

* 4303* Refund of investment management expenses

Line 44 of the Defined Charge Participating sub-fund Form 43 column 3 includes a refund of investment management expenses of £1.5m.

* 4304* Consolidation adjustment to income and expenses

Line 13 of the Summary form 43 includes a consolidation adjustment of £25m to remove the license fee paid from the NPSF to the WPSF.

* 4401* Basis of valuation of assets

The assets have principally been valued at a bid price. Funds closed to new business have been valued on a bid basis.

* 4701* Number of group schemes for which there is no member count

Product Code	Product description	Number of Schemes
735	Group money purchase pensions property linked	6

* 4702* Approximations used on Form 47

For some group pension policies, the split of the amount of new business premium for product codes 535 and 735 is estimated from the premiums for in force policies.

* 4802* Assets where the payment of interest is in default

There are 38 assets in the WPSF, 3 in the NPSF and 19 in SAIF where the payment of interest is in default. The expected interest from these assets has been reduced to nil.

* 4803* Securities that may be redeemed over a period

Securities with an issuer option to redeem early are assumed to redeem at the next call date. The only exception to this are Government perpetual bonds, which can redeem at any time.

* 4806* Assets used to calculate investment returns

The returns shown in lines 21-29 column 5 are those arising on assets backing the UK asset shares in each of SAIF, WPSF and DCPSF.

* 4807* Investment returns

The returns shown in lines 32 and 33 column 5 are before investment costs and, for the WPSF and SAIF, exclude any allocation to asset shares arising from surplus on non-profit business.

* 4901* Credit rating agency

Credit ratings used on Form 49 are the second best of three external rating agencies, namely Fitch, Standard & Poor's and Moody's.

* 5101* Number of group schemes for which there is no member count

Product Code	Product description	Number of Schemes
165	Conventional deferred annuity with-profits	38
175	Group conventional deferred annuity with-profits	2522
390	Deferred annuity non-profit	2067
425	Group income protection claims in payment	5

* 5104* Approximations used in apportioning between product codes on Form 51

For UK protection policies that can include;

- term and decreasing term assurance
- accelerated or stand-alone critical illness insurance by guaranteed or reviewable premiums
- income protection insurance by guaranteed or reviewable premiums
- annual office premiums are estimated from the reinsurance premiums. Mathematical reserves are then estimated from this split of office premiums.

* 5105* Double counting of policies

13,429 UK Pension non-profit immediate and deferred annuities were double counted in Forms 51 and 54.

* 5201* Number of group schemes for which there is no member count

Product Code	Product description	Number of schemes
535	Group money purchase pensions UWP	61

* 5204* Approximations used in apportioning between product codes on Form 52

Prudential Investment Bonds with both regular and single premiums invested have been included in product code 505.

* 5301* Number of group schemes for which there is no member count

Product Code	Product description	Number of schemes
735	Group money purchase pensions property linked	151
755	Trustee Investment Plan	33

* 5304* Approximations used in apportioning between product codes on Form 53

For M&G Personal Security policies included in product codes 700 and 710, the current death benefit and the other liabilities are split in proportion to the value of units.

* 5405* Double counting of policies

13,429 UK Pension non-profit immediate and deferred annuities were double counted in Forms 51 and 54.

* 5601* Credit rating agency

Credit ratings used on Form 56 are the second best of three external rating agencies, namely Fitch, Standard & Poor's and Moody's.

* 5602* Other assets

Other assets contain deposits with Prudential Retirement Income Limited.

* 5701* Negative mathematical reserves

Negative reserves, net of reinsurance, (-£309m) are held for PruProtect Plan. These negative reserves, and the positive cashflows expected to repay them, are offset against positive reserves required to fund negative cashflows emerging from certain annuity policies.

* 5702* Waiver

(1388495) The FSA (the UK insurance regulator at the time), on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in September 2011. 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 is used for certain assets taken in combination. This direction expired on 31 March 2014.

(1735909) The PRA, on the application of the firm, made a direction under Section 138A of FSMA in February 2014. 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 is used for certain assets taken in combination. This direction ends on 01 April 2016 or, if earlier, the date the relevant rule is revoked or no longer applies to the firm (in whole or in part). This waiver is a renewal of the waiver 1388495 which expired on 31 March 2014.

Asset yields before risk adjustment and the yields adjusted for risk shown in Form 57 as required by waiver 1735909 (effective from 1 April 2014, see note *0101*), are as follows:

SubFund	Product group	Risk adjusted yield on matching assets (Form 57 column 5)	Corresponding asset yield
NPSF	UK Pension Form 51 NP immediate annuities (direct written)	3.27%	3.82%
	UK Pension Form 51 NP immediate and deferred annuities (reassurance accepted)	3.27%	3.86%
WPSF	UK Pension Form 51 NP immediate and deferred annuities	2.84%	3.63%

* 5801* Other bonuses

Line 44 of the With-Profits Sub-Fund Form 58 includes the cost of final (terminal) bonus in the following year on conventional with-profits whole life and endowment assurances in the ordinary and industrial branches and on conventional with-profits deferred annuities. These bonuses are declared out of surplus arising at the valuation date and not declared in anticipation of surplus arising subsequently.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2015

Statement of information pursuant to Rule 9.25 of the Interim Prudential Sourcebook for Insurers

Rule 9.25: Additional information on general insurance business major treaty reinsurers

Proportional Treaty Reinsurance

<u>Name of Reinsurer</u>	<u>Premiums Payable (£000)</u>	<u>Amount due to Company (£000)</u>	<u>Anticipated Recovery from Reinsurer (£000)</u>
Swiss Reinsurance Company Ltd Mythenquai 50/60 8022 Zurich Switzerland	-	-	-

Notes:

1. Premiums include amounts payable to companies connected with the reinsurer.
2. The Company was not connected at any time in the year with the above reinsurer.
3. No deposits were received from the above reinsurer.

Statement of information pursuant to Rule 9.26 of the Interim Prudential Sourcebook for Insurers

Rule 9.26: Additional information on general insurance business major facultative reinsurers

The Company had no major facultative reinsurers in the year.

Statement of information pursuant to Rule 9.27 of the Interim Prudential Sourcebook for Insurers

Rule 9.27: Information on general insurance business major reinsurance cedants

The Company had no major cedants in the year.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2015

Statement of additional information on general insurance business ceded pursuant to Rules 9.32, 9.32A and 9.32B of the Interim Prudential Sourcebook for Insurers

The objective of the Company's general business reinsurance strategy is to minimise the risk of significant adverse movements in the general business result and hence to protect shareholder value. This is achieved by the transfer of exposure risk to reinsurers at cost-effective rates. There is no co-reinsurance.

The policies purchased are quota share treaties which include a significant transfer of risk to the reinsurer.

None of the policies contain the features detailed in Rule 9.32B(5).

The Company has taken into account the effect of any agreements, correspondence (including side-letters) or understandings that amend or modify the contracts or their operation when considering whether a contract of insurance meets one or both of the conditions in rule 9.32A(2).

The Company is satisfied that there are no contracts of insurance under which general insurance has been ceded by the insurer where –

- (a) the value placed on future payments in respect of the contract is not commensurate with the economic value provided by that contract, after taking account of the level of risk transferred; or
- (b) there are terms or foreseeable contingencies (other than the insured event) that have the potential to affect materially the value placed on the contract in the Company's balance sheet at, or any time after, the end of the financial year in question.

The Company is also satisfied that there are no financing arrangements which include terms for:

- (a) the transfer of assets to the insurer, the creation of a debt to the insurer or the transfer from the insurer to another party of liabilities to policyholders; and
- (b) either an obligation for the insurer to return some or all of such assets, a provision for the diminution of such debt or a provision for the recapture of such liabilities, in each case, in specified circumstances.

On 31 December 2001 the Company transferred its UK personal lines liabilities to Churchill Insurance Company, subsequently acquired by the Royal Bank of Scotland Group (RBS). The policies transferred left no net retention to the Company. Prudential branded new business policies are underwritten by UK Insurance Ltd.

During 2005 the Company entered into a Solvent Scheme of Arrangement under Section 425 of the Companies Act 1985, in respect of certain closed Marine and London Market business. All claims lodged by creditors by the Scheme submission date have now been settled, and related provisions released. In accordance with the terms of the Scheme claims notified after the final claims submission date are not valid.

On 30th June 2010 the Company entered into a 100% quota share reinsurance agreement with Swiss Reinsurance Company Ltd in respect of its UK commercial lines general insurance business in run-off. The effective date of the agreement is 1 January 2010.

The Company's maximum probable loss (net of reinsurance) is therefore nil.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Returns for the year ended 31 December 2015

Statement formerly required by Rule 9.29 of the Interim Prudential Sourcebook

(a) Investment guidelines

As formerly requested by Rule 9.29 of the Interim Prudential Sourcebook, the investment guidelines for the use of derivative contracts in the long-term fund are set out below. These are fully explained in the Company's Investment Management Agreement with its fund managers and are consistent with the investment strategy.

- (i) Derivatives are used for the purpose of efficient portfolio management or to reduce risk, specific examples being to implement tactical asset allocation changes around the strategic benchmark, hedge currency risk, or control the risk profile of an identified strategy.
- (ii) A number of restrictions on the use of derivatives have been agreed with the Company's fund managers and can only be overruled by prior agreement between the two parties:
 - all derivatives that impose obligations on the fund are required to be covered.
 - all derivative contracts must satisfy the definition of approved under the various Prudential Sourcebooks.
 - the maximum allowable exposure to counterparties should not be exceeded.
 - only certain permitted exchanges and contracts can be used.
- (iii) The company has used a number of derivative instruments; principally exchange traded futures and options, over-the-counter derivatives (including total return swaps, interest rate swaps, credit default swaps, currency swaps & equity options), warrants and currency forwards. The company has also used redeemable convertible corporate bonds. These bonds have not been categorised as derivative contracts as the derivative element is minimal and have therefore not been reported on form 17. The total value of these bonds on the long-term form 13 is £477,259K.

(b) Derivatives where exercise is unlikely.

There are no specific guidelines for the use of contracts not reasonably likely to be exercised. However the Investment Management Agreement only allows the use of derivatives for the purpose of efficient portfolio management or to reduce risk and the Company's investment managers work within these constraints.

(c) Quantification of derivatives in (b) above.

Long-term funds

The largest exposure during the year to out of the money call options and warrant was £58,828. The largest exposure during the year to out of the money put options was (£4,237,115k).

(h) Derivatives not covered by the definition of an admissible derivative contract in the Interim Prudential Sourcebook.

Long-term funds

A small portion of the swaps market value (£2,142k) relating to a commercial mortgage loan (CML) deal are inadmissible, as they have not been traded with an approved counterparty.

Other Than Long-term funds

The Company has several derivative positions (OTC equity index forwards) that are wholly inadmissible due to nature of the underlying asset. The current inadmissible value is (£3,399k).

(i) Consideration for granting rights under derivative contracts

Long-term funds

No rights under derivative contracts have been granted.

Other Than Long-term funds

No rights under derivative contracts have been granted.

Statement of information pursuant to Rule 9.30 of the Interim Prudential Sourcebook for Insurers

Rule 9.30 of the Interim Prudential Sourcebook for Insurers: Additional information on shareholder controllers

Throughout the year Prudential plc held all the shares of the Company and controlled the whole of the voting power.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2015

Statement of information on the actuaries who have been appointed to perform the with-profits actuary function pursuant to Rule 9.36 of the Interim Prudential Sourcebook for Insurers

In accordance with Rule 9.36 of the above sourcebook, R G Myers, the actuary who was appointed to perform the with-profits actuary function of the Company from 1 January to 31 January 2015, has provided the following information:

- (a) The actuary held no shares of Prudential plc (the Company's parent undertaking) and no shares of any other group companies. The actuary has no pensions benefit provided by Prudential companies.
- (b) The actuary has no policies of insurance with the Prudential companies.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits under the actuary's contract with Prudential Distribution Limited for the period to 31 January 2015 was £33,387.

In accordance with Rule 9.36 of above sourcebook, P Needleman, the actuary who was appointed to perform the with-profits actuary function of the Company in February 2015, has provided the following information:

- (a) The actuary held no shares of Prudential plc (the Company's parent undertaking) and no shares of any other group companies. The actuary has no pensions benefit provided by Prudential companies.
- (b) The actuary has no policies of insurance with the Prudential companies.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits under the actuary's contract with Prudential Distribution Limited for the period to 31 December 2015 was £1,110,311.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Global Business

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

Financial year ended 31 December 2015

We certify:

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU as modified by waivers as detailed in supplementary note 0101 issued under section 138 of the Financial Services and Markets Act 2000 and section 68 of the Insurance Companies Act 1982 which continues to have effect; 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 the Fundamental Rules as well as the provisions of IPRU(INS), GENPRU and INSPRU;

The statement required by IPRU(INS) Appendix 9.6 paragraph 1(1)(b)(ii) in respect of compliance since the end of the financial year in question with the requirements in SYSC, Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and ongoing compliance has not been provided. This is because the current regulatory regime has 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) that in our 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) that 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) that the with-profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (d) that we have, in preparing the return, taken and paid due regard to-
 - (i) advice in preparing the return 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 4.3.16R



J Foley
Chief Executive

24 March 2016



H A Hussain
Director



N A Nicandrou
Director

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2015

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

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Insurance Prudential Sourcebook, ("the Rules") made by the Prudential Regulation Authority ("PRA") under section 137G of the Financial Services and Markets Act 2000:

- Forms 1 to 3, 11 to 22, 31 to 32, 40 to 45, 48, 49, 56, 58 and 60, (including the supplementary notes) on pages 1 to 88, 99 to 108, 170, 175 to 179 and 186 to 208 ('the Forms');
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 and 9.29 on pages 209 and 211 to 212 ('the Statements'); and
- the valuation reports required by IPRU(INS) rule 9.31(a)(i) and 9.31(b) ('the valuation reports');

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes) on pages 89 to 98, 109 to 169, 171 to 174 and 180 to 185;
- the statements required by IPRU(INS) rules 9.30, 9.32, 9.32A, 9.32B and 9.36 on pages 210 and 213 to 214;
- the certificate required by IPRU(INS) rule 9.34(1) on pages 215 to 216 ('the certificate').

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

assume responsibility to anyone other than the insurer and the insurer's directors as a body, for our work (including our examination), for this report, or for the opinions we have formed.

Respective responsibilities of the Company and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the Statements and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by waivers issued under section 138A of the Financial Services and Markets Act 2000 and orders granted under section 68 of the Insurance Companies Act 1982 which continue to have effect as referred to in supplementary note 0101 on pages 187 to 188. Under IPRU(INS) rule 9.11 the Forms, the Statements 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 Statements and the valuation reports 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 Statements and the valuation reports 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 Statements 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 Statements 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.

Opinion

In our opinion:

- i) the Forms, the Statements and the valuation reports fairly state the information provided on the basis required by the Rules as modified 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.



Daniel Cazeaux
For and on behalf of KPMG LLP, Senior Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 March 2016

The Prudential Assurance Company Limited

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

(Appendix 9.4 valuation report)

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VALUATION REPORT ON THE PRUDENTIAL ASSURANCE COMPANY LIMITED AS AT 31 DECEMBER 2015

Structure of the long term business

1. Overview

The Prudential Assurance Company Limited (**PAC**) carries on Ordinary Branch and Industrial Branch business within its long-term fund. The Industrial Branch was closed to new business on 1 January 1995.

The long-term business of Scottish Amicable Life Assurance Society (**SALAS**) was transferred into PAC on 1 October 1997, and the long term business of Scottish Amicable Life plc (**SAL**) was transferred into PAC on 31 December 2002. The business transferred from SAL itself included business previously transferred into SAL from M&G Life Assurance Company Limited (M&G Life) and M&G Pensions and Annuity Company Limited (M&G Pensions). The long-term business of Prudential (AN) Limited (**PANL**) and Prudential Holborn Life Limited (**PHL**) was transferred into PAC on 31 October 2010. On 1 January 2014, the business of PAC's Hong Kong branch was transferred into two subsidiary companies incorporated in Hong Kong: the long-term business was transferred to Prudential Hong Kong Limited (**PHKL**) and the general insurance business was transferred to Prudential General Insurance Hong King Limited (**PGHK**). Both PHKL and PGHK are subsidiaries of PAC's shareholder fund. The long-term business of Prudential Annuities Limited (**PAL**) was transferred into PAC on 1 October 2014.

The long term business is contained within the following four sub-funds:

- (a) Non-Profit Sub-Fund (**NPSF**)
- (b) Scottish Amicable Insurance Fund (**SAIF**)
- (c) Defined Charge Participating Sub-Fund (**DCPSF**)
- (d) With-Profits Sub-Fund (**WPSF**)

2. Non-Profit Sub-Fund

The business in this sub-fund comprises:

- (1) Long term sickness and accident business, namely the permanent health business written directly by PAC in respect of which the directors have determined that profits should accrue 100% to shareholders.
- (2) The protection and linked business written directly by PAC, including linked business issued in France and business issued in Poland, in respect of which the directors have determined that profits should accrue 100% to shareholders.
- (3) The loan protection business transferred into PAC from SAL on 31 December 2002 and such business subsequently written directly by PAC, in respect of which the directors have determined that profits should accrue 100% to shareholders.
- (4) Defined Charge Participating business issued by PAC in France, and Defined Charge Participating business reassured into PAC by Prudential International Assurance plc (PIA) and Canada Life (Europe) Assurance Ltd, excluding the accumulated investment content of premiums paid, which is transferred to the DCPSF (see 4(1) below).
- (5) The with-profits, non-participating and linked business (including internal linked funds) transferred into PAC from SAL on 31 December 2002 and any new premiums arising on those products, excluding Prudential Protection business written between 1 January 2003 and 25 July 2004 and the accumulated with-profits premiums which are held in the WPSF (see 5(1) and 5(3) below).
- (6) Reassurance of 20% of the liabilities in respect of non-profit annuity business in Prudential Retirement Income Limited (**PRIL**).

Structure of the long term business (continued)

- (7) The with-profits bond, non-profit annuity and linked pensions business written by PANL and the linked life business (including internal linked funds) written by PHL which were transferred into PAC on 31 October 2010 and any new premiums arising on those products, excluding the accumulated with-profits premiums which are held in the WPSF (see 5(4) below).

All profits from this business in the NPSF accrue 100% to shareholders.

- (8) VitalityLife business is administered and distributed by Vitality Corporate Services Limited (VCSL) on behalf of PAC. Profits from this business are passed to Discovery Holdings Europe Limited (DHEL), the parent company of VCSL, from the PAC shareholder fund under a white-label agreement. DHEL was formerly called PruHealth Holdings Limited (PHHL). Until November 2014, PHHL was 25% owned by PAC and 75% by Discovery Group Europe Limited. New business under VitalityLife in the NPSF ceased on 1 January 2016, with the exception of top-ups.

3. Scottish Amicable Insurance Fund

PAC acquired the business of Scottish Amicable Life Assurance Society (**SALAS**) on 1 October 1997. As a consequence a closed sub-fund SAIF and a memorandum account within the WPSF, the Scottish Amicable Account (**SAA**), were created. SAIF contains the pensions business, annuities and traditional with-profits life business transferred from SALAS and the accumulated investment content of with-profits business in SAA.

All profits in SAIF accrue to holders of with-profits contracts in SAIF and SAA.

The accumulated investment content of linked premiums is invested in the linked funds that were transferred from SAL to the NPSF on 31 December 2002.

The WPSF provides financial support for SAIF through a memorandum account, the Scottish Amicable Capital Fund (**SACF**). The existence of SACF provides SAIF with more freedom in relation to its investment and bonus policy than would otherwise be the case, with the WPSF effectively underwriting the additional risk that this creates. The WPSF receives an annual charge from SAIF for providing this financial support.

4. Defined Charge Participating Sub-Fund

The business in this sub-fund comprises:

- (1) The accumulated investment content of premiums paid in respect of the Defined Charge Participating with-profits business issued in France, and the Defined Charge Participating with-profits business reassured into PAC from Prudential International Assurance plc and Canada Life (Europe) Assurance Ltd.

A bonus smoothing account is maintained in the WPSF so that whenever a claim payment is made from the DCPSF any excess of the claim amount over the policy's underlying asset share is transferred from the WPSF to the DCPSF and any shortfall is transferred from the DCPSF to the WPSF. It is intended that these smoothing transfers should generate neither profit nor loss to either fund over the long term.

- (2) With-profits annuities transferred from Equitable Life Assurance Society to PAC on 31 December 2007. A separate bonus smoothing account for this business is also maintained in the WPSF. It is intended that transfers to and from this account should generate no net gain or loss to either the WPSF or DCPSF over the long term.

All profits in this fund accrue to policyholders in the DCPSF.

Structure of the long term business (continued)

5. With-Profits Sub-Fund

The WPSF contains all other long term business, comprising:

- (1) With-profits, non-participating and linked business (other than the categories defined above) written directly by PAC. This includes the Prudential Protection business written between 1 January 2003 and 25 July 2004.
- (2) With-profits, non-participating and linked life business transferred to SAA from SALAS, excluding the accumulated investment content of with-profits premiums, which is held in SAIF, and also excluding the accumulated investment content of linked premiums, which is invested in the linked funds transferred from SAL to the NPSF on 31 December 2002.
- (3) The accumulated with-profits premiums in respect of business transferred into the NPSF from SAL on 31 December 2002 and any new premiums arising on those products.
- (4) The accumulated with-profits premiums in respect of business transferred into the NPSF from PANL on 31 October 2010 and any new premiums arising on those products.
- (5) The non-profit annuity business written by Prudential Annuities Limited, which was transferred into PAC on 1 October 2014.

Divisible profits from this business accrue to both shareholders and with-profits policyholders in the WPSF (other than with-profits policyholders in SAA who share in the profits of SAIF).

Transfers not exceeding 5% of divisible profits may be made to a common contingency fund. Not less than 90% of the remainder is allocated to the with-profits policyholders, and the balance to shareholders.

6. Reinsurance of annuity business

- (1) Some of the non-profit and index-linked annuities in payment issued by PAC are ceded to PRIL. Most of the non-profit annuities in payment written in SAIF are ceded to PRIL.
- (2) PAC insures a proportion of the liabilities in respect of the non-profit annuity business in PRIL under a quota share arrangement effected on 31 December 2008. With effect from 31 December 2014, the percentage of liabilities reinsured was increased from 15% to 20%. The reinsurance arrangement includes deposit back of reserves with PRIL.
- (3) PAC reinsures certain annuity business to PHKL under a quota share arrangement effected on 1 January 2014. The reinsurance arrangement includes a deposit back of reserves with PAC.

VALUATION REPORT

1. Introduction

- 1.(1) The investigation relates to 31 December 2015.
- 1.(2) The previous investigation related to 31 December 2014.
- 1.(3) No interim valuations have been carried out for the purposes of IPRU(INS) 9.4 since 31 December 2014.

2. Product range

(a) New products

The following new products were launched during the year.

Poland Branch – Endowment 2 Product

A new version of the Endowment 2 Product was launched to replace the existing version.

This is a Polish Zloty (PLN) denominated regular premium fixed term conventional with-profits endowment product with a guaranteed sum assured at maturity. There is also an optional return of premium guarantee at maturity. In the Savings and Pension package, the death benefit is the greatest of (a) the guaranteed maturity sum assured plus annual bonuses already declared, (b) the return of all contractual endowment premiums (including those yet to be paid), and (c) the surrender value. In the Children's package, the death benefit is the greater of (a) 25,000 PLN plus the premiums paid before the life assured's death, and (b) the surrender value. The payout at maturity is the greater of (a) the guaranteed maturity sum assured plus annual bonuses already declared plus final bonus, and (b) the return of endowment premiums, if the return of premium guarantee has been chosen. There is now a guaranteed surrender value, which is defined as a proportion of the premiums paid to date. This proportion increases from policy year to policy year. The same ratio is applied to declared bonuses when determining the guaranteed surrender value.

Pension Choices Plan

This was launched in October 2015 as a means to allow non-advised customers to access options made available to them under changes to pensions legislation that took effect from April 2015. Customers before retirement are able to withdraw funds from their pension fund as an Uncrystallised Fund Pension Lump Sum (UFPLS) without vesting their policy. Customers can also enter into a Drawdown version of the contract allowing them to access Drawdown and a limited range of funds without seeking advice.

PruProtect/VitalityLife

The PruProtect policies have been rebranded as VitalityLife.

Prudential ISA

In February 2015 the existing Capita ISA was updated to allow investment in the existing PruFund Range of Funds through a life policy issued by PAC. No capital guarantees are offered on the PruFund ISA.

2. Product range (continued)

DC workplace pensions

A cap on the charge borne by members in the default fund arrangement of a qualifying workplace pension was introduced in April 2015. The DWP (Department for Work and Pensions) regulations and FCA (Financial Conduct Authority) rules place an obligation on the trustees or provider of qualifying plans to ensure the charges on the default arrangement do not exceed the cap of 0.75% per annum. As a result of this, the charges on some defined contribution workplace pension products have been capped at 0.75%.

(b) Products withdrawn

The old version of the Poland Branch – Endowment 2 Product was withdrawn during 2015.

(c) New bonus series

No new bonus series were added during the year.

(d) Changes to options or guarantees under existing products

Income Choice Annuity

The charges for guarantees in relation to new business written during 2015 were updated to reflect changes to product terms and market conditions, as follows:

Start Date	Guarantee Charge p.a
1 January 2015 – 19 February 2015	0.72%
20 February 2015 – 5 April 2015 (*)	0.68%
6 April 2015 – 21 November 2015	0.77%
22 November 2015 – 31 December 2015	0.95%

(*) The minimum income guarantee (known as the Secure Level) also reduced from 100% of the minimum starting income to 90% of the minimum starting income, for new business only, with effect from 20 February 2015.

Prudential International Investment Bond, Prudential Investment Plan, Flexible Retirement Plan, Trustee Investment Plan

Changes to the available terms for guarantee charges were made to both the PruFund Protected Growth and the PruFund Protected Cautious Funds during the year, as set out in the tables below:

PruFund Protected Cautious Fund

Start Date	Guarantee Charge p.a				
	6 year term	7 year term	8 year term	9 year term	10 year term
1 January 2015 – 21 May 2015	1.00%	0.75%	0.60%	0.45%	0.35%
22 May 2015 – 31 December 2015	N/A ⁽¹⁾	N/A ⁽¹⁾	0.80%	0.60%	0.40%

(1) Guarantee term has now been withdrawn

PruFund Protected Growth Fund

Start Date	Guarantee Charge p.a		
	8 year term	9 year term	10 year term
1 January 2015 – 21 May 2015	1.00%	0.85%	0.50%
22 May 2015 – 31 December 2015	N/A ⁽¹⁾	N/A ⁽¹⁾	0.50%

(1) Guarantee term has now been withdrawn

(e) With-profits sub-funds

The With-Profits Sub-Fund and the Defined Charge Participating Sub-Fund are both open to new with-profits business.

The Scottish Amicable Insurance Fund is closed to new business except by increment.

3. Discretionary charges and benefits

3.(1) Market value reduction

Market value reductions have been applied throughout 2015. The policy years of entry to which market value reductions were applied during 2015 are summarised below:

Product	Policy years of entry
SAIF	1986-2000
SAL pensions	2001 - 2002
Prudence Bond	1992, 1994 - 1997, 1999, 2000 – 2015
PSA/PIB	1995, 1998, 2007
Personal Pensions ⁽¹⁾	1987 – 1998, 2000, 2005-2015
Corporate Pensions ⁽²⁾	1973 - 2015
International Prudence Bond	2001, 2002, 2003

(1) The Personal Pensions category combines the personal pensions on OPAL and post 31.12.02 Prudential Assurance Company Limited (PAC) branded business administered on the SALAS system.

(2) For the Corporate Pensions business noted above not every policy year within the range of products offered will have a market value reduction applied.

3.(2) Reviewable protection policies

There was no review of premium rates for protection policies in 2015.

3.(3) Non-profit deposit administration benefits

There are no non-profit deposit administration contracts.

3.(4) Service charges on linked policies

Policy/member fees increased by 2.3% in 2015 for those linked products where the fees increase in line with Retail Prices Index (RPI) inflation, based on the increase in RPI from September 2013 to September 2014.

3.(5) Benefit charges on linked policies

There have been no changes to benefit charges on linked policies during the year.

3. Discretionary charges and benefits (continued)

3.(6) Unit management charges and notional charges on accumulating with-profits policies

For accumulating with-profits business, changes to notional charges are shown in the table below:

	Reserves £m	New charge %	Old charge %
Prudence Bond – Pre Mk9 and Establishment Charge new business and top ups to this business up to 30/09/02	4,908	0.761	0.752
Prudence Bond – Top ups to pre Mk7 and all Establishment Charge options made between 01/10/02 and 06/11/11, inclusive	419	0.911	0.902
Prudence Bond – Top-ups to pre Mk7 and to all Establishment Charge options paid on or after 07/11/11		1.111	1.102
Prudence Bond – Mk9 and post Mk9 new business written and Mk7 and post Mk7 top ups made between 01/10/02 and 06/11/11, inclusive	307	1.011	1.002
Prudence Bond – Post Mk 9 new business and Mk7 and post Mk 7 top ups and made on or after 07/11/11	75	1.211	1.202
Prudence Bond – Pre NIC3 new business and top ups to pre NIC3 up to 30/09/02	257	1.061	1.052
Prudence Bond – All NIC new business (NIC3 and post NIC3) and all NIC top ups made between 01/10/02 and 06/11/11, inclusive	1,078	1.311	1.302
Prudence Bond – All NIC new business (post NIC3) and all NIC top ups made on or after 07/11/11	432	1.511	1.502
Prospects Bond - All business written between 06/10/03 and 06/11/11, inclusive	27	1.711	1.702
Prospects Bond – All business written on or after 07/11/11		1.911	1.902
Ex-PANL Bond	32	1.311	1.302
Prudential Investment Plan - All business written up to 06/11/11 inclusive	23	0.911	0.902
Prudential Investment Plan - All business written on or after 07/11/11	696	1.111	1.102
Prudential Investment Bond (PIB) and Prudence Savings Account (PSA)	2,501	0.890*	0.937*

* These are the charges for the upper tier (funds above £6k). The mid tier charges are 1% higher.

The notional charges for all UK pensions business and DCPSF policies were unchanged.

3. Discretionary charges and benefits (continued)

3.(7) Unit pricing of internal linked funds

(a) Business written and retained by PAC

The company operates its internal linked funds on a forward pricing basis. The daily unit prices used for the allocation of units to and deallocation of units from policies are calculated by a valuation of the internal linked funds. The valuation point of each fund is 12 noon. The allocation and deallocation of units is carried out once the unit prices are available. The unit prices for a fund are determined using either a creation price basis or a cancellation price basis, depending on the net cash flow position of the fund. Creation of asset units is carried out at the creation price, which is based on the purchase cost of the underlying assets plus any associated costs. Cancellation of asset units is carried out at the cancellation price, which is based on the sale value of the underlying assets of the fund less any associated costs.

Other

The unit pricing methods for those pensions contracts where the linked liabilities are wholly reassured to Prudential Pensions Limited (PPL) are described in PPL's regulatory returns.

- (b) Unit pricing bases are determined at fund level, so all policies invested in the same fund have the same basis applied.
- (c) The price used for collective investment schemes and similar assets is the latest valuation at mid-day (except for the Jupiter Merlin funds which use the prior day mid day valuation); deals placed before mid-day receive that price.

3.(8) Capital gains tax deductions from internal linked funds

Tax deductions are made on net realised gains as they arise, as well as for net unrealised gains on directly held assets. For holdings in collective investment schemes, allowance is made for the spreading over seven years of deemed disposals of net unrealised gains. Withdrawals from the fund for the payment of tax are made quarterly, the same frequency at which the Company makes payments to HM Revenue and Customs.

Each unit fund is treated in principle as though it were a stand-alone taxable entity. No carry-back of losses is applied. Instead, partial credit is given for losses that would fall into a fund's actual tax computation in a future year to the extent that they do not exceed the gains taxed in that particular year. Also, an allowance is made in the unit price for any losses in the fund that cannot be offset against previous gains.

Allowance is made in determining the tax charge and provision for the time delay until the assets are assumed to be sold (for unrealised gains and losses) and between the date of calculation of the provision and the tax payment being made.

The tax rates applied in 2015 were as shown in 3.(9) below.

3.(9) Capital gains tax provisions for internal linked funds

Linked contracts in France

The funds are not subject to capital gains tax.

3. Discretionary charges and benefits (continued)

Other business written by PAC – life business

As described in 3.(8) above, in determining the price of units in the internal linked funds relating to life business, the value of assets is adjusted by a provision to reflect, on a fund by fund basis, the capital gains tax on indexed gains on the assets held within the funds. On certain funds some credit has been given in respect of chargeable losses. The provision for tax is calculated on a daily basis allowing for the movement in unrealised gains, after any indexation, and losses, using a tax rate reflecting the expected tax payable by the Company as these gains and losses are realised. For investments in non-loan relationship unit trusts and OEICs, the tax rate used allows for the deemed disposal of the investments at the end of the year and the spreading of the tax payable over 7 years.

The mathematical reserves make allowance for the losses for which no credit is currently given but are carried forward and offset against future gains or deemed disposals in future years.

The following percentages were deducted or provided for during the year:

	Realised gains/losses	Unrealised gains/losses
Equities and properties	20%	17% to 18.5%
Unit trusts and OEICs	20%	15% to 20%
Gilts and bonds	20%	20%

For policies linked directly to unit trusts, a terminal deduction from benefits payable to policyholders is made in respect of any past or potential liabilities to corporation tax on chargeable gains relating to the units allocated to the policy.

Other business written by PAC – pensions business

The funds are not subject to capital gains tax.

3.(10) Discounts and commission on buying and selling units

Linked contracts in France

The company receives rebate commission of 0.6% per annum of funds under management from the Réactif and Carmignac external unit-linked funds. Corresponding rebate commission of 0.4% and 0.3% respectively is payable to distributing agents. Policyholders do not benefit from this rebate.

Business written by PAC

For investment in unit trusts and OEICs the Company receives a discount equal to the managers' initial charge. The internal linked funds also benefit from the rebate of the annual management charge. All of the benefits of annual management charge rebates are passed on to policyholders.

In some cases, for business formerly written in PHL, where investments are in Prudential Unit Trusts, a fund management charge is included in the price of the fund. In such cases Prudential Unit Trusts rebate the fund management charge deducted from the unit trusts. The full rebate is credited to the respective linked funds with the deduction for investment management expenses being met by non linked funds.

Other

The unit pricing methods for those pensions contracts where the linked liabilities are wholly reassured to PPL are described in PPL's regulatory returns.

4. Valuation methods and bases (other than for special reserves)

4.(1) Valuation methods

Unless specified to the contrary in 4.(1).6, the following valuation methods apply.

4.(1).1 The mathematical reserve for assurances and annuities reported in Form 51 is the difference between the present value of the benefits and the present value of the future valuation net premiums (a net premium valuation method). Policies where negative reserves could arise have been valued individually and the mathematical reserves increased to zero so that no policy is treated as an asset. Otherwise, contracts with a common attained age and number of years to run to maturity or premium cessation are grouped together.

4.(1).2 The mathematical reserve for accumulating with-profits business, except PruFund, is the lower of:

(a) the accumulated fund, or the value at the bid price of the notional number of units allocated to policyholders, in both cases excluding final bonus, and

(b) the surrender or transfer value which, having regard to the duty to treat customers fairly, would be payable at the valuation date,

or, if greater, the value of the guaranteed liabilities, excluding final bonus, calculated on a gross premium bonus reserve method making no allowance for future annual bonus interest.

The comparison of the accumulated fund or value of units allocated, the surrender or transfer value and the bonus reserve liability is carried out on a policy-by-policy basis.

For contracts where actuarial funding is used, the value of the units is net of the present value of future annual establishment charges, recurrent management charges or additional management charges that are used to recoup initial expenses.

For contracts where initial expenses are recouped by an annual cancellation of units allocated in the first year, the number of units valued is reduced appropriately. In cases where a higher benefit would be payable on early death, due allowance has been made.

The surrender or transfer value is taken as the accumulated fund, including final bonus and less a market value reduction where appropriate, at the valuation date, less any explicit charge that would apply on immediate surrender.

Section 32 Buy Out contracts include a specific provision for the Guaranteed Minimum Pension.

4.(1).3 The mathematical reserve for PruFund, including PruFund as a Fund Link, business is the higher of:

(a) the unsmoothed fund value after deduction of surrender penalties, plus a reserve for accrued shareholder transfers, and

(b) a prospective valuation of all future cashflows, assuming no future growth in the unsmoothed fund value as this is not guaranteed,

plus a reserve for the guarantee on PruFund Protected funds, which is determined stochastically.

The comparison of the unsmoothed fund value and the prospective valuation of future cash-flows is carried out on a policy-by-policy basis.

4. Valuation methods and bases (continued)

- 4.(1).4** The mathematical reserve for property-linked contracts is the unit liability together with a non-unit liability (a “sterling reserve”) to cover expenses, mortality, morbidity, options and guarantees and, where appropriate, capital gains tax.

The unit liability is based on the value at the date of valuation of the units allocated to policyholders. For contracts where actuarial funding is used, the value of the units is net of the present value of future annual establishment charges, recurrent management charges or additional management charges that are used to recoup initial expenses.

A non-unit liability for mortality and expenses is determined for each policy using a discounted cash flow method. For UK property-linked contracts in the NPSF the non-unit liability provides only for attributable expenses and an additional reserve for non-attributable expenses is calculated at a homogeneous risk group level as described in section 6.(6). The total non-unit liability is adequate on the valuation basis to ensure that any future negative cash flows which would otherwise arise are eliminated, including ensuring that the reserve for an individual policy both currently and at any future date is at least equal to the surrender value. Provision is also made for tax on capital gains, for outstanding premiums and, where relevant, for premiums received in respect of policies not yet accepted.

- 4.(1).5** The mathematical reserve for inflation-linked annuities is, in general, determined without an explicit allowance for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of inflation-linked annuities which are subject to maximum and/or minimum percentage increases, is as follows:

- (a) Inflation-linked annuities subject to a minimum annual increase of 0% and a maximum annual increase of 5% are, for valuation purposes, treated as being identical to normal inflation-linked annuities.
- (b) Inflation-linked annuities subject to a minimum annual increase of 0% and a maximum annual increase of 12% are, for valuation purposes, treated as being identical to normal inflation-linked annuities.
- (c) Inflation-linked annuities subject to a minimum annual increase of 2.5% and a maximum annual increase of 5% are, for valuation purposes, treated as annuities with fixed 5% annual increases.
- (d) Inflation-linked annuities subject to a minimum annual increase of 4% and a maximum annual increase of 8.5% are, for valuation purposes, treated as annuities with fixed 8.5% annual increases.
- (e) Inflation-linked annuities subject to a minimum annual increase of 3% are, for valuation purposes, treated as annuities with fixed 6% annual increases.
- (f) Inflation-linked annuities subject to a minimum annual increase of 3% and a maximum annual increase of 5% are, for valuation purposes, treated as annuities with fixed 5% annual increases. They are, however included in these returns as linked business.
- (g) Inflation-linked annuities subject to a minimum annual increase of 0% and a maximum annual increase of 3% arising from Guaranteed Minimum Pension liabilities are, for valuation purposes, treated as annuities with fixed 3% annual increases. This business is reported on Form 51 as non-linked business.

4. Valuation methods and bases (continued)

4.(1).6 Exceptions to the above:

Mathematical reserves for with-profits whole life assurances issued by the Company before 1978 are calculated on the assumption that each policy is converted on its next anniversary to an endowment assurance maturing after ten years, this being the most onerous option.

Specific provision is made for guaranteed early maturity options under Flexidowment and certain other miscellaneous assurances and deferred annuities in SAIF, and for early maturity options and annuity options under Flexipension (Series 1) contracts, by valuing them at the earliest maturity option date and holding additional reserves for maturity options thereafter.

Specific provision is made for guaranteed cash options under pension assurance and pure endowment contracts in SAIF by valuing the greater of the cash option and the present value of the annuity benefit.

Prudential Protection policies sold from 1 August 2000 and VitalityLife policies are valued using a gross premium valuation method. For policies written in the NPSF, prudent lapse assumptions are allowed for in reserve calculations. Policies are valued individually. Negative mathematical reserves for Prudential Protection policies are increased to zero so that no policy is treated as an asset. The negative mathematical reserves held for VitalityLife business sold before 1 May 2015, and the positive cashflows expected to repay them, are offset against positive reserves required to fund negative cashflows emerging from NPSF annuity policies.

Mortgage Protection (Home Protect/Synergy Protect) policies are valued using a gross premium valuation method with no allowance for lapses. Any negative mathematical reserves are increased to zero.

For conventional non-profit business written in Poland, policies are valued using a gross premium valuation method with a prudent allowance for lapses. Any negative mathematical reserves are increased to zero.

For UK protection business changes to the tax regime were introduced from 1 January 2013. Prior to this date all protection business was taxed on an "I-E" basis and this basis still applies to policies written up to 31 December 2012. In valuing business taxed on an "I-E" basis explicit allowance is made for policyholder tax.

However, protection business written from 1 January 2013 is instead taxed on a profits basis at the shareholders' tax rate. For business written on a profits basis, no allowance for tax is required, as no tax will be payable if the valuation assumptions are borne out in practice. As a consequence, the valuation interest rates are gross of tax for protection policies written from 1 January 2013 onwards.

Individual permanent health insurances are valued using the claims inception and disability annuity (CIDA) gross premium method.

The mathematical reserve for some individual deferred annuities is the accumulation of the premiums paid at the greater of a rate of interest guaranteed at the date of issue and a concessionary rate of interest declared for each year. The concessionary rates are the interest rates used in determining the benefits payable.

For non-profit immediate annuities and some deferred annuities the mathematical reserve is the value of future annuity payments plus the value of future expenses, allowing for expense inflation.

4. Valuation methods and bases (continued)

For deferred annuities where benefits include revaluation in deferment in line with RPI, followed by fixed escalation in payment, the revaluation in deferment is generally subject to a minimum annual increase of 0% and a maximum annual increase of 5%. For valuation purposes these are treated as annuities with fixed 5% annual revaluation throughout the remaining deferred period followed by the actual fixed escalation in payment.

For single premium loan protection policies the reserve is the sum of the unearned premium reserve, any accrued profit commission and reserves for claims incurred but not reported and claims in payment. The unearned premium is net of initial commission but gross of all other loadings for expenses and profit. For the life and critical illness elements of loan protection business, a reserve is held to provide for the reduction of future tax relief on commission where premiums would be rebated based on prudent assumptions for future policy lapses. As the schemes are now in run-off, minimum reserving methodologies are applied to mitigate the reduction in the pooling effect.

For linked life annuities transferred from M&G Pensions, the reserve is taken as the number of units payable per annum multiplied by an annuity factor and by the valuation unit price.

Policy reserves equal to the claim value are held for Industrial Branch whole life and endowment assurances where the policy benefit has not been claimed in the 15 years following the maturity date or (for whole life policies) the policy anniversary after age 90. The policy reserves for endowment assurances also include interest between the maturity date and the valuation date.

4.(2) Valuation interest rates

Valuation interest rates are reported in the tables in Appendix 1.

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in September 2011. 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 is used for certain assets taken in combination.

In applying the section 148 waiver, the yield on property is taken to be the lower of the current rental yield and the “redemption yield”, which is the interest rate at which the market value equates to the present value of future rental income and the disposal value. No allowance is made for non-contractual increases in rental income. As an allowance for the risk of falls in value, the disposal value of the property at the end of the lease is taken as 75% of the current market value.

4. Valuation methods and bases (continued)

4.(3) Risk-adjustments to yields

4.(3).1 Fixed interest securities

Yields have been adjusted to allow for the risk of default on fixed interest securities (other than approved securities assessed as risk-free by the firm’s investment manager).

The allowance for credit risk is calculated as the long-term expected level of defaults plus the long-term credit risk premium plus the long-term downgrade resilience reserve plus an allowance for the impact of additional short-term credit events reflecting the market conditions at the valuation date.

The long-term expected levels of defaults are determined from data supplied by our investment manager, which itself is based upon research carried out by one of the major rating agencies. This analysis, based on actual default experience over a 40 year period, produces mean default rates according to credit quality and term to redemption.

In the event of default it may be possible to recover some capital, especially if the loan is secured. The allowance for recovery (or partial recovery) of the loan varies according to the level of security and the following recovery rates are assumed:

	%
First Mortgage Debenture/Senior Secured	75
Senior Unsecured	45
Subordinated Debt	20

To calculate the aggregate provision for the long-term expected levels of defaults and the long-term credit risk premium, the corporate bond portfolio is broken down according to credit rating and level of security. The default rate for each category is assumed to vary between 100% and 200% of the appropriate mean default rate, reduced by the expected recovery, plus a further amount for credit risk. This further amount for credit risk (the long-term credit risk premium) is determined as the excess, over the best estimate level of default, of the 95th percentile of historical cumulative defaults, reduced to allow for the expected recovery of capital and subject to a minimum margin over best estimate of 50%.

4. Valuation methods and bases (continued)

The assumed default rates for each category of credit rating and level of security, in basis points per annum, are set out below:

Term to Redemption	Seniority	AAA	AA	A	BBB	BB	B and lower
0 to 10 years	Senior Secured	7.4	7.4	10.2	23.4	95.5	234.2
	Senior Unsecured	16.2	16.2	22.4	51.4	210.2	515.3
	Subordinated	23.6	23.6	32.5	74.8	305.8	749.5
10 to 20 years	Senior Secured	5.6	5.7	13.3	28.6	97.5	189.8
	Senior Unsecured	12.3	12.6	29.3	62.9	214.5	417.5
	Subordinated	17.9	18.3	42.6	91.5	312.0	607.2
20 to 30 years	Senior Secured	4.0	9.6	18.7	31.4	93.0	158.4
	Senior Unsecured	8.9	21.1	41.1	69.0	204.5	348.4
	Subordinated	12.9	30.7	59.7	100.4	297.5	506.7
Over 30 years	Senior Secured	3.7	11.5	20.6	31.8	93.0	158.4
	Senior Unsecured	8.1	25.4	45.3	69.9	204.5	348.4
	Subordinated	11.7	36.9	66.0	101.6	297.5	506.7

The long-term downgrade resilience reserve is determined as the hypothetical impact on the aggregate provision described above of a one-notch downgrade of the entire credit-risky asset portfolio.

Aggregate yields on the backing assets have been adjusted by the rates shown in the table below to allow for potential credit risk within the bond portfolios. Further implicit margins for prudence are held in the difference between the risk adjusted yields and the relevant valuation interest rates.

Sub-Fund	Credit risk adjustment (in basis points)
With-Profits Sub-Fund - non-profit annuities (former PAL business)	78
With-Profits Sub-Fund – other	97
SAIF	92
Defined Charge Participating Euro Sub-Fund	166
Defined Charge Participating Dollar Sub-Fund	89
Non-Profit Sub-Fund - direct written annuities	56
Non-Profit Sub-Fund - annuities accepted from PRIL	55
Non-Profit Sub-Fund – other	79

4.(3).2 Property

Yields on individual properties were subjected to a cap equal to the risk-adjusted yield on the Merrill Lynch over 10 years corporate bond index. The risk adjustment was calculated by applying the methodology described in 4.(3).1 to the constituents of the index.

4.(3).3 UK equities

Yields on individual equities were subjected to a cap equal to 90% of the yield on the Merrill Lynch over 10 years corporate bond index less a risk adjustment calculated by applying the methodology in 4.(3).1 to the constituents of the index.

4.(3).4 Overseas equities

Yields on individual equities were subjected to the same cap used for property.

4. Valuation methods and bases (continued)

4.(4) Mortality rates

Mortality rates are reported in the tables in Appendix 2.

Specimen expectations of life for deferred and immediate annuities are shown in the table in Appendix 3.

4.(5) Morbidity rates

Morbidity rates are shown in Appendix 4.

4.(6) Valuation expense bases

Expense assumptions except for the DCPSF are shown in Appendix 5. Expenses for UK life products (with the exception of protection business written from 1 January 2013) are assumed to attract tax relief at 20%.

A third party administers the accumulating with-profits business in the DCPSF and the renewal expenses allowed for in the valuation are based on the actual tariff in the service agreement. The expenses for with-profits annuities in the DCPSF are met by the NPSF.

4.(7) Unit growth and inflation rates

4.(7).1 Unit growth rates for linked business before management charges (net of tax for UK life business)

	31 December 2015	31 December 2014
	%	%
UK – Life	4.20	4.00
UK – Pensions	5.25	5.00
Overseas – other	5.25	5.00

4.(7).2 Expense inflation assumptions and future increases in policy charges

	31 December 2015	31 December 2014
	% per annum	% per annum
UK policyholder-backed business - non-profit annuities	4.25	3.50
UK policyholder-backed business - other	5.75	5.50
UK NPSF business	4.25	3.50
Overseas business	4.25	3.50

4.(8) Future bonus rates

For unitised with-profits business the future annual bonus rates are assumed to be the higher of zero and any guaranteed rate.

4. Valuation methods and bases (continued)

4.(9) Lapse, surrender and paid-up assumptions

Prudent discontinuance assumptions are used in the NPSF, for some protection assurances on Form 51 and linked assurances and pensions on Form 53.

Product		Average lapse / surrender / paid-up rate for the policy years			
		1 - 5 %	6 - 10 %	11 - 15 %	16 - 20 %
Level term	lapse	17.0	13.6	5.6	4.9
Decreasing term	lapse	17.1	13.6	5.6	4.9
Accelerated critical illness	lapse	17.1	13.7	5.6	4.9
Income protection	lapse	17.3	13.9	5.6	4.9
Unit Linked savings endowment	surrender	4.9	4.6	4.7	4.6
Unit Linked target cash endowment	surrender	4.0	4.0	4.0	3.5
Unit Linked bond	surrender	2.6	8.0	6.4	5.2
	automatic withdrawals	100% of current experience			
Unit Linked individual pension regular premium	PUP	10.8	10.2	8.0	8.0
Unit Linked individual pension regular premium	surrender	6.7	6.7	6.7	6.7
Unit Linked group pension regular premium	PUP	14.4	14.4	14.4	14.4
Unit Linked group pension regular premium	surrender	6.0	6.0	6.0	6.0
Unit Linked individual pension single premium	surrender	6.4	6.1	6.1	6.1

4.(10) Other material assumptions

There are no other material assumptions.

4.(11) Derivatives

In determining the long-term liabilities, allowance has been made for derivative contracts and contracts or assets having the effect of derivative contracts, by adjusting the existing assets attributed to the long-term business to reflect the underlying investment exposure.

SAIF and the WPSF hold US dollar/sterling, euro/sterling and yen/sterling currency forwards in connection with fixed interest securities denominated in those currencies. Taken in aggregate these combinations of currency forwards and fixed interest securities could be considered to be sterling assets and, as such, the yields should be comparable with sterling yields. To achieve this, the yields on the US dollar, euro and yen assets are reduced if the corresponding risk-free yield curve exceeds the sterling risk-free yield curve.

4.(12) Effect of change in methodology

There have been no changes made to the mathematical reserve methodology at the current valuation date as a result of the changes to the INSPRU rules at 31 December 2006.

5. Options and guarantees

5.(1) Guaranteed annuity rate options

- (a) The mathematical reserves for guaranteed annuity options are calculated assuming a 100% take-up of available options, and are determined as follows:

Group cash accumulation contracts

For valuation purposes, it is assumed, in line with current practice, that if the guaranteed rates are higher than current rates on the valuation date, the guarantee will be revised with 6 months' notice from the next scheme renewal date. As a result, it is assumed that retirements for at most a further 18 months will be subject to the guarantee prior to its amendment. Any additional amount of annuity payable as a result of the guarantee is calculated assuming that the recent profile of retirements (age, sex and purchase money) continues. The resulting annuity is valued on the basis used for non-profit group deferred annuities.

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The fund in respect of the first 5 years' premiums for each scheme is calculated. The additional amount of annuity payable as a result of the guarantee is then calculated by age groups assuming that the recent profile of retirements by age and sex continues (all assumed to be at an age at which a guarantee applies). The distribution of long-term interest rates at retirement was provided by the economic scenario generator used to derive market-consistent returns for use in the Peak 2 valuation and market consistent valuation interest rates appropriate to each scenario were used in deferment.

SAIF products

Guaranteed annuity options apply to the following products:

- Flexipension (Series 1 and Series 2)
- Series 1 and Series 2 Pension contracts written up to and including 26 July 2000 as increments to Flexipension (Series 1) contracts
- Individual Endowment/Pure Endowment - Series 1 and Series 2
- Individual Pension Account

For accumulating with-profits and linked business, an additional reserve is calculated by projecting the existing unit reserve with future premiums to the selected retirement date, and calculating the present value of the excess of the annuity guarantee over the projected fund value. The value of the annuity guarantee at retirement is calculated assuming a mortality basis in possession of 39.8% PMA92/44.1% PFA92 (c=2004) and a valuation interest rate of 2.50% p.a. in possession. For linked business, the projected fund is calculated assuming a fund growth rate of 7.125% (i.e. 8.0% less an annual management charge). The excess of the annuity guarantee over the projected fund value is discounted at 4.5% per annum. For accumulating with-profits business, no future bonus is allowed for. The projected fund is calculated assuming a fund growth rate of 4.0% (representing the 4.0% guarantee on SAIF pension policies). The present value of the excess of the annuity guarantee over the projected fund value is calculated at a discount rate of 0.65%. This discount rate reflects a valuation interest rate of 1.25%, which has been reduced by 0.6% to allow for mortality improvement in deferment.

5. Options and guarantees (continued)

For conventional business, the benefit included in the net premium reserve is the greater of the cash benefit and the value of the annuity guarantee. The mortality basis in deferment is 90% AM92/AF92 + 1 for individual endowment/pure endowment and 80% AM92/AF92 + 1 for Flexipension (Series 1), and in possession is 89.1% PCMA00/82.0% PCFA00. A description of the PCXA00 tables is included in Appendix 2. The valuation interest rate is 1.75% in deferment and 2.50% in possession.

The adequacy of the reserve has been verified using stochastic modelling.

An additional expense reserve of £63m is held to meet the cost of administering the future annuities in payment under the guaranteed annuity options in SAIF.

- (b) See the table on the following page.

5. Options and guarantees (continued)

Table 5.1(b) – Guaranteed annuity rate options

Product name	Basic reserve £m	Spread of outstanding durations	Guarantee reserve £m	Guaranteed annuity rate % for a male aged 65	Are increments permitted?	Form of the annuity	Retirement ages
<u>WPSF</u> Group cash accumulation	370	0 – 18 months	12	6.22	No	Single life, monthly in advance, guaranteed for 5 years	50 – 70
Executive Pension Plan Mark 1	106	0 – 35 yrs	42	10.29	Yes – in first 5 yrs of scheme	Single life, monthly in advance, without guarantee	60 – 70 (M) 55 – 70 (F)
<u>SAIF</u> Flexipension	457	0 – 40 yrs; average 10 yrs	595	10.90	No	Single life, yearly in arrears, without guarantee	60 - 75
Individual Endowment/Pure Endowment	79	0 – 40 yrs; average 10 yrs	74	10.00	No	Single life, monthly in advance, guaranteed for 5 years	60 – 70 (M) 55 – 70 (F)
Individual Pension Account	26	0 – 40 yrs; average 10 yrs	28	10.00	No	Single life, monthly in advance, guaranteed for 5 years	60 – 70 (M) 55 – 70 (F)

If the form of annuity taken is different to that shown in the table, by concession an actuarially equivalent rate is given.

5. Options and guarantees (continued)

5.(2) Guaranteed surrender values and guaranteed unit-linked maturity values

- (a) There are no guaranteed unit-linked maturity values. The methods and bases used for guaranteed surrender values were as follows.

PruFund Investment Plan

This is a single premium whole life accumulating with-profits contract written in the WPSF.

At the fifth anniversary of a premium payment, the smoothed fund value is increased by the value of additional units credited, if necessary, to give a total value equal to the guaranteed minimum fund value (the initial premium adjusted for withdrawals). Policies sold up to 25 July 2005 received this guarantee for no extra cost. Between that date and 12 October 2008, policyholders choosing the guarantee pay an additional annual management charge for 5 years.

Policyholders who invested between 13 October 2008 and 22 February 2010 have the option, at the fifth anniversary, to rollover their guarantee into a new 5 year guarantee (with the amount guaranteed equal to the fifth anniversary fund value). At this point the amount charged for the guarantee can be changed.

The reserve for the guarantee was set using stochastic simulations and is 0.5% of the current fund value.

PruFund as a Fund Link

This is a fund choice for Flexible Investment Plan, Prudential Investment Plan, Flexible Retirement Plan and Trustee Investment Plan written in the WPSF and International Prudence Bond reassured into the DCPSF.

At the selected guarantee date, the smoothed fund value is increased by the value of additional units credited, if necessary, to give a total value equal to the guaranteed minimum fund value (the initial premium adjusted for allocation rates and withdrawals). Policyholders investing in the fund pay an additional annual management charge for the selected guarantee term.

Policyholders who invested between 13 October 2008 and specified dates in 2009 and 2010, which vary by contract, have the option, at the fifth anniversary, to rollover their guarantee into a new 10 year guarantee (with the amount guaranteed equal to the fifth anniversary fund value). At this point the amount charged for the guarantee can be changed.

The reserve for the guarantee was set using stochastic simulations and ranges between 0.5% and 1.5% of the current fund value for life business, between 0.5% and 1.0% for pensions business and is 3.0% for International Prudence Bond business.

Prudential Europe Vie

This is a single premium whole life accumulating with-profits contract denominated in Euros and written as overseas life assurance business in the DCPSF.

The surrender value at any time is guaranteed to be no less than 75% of the initial investment, net of the initial charge, after allowing for any partial surrender and withdrawals made.

As at 31 December 2015, the basic policy reserves exceeded the minimum guaranteed surrender values to the extent that no additional reserve was considered necessary.

5. Options and guarantees (continued)

5.(2).(b) Guaranteed surrender values and unit-linked maturity values

Product name	Basic reserve £m	Spread of outstanding durations	Guarantee reserve £m	Guaranteed amount	MVA free conditions	In force premiums £m	Are increments permitted?
<u>WPSE</u>							
PruFund Investment Plan	968	0 – 5 yrs	-	Fund increased to initial premium (adjusted for withdrawals) after 5 years	N/A	747	No
PruFund as a Fund Link – Flexible Investment Plan	4,487	0– 8.25 yrs	14	Fund increased to initial premium (adjusted for withdrawals) at selected guarantee date	N/A	3,643	No
PruFund as a Fund Link – Prudential Investment Plan	5,108	0– 10 yrs	9	Fund increased to initial premium (adjusted for withdrawals) at selected guarantee date	N/A	5,055	No
PruFund as a Fund Link – Flexible Retirement Plan & Trustee Investment Plan	3,316	0– 10 yrs	3	Fund increased to initial premium (adjusted for withdrawals) at selected guarantee date	N/A	1,986	No
<u>DCPSF</u>							
Prudential Europe Vie	39	Whole life	-	£19m	Regular withdrawals up to 5% per annum	30	Yes
PruFund as a Fund Link - International Prudence Bond	369	0 - 10 years	12	Fund increased to initial premium (adjusted for withdrawals) at selected guarantee date	N/A	349	No

5. Options and guarantees (continued)

5.(3) Guaranteed insurability options

- (a) There are a number of insurability options for which no additional reserve is considered necessary due to margins in the valuation mortality/morbidity bases. These options are:

Amicable Savings Plan

Extension Option allows the term of the plan to be extended by a period of at least ten years from the original maturity date.

Home Purchaser

Mortgage Alteration Option provides a limited facility, subject to conditions, to increase the life cover at ordinary rates of premium for the amount of any increase to the loan. If the term of the loan is also increasing, the term of the existing plan may also be extended to match the maturity date of the new plan.

Maximum Investment Plan and Flexible Investment Plan (Ex M&G Life)

Maximum Investment Plans have an option at maturity to extend the term for a further ten years or to convert to a whole life assurance with a nominal premium. Flexible Investment Plans have an option to extend the premium paying term.

Investment Mortgage Plan (Ex M&G Life)

There is an option to increase the sum assured without medical evidence if the policyholder increases his or her mortgage.

Personal Security Plan (Ex M&G Life)

Most policies have an option to increase the benefits each year in line with RPI without medical evidence either to age 65 or throughout life. Benefits other than Keyman Disability Benefit may also be increased by up to 20% without medical evidence on marriage, house purchase or birth of children. On some policies the death benefit can be increased without medical evidence following changes in Inheritance Tax legislation. If any of these options are exercised the Company recommends an appropriate increase in premium.

Prudential Protection

Policies issued at ordinary rates include an option to increase cover without evidence of health in the event of mortgage increase, marriage, childbirth or adoption. The option can be exercised only before the life assured's 50th birthday and within 3 months of the event occurring.

Prufund: Protection Plan

If the original policy was issued on normal terms, a new policy may be effected without evidence of health every 5 years before the attainment of age 50 for a sum assured of up to 50% of the sum assured under the original policy at the time each option is exercised. The option lapses if it is not exercised in whole or part. The new policy may be a with-profits whole life or endowment assurance.

Prufund: Savings Plan

At the end of the premium payment term, premiums may be continued for a further 10 years. Under Series 1 plans there is also an option after 10 years to continue the policy for a further 10 years without further payment of premiums.

5. Options and guarantees (continued)

Permanent Health Insurance

On payment of an additional premium, individual permanent health insurance policies issued in the United Kingdom between January 1982 and July 1988 carry an option to increase the original benefit by up to 25% (subject to the total benefit being no greater than 75% of earnings) on every fifth policy anniversary without medical evidence. This option cannot be exercised whilst incapacitated or within 10 years of the termination date of the policy.

Series A & Premier Pensions plans with Waiver Benefit or Comprehensive Waiver Benefit

Long Term Care Double Cover benefit entitles the plan holder to buy a Long Term Care Bond from Prudential International (or another contract approved by the PAC Actuary as a reasonable equivalent) at ordinary rates at retirement. Personal Pension and Group Personal Pension Plan holders with Waiver Benefit may increase the contributions covered by the benefit with no additional underwriting provided the increased contribution is no more than twice the previous contribution.

Mortgage Protection (Home Protect)

Policies issued at ordinary rates may include an option to increase cover without evidence of health in the event of mortgage increase, marriage, childbirth or adoption. The option can be exercised only before the life assured's 50th birthday and within 3 months of the event occurring. The increase can be up to 50% of the benefit for the mortgage option or 25% for the other options both subject to maxima of £150,000 (life and critical illness) or £1,000 per month (premium waiver and mortgage payment benefits).

Mortgage Protection (Ex M&G Life)

There are options for each life to continue cover for a further 5 years up to a date specified at the outset of the original cover, and, if the life assured increases his mortgage, to increase the benefit by the lower of 50% of the increase or £50,000 on rates in force at the time. Neither option requires medical evidence. Two schemes incorporate options for each life to add Critical Illness, Waiver of Contribution and PHI benefits. These options are offered subject to provision of satisfactory medical evidence.

VitalityLife Plan

The Guaranteed Insurability Benefit gives the planholder the option to increase Life Cover, Serious Illness Cover, Disability Cover or Income Protection Cover under certain circumstances without providing any evidence of health. Any increase in cover is subject to the applicable maximum cover limits.

Other

Some UK policies issued between September 1975 and April 1984 contain an option, in return for an additional premium, to effect further assurances without evidence of health.

Some assurance policies contain options to effect further assurances without evidence of health at specific ages, on marriage or on the adoption or birth of a child.

Some assurance policies issued between October 1973 and July 1979 on the life of a parent or guardian for the benefit of a child contain an option to permit the child, after attaining a specified age, to effect a whole life or endowment assurance without evidence of health for a sum assured not exceeding four times that of the original policy. On the marriage of a female child, the option may be exercised on her husband's life if he is under age 45.

5. Options and guarantees (continued)

Some individual level temporary assurance policies contain an option, in return for an additional premium, to convert wholly or partially to a whole life or endowment assurance for a sum assured not exceeding the original sum assured.

Some individual temporary assurance policies contain an option to renew the assurance every 5 or 10 years without evidence of health subject to a maximum age at renewal of 55. The sum assured under this option may be increased by up to one half of the sum assured remaining at the end of the 5 or 10 year period. There is also an alternative option to convert at the end of the term to any other Ordinary Branch single life assurance, for a sum assured of up to 150% of that under the temporary assurance policy.

Under a few group life assurance policies, premium rates are guaranteed for employees in respect of current levels of sum assured. Group life assurance premium rates are generally guaranteed for 2 or 3 years.

Employees leaving group pension schemes, where it has not been possible to remove the option, may replace any temporary life assurance cover with an individual assurance at the relevant rates of premium then in force, based on the original underwriting decision. The continuation option was withdrawn for new schemes during 1988.

(b) Conversion and renewal options where the total sum assured exceeds £1bn are as follows:

Product name	In force premiums (£m)	Sum assured (£m)	Description of option	Guarantee Reserve (£m)
Personal Pension Life Cover	2.9	952	If a member becomes ineligible to continue premiums under a Pensions Term Assurance, they have an option for one month to maintain life cover with a replacement policy, issued without further medical evidence, which has term and sum assured no greater than those under the Scheme benefit when it was cancelled. Any extra premiums on the original policy will also apply on the replacement policy.	Implicit in the basic reserve

5.(4) Other guarantees and options

5.(4).1 FSA personal pensions review

The mathematical reserve for guarantees issued under the FSA personal pensions review is calculated by valuing the pension scheme benefits to which the policyholder would otherwise have been entitled and subtracting the value of the personal pension policy. Where relevant, each policyholder is assumed to be in a scheme providing an RPI-linked pension of two thirds of final earnings after 40 years' service with a 50% continuation to a surviving spouse and equivalent death-in-service benefits.

Stochastic modelling is used to calculate the Peak 2 reserves for these guarantees. The distributions of investment returns over the remaining period to retirement and long-term interest rates at retirement were provided by the economic scenario generator used to derive market-consistent returns for use in the Peak 2 valuation. In deferment, allowance is made where appropriate for salaries to increase by 2% per annum in excess of RPI. The Peak 1 reserve is set to 125% of the Peak 2 reserve.

The basic policy reserve held at 31 December 2015 was £254m and the guarantee reserve was £613m.

5. Options and guarantees (continued)

5.(4).2 Guaranteed Minimum Pensions (GMPs) under Section 32 contracts

Under early versions of Section 32 contracts, some or all of the GMP was secured by a non-profit deferred annuity. Those benefits are valued using the methodology described in paragraph 4.(1).1. Any remaining GMP was covered by the excess premium not required to purchase the non-profit deferred annuity and this was invested in a cash accumulation or with-profits fund.

Under later versions of Section 32 contracts, the whole of the GMP was covered by the with-profits fund.

The reserves for that part of the GMP covered by the with-profits fund have been calculated using stochastic modelling. The distributions of investment returns over the remaining period to retirement and long-term interest rates at retirement were provided by the economic scenario generator used to derive market-consistent returns for use in the Peak 2 valuation.

The guarantee reserve for a small number of accumulating with-profits contracts (ex-SAL and SAIF) was calculated by a deterministic method, being the excess value on a policy-by-policy basis of the GMP liability (allowing for revaluation) over the basic policy reserve. The GMP liability is valued at a discount rate of 2.60% for ex-SAL and 1.25% for SAIF, with increases in National Average Earnings capped at 5% per annum for all SAIF and early ex-SAL contract versions.

The total basic reserve for Section 32 contracts is £140m and the guarantee reserve was £363m.

5.(4).3 Home Purchaser (Second Series)

Home Purchaser (Second Series) is a mortgage endowment product written in SAIF, for which the company has undertaken to guarantee that the maturity value will be no less than the original target amount if the experienced investment growth rate is greater than or equal to the growth rate assumption selected by the investor at outset.

The guarantee reserve is calculated based on a sample of policies by projecting policy benefits to maturity and discounting any shortfall against the mortgage amount at a valuation rate of 1.5%. The benefits were projected to maturity using a range of future investment returns and a return of 5.5% p.a. was chosen as a prudent assumption.

The basic reserve for these policies is £388m and the guarantee reserve is £2m.

5.(4).4 Cash Fund

The PAC (ex-SAL) Net Cash Fund and the PAC (ex-SAL) Exempt Cash Fund provide a guarantee that the price of both initial and accumulation units will not decrease.

The guarantee reserve is calculated by projecting cash returns in a range of scenarios (using an economic scenario generator) and estimating the future annual guarantee costs in each scenario as the excess of the annual management charge over the cash return. The estimated guarantee costs are discounted and averaged over the range of scenarios.

The basic reserve for policies invested in these funds is £478m and the guarantee reserve is £15m.

5.(4).5 Early Retirement Option

Within one defined benefits pensions scheme in the WPSF (the scheme was originally written in PAL and has now been transferred to the WPSF), a number of policyholders are entitled to start drawing their benefits before reaching the scheme's Normal Retirement Age without having their benefits reduced. Additional mathematical reserves are held based on the assumption that all of the policyholders will exercise this option at the earliest possible date.

The basic reserve for policies invested in these funds is £858m and the guarantee reserve is £18m.

6. Expense reserves

- 6.(1) Expense loadings of £560m, grossed up for tax, are expected to arise during the 12 months from the valuation date. This comprises £301m of explicit and £259m of implicit loadings.

The following table shows a breakdown of the expense loadings by homogeneous risk group where some expenses are treated as non-attributable and total expense loadings for products where all expenses are treated as attributable.

Homogeneous risk group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non-attributable expenses	Total
	£m	£m	£m	£m	£m
Individual unit-linked life single premium business		6.1	3.2	3.3	12.7
Individual unit-linked life regular premium business		1.5	0.5	1.5	3.5
Individual unit-linked pensions single premium business		5.1	0.7	2.1	8.0
Group unit-linked pensions single premium business		0.5	0.2	0.5	1.1
Individual unit-linked pensions regular premium business		3.9	1.6	4.7	10.2
Group unit-linked pensions regular premium business		0.2	0.1	0.3	0.7
Stakeholder		7.5	2.0	12.6	22.0
All expenses attributable	259.1	53.9	189.3	-	402.2
Total	259.1	78.7	197.4	25.1	560.3

- 6.(2) Implicit allowances are calculated as follows:

- For contracts valued using the net premium method, 90% of the excess of office over net premiums for Ordinary Branch with-profits contracts and 100% of the excess for Industrial Branch with-profits contracts and all non-profit contracts.
- A margin between the risk-adjusted yields on assets in the WPSF and DCPSF (0.07% for non-profit annuities in payment, 0.20% otherwise) and the NPSF (0.065% for direct written annuities in payment, 0.065% for annuities accepted from PRIL, 0.1% otherwise) and that required to support the valuation interest rates to cover fund management expenses.
- A margin in property yields to cover maintenance costs and leases.

- 6.(3) Maintenance expenses shown at line 14 of Form 43 are £548m. These include investment expenses in respect of Peak 1 surplus assets (£57m), one-off items and exceptional expenses. The expense loadings in 6.(1) exceed the maintenance expenses at line 14 of Form 43 by an appropriate margin for prudence, after adjusting for these items.

- 6.(4) No new business expense over-run reserve is needed this year in the NPSF. The reserve is calculated on a prudent basis as the excess, if any, of the present value of expenses and commission expected to arise in respect of business written in the 12 months following the valuation date over the present value of the charges available to cover such expenses.

6. Expense reserves (continued)

- 6.(5) In the first instance, expense reserves are calculated on the assumption that Prudential's UK insurance operations will continue to write new business indefinitely.

For business valued by the net premium method, under which there is no explicit allowance for expenses, the need for a maintenance expense overrun reserve is tested by comparing the present value of the allowances described in sub-paragraph 6.(2) above with the present value of the expenses and commission expected to be incurred over the remaining lifetime of the business. The calculation of the value of future expenses allows for inflation of 5.75% for WPSF and SAIF business, excluding the non-profit annuity business, and 4.25% p.a. for NPSF business and the non-profit annuity business of the with-profits subfunds. An additional reserve is held if the present value of expenses and commission exceeds the present value of the expense allowances. At 31 December 2015, a reserve of £2m is held in the WPSF and £43m in SAIF.

For all other business, the expense loadings over the remaining lifetime of the contracts in force at the valuation date are included in the reserves reported in Form 50.

In order to allow for the possibility that the firm will cease to transact new business twelve months after the valuation date, all expense provisions are recalculated on the assumption that, over a two year period, unit costs would be reduced by 20%. Thereafter, the unit costs are increased to allow for the loss of economies of scale that would arise as the in-force business runs off. The expenses for all business lines are capped at the point that aggregate expenses are projected to have doubled in real terms after closure. This methodology reflects an assumption that, with much higher unit costs, and a much lower volume of in-force business, the fixed costs would be more aggressively reduced, or the administration of the business would be outsourced.

In addition the costs associated with closing to new business, such as redundancy payments and the costs of terminating management agreements, are estimated. If the sum of the closed fund expense reserves and termination costs exceed the open fund expense reserve, then the excess is held as an additional reserve, to the extent that this excess cannot be offset by projected surplus on prudent assumptions from existing business. At 31 December 2015, an additional reserve of £702m is held in the WPSF, £19m in SAIF, and £50m in the NPSF.

- 6.(6) An additional reserve of £45.4m is held in the NPSF to cover non-attributable expenses. The additional reserve for each homogeneous risk group is calculated as the present value of all future expenses less charges, subject to a maximum of the non-attributable expenses, for the policies in that homogeneous risk group. All future charges and expenses are projected allowing for lapses on a prudent basis. Any future valuation strain is removed at the homogeneous risk group level.

The following table shows the reserve for each homogeneous risk group.

Homogeneous risk group	Additional reserve
	£m
Individual unit-linked life single premium business	5.3
Individual unit-linked life regular premium business	4.9
Individual unit-linked pensions single premium business	-
Group unit-linked pensions single premium business	-
Individual unit-linked pensions regular premium business	-
Group unit-linked pensions regular premium business	-
Stakeholder	35.2
Total	45.4

7. Mismatching reserves

7.(1) and (2)

An analysis of the mathematical reserves (other than liabilities for property-linked benefits) and backing assets by currency is as follows:

Currency of liability	Mathematical reserves (excl. property-linked) in £m	% of reserves	Value of backing assets in currency:	
			£	Other
£	87,157	99	87,157	-
Other	894	1	-	894
Total	88,051	100	87,157	894

7.(3) No reserve is held for currency mismatching.

7.(4) to (6) Not applicable for a realistic firm.

7.(7) Reserves totalling £121m (£50m in the WPSF and £71m in the NPSF) were held in respect of the test for cashflow mismatching under INSPRU 1.1.34R(2).

This reserve was set at a level that was sufficient to ensure that it covered the result of projecting (i) the risk-adjusted cashflows of the assets backing the liabilities and (ii) the future liability payments on the valuation assumptions. In carrying out this test, the asset cashflows have been adjusted to allow for a level of defaults equivalent to the company's credit risk assumptions for both directly written and reinsurance accepted business in the NPSF and for non-profit annuity (former PAL) business in the WPSF.

In determining the risk-adjusted cashflows of the assets, two scenarios are tested:

- Scenario A: in any year where asset income exceeds liability outgo, the excess is invested in a notional cash asset, and this cash asset is assumed to accumulate at 97.5% of the maximum reinvestment rate specified in INSPRU 3.1.45R. In any year when asset income is insufficient to meet liabilities, the cash reserve is used to meet the shortfall. In the event that the cash reserve is reduced to below zero, then the shortfall is assumed to be borrowed at a rate 2% higher than 97.5% of the maximum reinvestment rate.
- Scenario B: in any year where asset income exceeds liability outgo, the excess is invested in a notional cash asset, and this cash asset is assumed to accumulate at the valuation rate of interest. In any year when asset income is insufficient to meet liabilities, the cash reserve is used to meet the shortfall. In the event that the cash reserve is reduced to below zero, then the shortfall is assumed to be borrowed at a rate 1.2% higher than the valuation rate of interest.

The reserve held is that required to satisfy the more onerous of these two scenarios.

8. Other special reserves

Other special reserves in excess of £10m are as follows:

Reserves totalling £24m (£17m in the WPSF, £6m in SAIF and £1m in the NPSF) are held to cover the potential costs of compensating policyholders, and the associated expenses, in respect of complaints about mortgage endowment policies. The reserves are calculated by making prudent assumptions about the number of future complaints received, the proportion of these where compensation will be paid, and the average amount of compensation.

Reserves totalling £213m (£80m in the WPSF, £57m in SAIF and £76m in the NPSF) are held to cover potential additional liabilities in respect of systems and administration errors. The methods used to calculate the reserves vary depending on the nature of the error and take into account data sources alternative to policy valuation systems.

Reserves totalling £66m (£43m in the WPSF, £7m in SAIF and £16m in the NPSF) are held in respect of the UK life insurance operation's share of additional contributions expected to be required to fund future defined benefits in the Prudential Staff Pension Scheme and the Scottish Amicable Pension Scheme, taking into account the expected run-off of the schemes' membership.

Reserves totalling £591m (£497m in the WPSF, £29m in SAIF, £17m in DCPSF and £48m in the NPSF) are held to cover general contingencies, taking into account an internal assessment of operational risk.

A reserve of £25m is held in the NPSF for the tax credit on losses in the unit-linked funds which will be carried forward and offset against gains in future years.

A reserve of £48m is held for the Prudential Personal Retirement Plan (PPRP), a conventional with-profits deferred annuity product written in the WPSF, in respect of any additional cost of policyholders retiring later than age 65, taking into account current late retirement enhancement factors and a prudent assessment of the distribution of late retirements by age and sex.

Reserves totalling £22m (£11m in the WPSF and £12m in the NPSF) are held to cover potential deflation losses.

A reserve of £494m is held in the WPSF on the assumption that all overdue IB policies will eventually claim. Last year this was held within the main reserves, but at 31 December 2015 this has been held as an additional reserve.

Reserves totalling £25m (£2m in the WPSF and £23m in the NPSF) are held to cover reinsurance counterparty credit risk.

A reserve of £15m is held in the NPSF to cover the cost of rebating back UTE expenses into funds as the shareholder has been covering these since the introduction of Stakeholder pensions.

A reserve of £19m is held in SAIF to cover pensions deficit contributions.

A reserve of £12m is held in the WPSF to cover the cost of the option under certain whole life policies to convert to an endowment policy on guaranteed rates.

9. Reinsurance

- (1) No premiums were paid in 2015 in respect of reinsurance business ceded on a facultative basis to reinsurers not authorised to carry on business in the United Kingdom.
- (2) The reinsurance treaties shown in the table below meet the PRA criteria for being reported in this section and were in force as at 31 December 2015.

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
BlackRock Life Ltd	Linked benefits under GPP3, GPP4, MPP3, stakeholder pensions and the Company Pension Transfer Plan (Bulk Section 32 Buy-Out) where the member has chosen to invest in BlackRock's funds, on a 100% quota share basis. The assets under this treaty are covered by a pari passu charge.	36	Open	16,931	Nil
Aberdeen Asset Management PLC	Linked benefits under unit linked pension contracts where the member has chosen to invest in AAM's funds, on a 100% quota share basis. The assets under this treaty are covered by a pari passu charge.	2,016	Open	33,262	Nil
Munich Reinsurance Company UK Life Branch	<p>Life, critical illness and disability cover sold through arrangements with NDF Administration Limited and Synergy Financial Products Limited. This treaty also includes a financing arrangement.</p> <p>(i) Financing payments to the reinsurer are a proportion of the reinsurance premium in benefit years three, four, five and six for all in-force benefits. If a policy exits then payments to the reinsurer cease. The total amount paid to the reinsurer in respect of an individual policy is independent of the amount originally advanced by the reinsurer and depends on how long each policy remains in force. There is therefore no undischarged obligation.</p> <p>(ii) Allowance has been made for the repayment of this financing in calculating the level of the reserves required.</p>	1,538	Closed	1,138	<p>Mortality benefits and critical illness (per life) 33.33% up to £50,000 Nil above £50,000</p> <p>Sickness and accident (per life per month) 33.33% up to £625 Nil above £625</p>
Prudential Pensions Limited *	United Kingdom linked benefits under Group AVC, MPP2, GPP1/2/3/4, SHP and PTP contracts on a 100% quota share basis. This is to a member of the Prudential Group and is covered by a pari passu charge on assets.	478,886	Open	4,286,446	Nil
Prudential Retirement Income Limited *	Two related treaties for annuity liabilities for relevant annuities originally issued by P(AN)L. One covers annuities written from 1 July 2004 to 25 November 2004 and the other covers annuities written after 25 November 2004. Under the terms of the agreement Prudential Retirement Income Limited will meet the liability of the Company to pay the benefits due under the reassured policies. This business is covered by a pari passu charge on assets.	426	Open	14,952	Nil

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
Prudential Retirement Income Limited *	Two related treaties for annuity liabilities for relevant annuities issued by PAC. One covers annuities written from 1 July 2004 to 25 November 2004 and the other covers annuities written after 25 November 2004. Under the terms of the agreement Prudential Retirement Income Limited will meet the liability of the Company to pay the benefits due under the reassured policies. This business is covered by a pari passu charge on assets.	230,957	Open	8,825,234	Nil
Prudential Retirement Income Limited *	Two related treaties for annuity liabilities for relevant annuities issued by the Scottish Amicable Insurance Fund (SAIF). One covers annuities written before 1 January 2006. The other covers annuities written from 1 January 2006 onwards.	12,474	Open	464,920	Nil
Suffolk Life Annuities Limited	Self-Invested Personal Pension (SIPP) option under the Flexible Retirement Plan policy.	10,292	Open	55,584	Nil
Swiss Re Europe S.A., UK branch	Reinsurance of all linked business written before 29 November 1994, originally written by Prudential Holborn Life or reinsured into it from PAC, excluding benefits linked to real property assets, on a 50% quota share basis.	137	Closed	100,235	50% of first £25,000
Swiss Re Europe S.A., UK branch	<p>Two treaties covering unit-linked bond business on a quota share basis.</p> <p>For certain Flexible Bonds linked to the Extra Yield fund, 89% of all unit-linked liabilities are reinsured.</p> <p>For Managed Income Bonds linked to Managed Income (Series A) units, 90% of all unit-linked liabilities are reinsured.</p> <p>For Managed Income Bonds linked to Managed Income (Series B) units, 25% of all unit-linked liabilities are reinsured.</p>	Nil	Closed	42,545	<p>11%</p> <p>10%</p> <p>75%</p>

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
Swiss Re Europe S.A., UK branch	Four treaties covering Prudential Protection business over different periods on a quota share basis. The financing agreements with Swiss Re detailed below are connected to this business.	5,808	Closed	32,092	<p>Mortality Benefits only (per life) 10% up to £50,000 Nil above £50,000</p> <p>Mortality plus Critical Illness and stand alone Critical Illness Benefits (per life) 10% up to £50,000 Nil above £50,000</p> <p>Mortgage Payment Benefits (per life per annum) 25% up to £5,000 Nil above £5,000</p> <p>Waiver of Premium Benefits (per life per annum) 25% up to £5,000 Nil above £5,000</p>

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
Swiss Re Europe S.A., UK branch	<p>Two financing arrangements in respect of acquisition costs incurred in writing Prudential Protection contracts with a policy proposal date:</p> <ul style="list-style-type: none"> • prior to 31 December 2002, an acceptance date in 2002 and a policy issue date prior to 31 March 2003 • in the range 6 May 2002 to 30 June 2003, a policy issue date in the range 1 January 2003 to 31 December 2003 <p>(i) Payments to the reinsurer are a proportion of the difference between the office premium and the reinsurance premium net of an allowance for renewal expenses for the time that the policy remains in force. If a policy lapses within the initial commission period the Company pays the reinsurer the amount of the indemnity commission that can be clawed back at that time. If a policy lapses outside of the initial commission period or becomes a mortality or morbidity claim at any time then payments to the reinsurer cease. The total amount paid to the reinsurer in respect of an individual policy is independent of the amount originally advanced by the reinsurer and depends on how long each policy remains in force. There is therefore no undischarged obligation.</p> <p>(ii) Allowance has been made for the repayment of this financing in calculating the level of the reserves required for these contracts.</p>	1,007	Closed	-	N/A

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
Hannover Re UK	Risk reinsurance of all benefits written after 1 March 2010, other than IPC and Unemployment Cover, under the Flexible Protection and VitalityLife Plans on a 75% level, 25% risk premium quota share plus surplus basis (including Hannover Germany's surplus).	33,708	Open	152,863	Mortality, Serious Illness and Disability Cover (lower limits apply to certain products) 50% up to £150,000 Nil above £150,000 Waiver of Premium 50% up to £15,000 p.a. Nil above £15,000 p.a.
Hannover Rück SE	Financing and risk reinsurance arrangement in respect of Flexible Protection and VitalityLife Plans. (i) Payments to the reinsurer are a proportion of the office premium for the time that the policy remains in force. If a policy lapses within the initial commission period the Company pays the reinsurer a proportion of the amount of the indemnity commission that can be clawed back at that time. If a policy lapses outside of the initial commission period or exits due to a mortality claim at any time then payments to the reinsurer cease. The total amount paid to the reinsurer in respect of an individual policy is independent of the amount originally advanced by the reinsurer and depends on how long each policy remains in force. There is therefore no undischarged obligation. (ii) Allowance has been made for the repayment of this financing in calculating the level of the reserves required for these contracts.	1,019	Closed	(1,183)	N/A
Prudential Hong Kong Ltd *	Quota share reinsurance of a portion of non-profit annuity business in the WPSF to PHKL.	78	Open	1,349,674	89.57% of the former PAL annuities.

9. Reinsurance (continued)

UK Reinsurance treaties:

(d) Reinsurer	(e) Nature of cover	(f) Premiums £'000	(h) Open / Closed	(j) Reserves Ceded £'000	(k) Retention
Hannover Rück SE	85% quota share longevity swap reinsurance of in-force individual non-profit annuity liabilities of PAC written by Scottish Amicable Life (SAL) with non-trivial pension payments and with fixed increases and single lives that vested or went into payment before 2007.	11,270	Closed	18,448	15%

Note: where appropriate, negative reserves have been set to zero.

(g) There are deposit back arrangements under:

The reinsurance treaty with Hannover Re UK where the amount of the deposit-back as at the valuation date was £58.0m.

The reinsurance treaty with Prudential Hong Kong Ltd where the amount of the deposit-back as at the valuation date was £1,350.0m

There were no other deposit back arrangements under the above treaties.

(i) There are no “undischarged obligations of the insurer”. Premiums are payable only if the gross business remains in force.

(l) All of the above companies, with the exception of Prudential Hong Kong Ltd, are authorised to carry on insurance business in the United Kingdom.

(m) An asterisk (*) denotes companies connected to the cedant.

(n) In general the treaties are exposed to the credit risk of the reinsurers, against which a reserve is held.

(o) The net liability includes no allowance for the refund of any reinsurance commission.

(p) Indicated where relevant in the ‘Nature of Cover’ sections above.

10. Reversionary (or annual) bonus

Table 1 SAIF

Bonus series	Mathematical reserves	Annual bonus rate for		UWP unit price increase during the year	Guaranteed bonus rate during the year
		2015	2014		
	£m	%	%	%	%
Principal	231	0.80/1.50	0.80/1.50		
Flexidowment (Second Series)	113	0.70/1.70	0.70/1.70		
Net With Profits Fund 1	654	1.75/1.75	2.00/2.00	1.75/1.75	
Flexipension (First Series)	406	0.25/0.50	0.25/0.50		
Superannuation (Second Series)	78	0.25/0.50	0.25/0.50		
Group	175	0.50	0.50		
Exempt With Profits Funds 1	46	4.00	4.00	4.00	4.00
Exempt With Profits Funds 2	978	4.00	4.00	4.00	4.00
Exempt With Profits Funds 3A*	935	4.00	4.00	4.00*	4.00*
Exempt With Profits Funds 3B*	394	4.00	4.00	4.00*	4.00*

* Bonus rate for investments made after 1 January 2006 is 2.00%. Guaranteed bonus applies to pre 2006 investments only.

10. Reversionary (or annual) bonus (continued)

Table 2 WPSF - UK and, where appropriate, Guernsey, Jersey, and Isle of Man

Bonus series	Mathematical reserves	Annual bonus rate for		UWP unit price increase during the year	Guaranteed bonus rate during the year
		2015	2014		
	£m	%	%	%	%
With-profits Industrial Branch assurances issued before 1 July 1988	914	1.10/2.30	1.10/2.30		
Other conventional with-profits assurances	965	1.20/2.50	1.20/2.50		
Individual with-profits deferred annuities	4,195	0.10/0.25	0.10/0.25		
UWP life assurance bonds					
Prudence Bond – optimum return	7,295	2.00	2.00	2.00	
Prospects Bond – optimum return	15	1.60	1.60	1.60	
Prudence Bond – optimum bonus	932	2.75	2.75	2.75	
Prospects Bond – optimum bonus	12	2.35	2.35	2.35	
Prudential Investment Bond (accounts £6,000 and over)	2,501	2.00	2.00	2.00	
Prudential Investment Bond (accounts under £6,000)		1.00	1.00	1.00	
Group cash accumulation (defined benefit) with a 4.75% guarantee	44	-	-	4.75	4.75
Group cash accumulation (defined benefit) with a 2.5% guarantee	133	-	-	2.50	2.50
Group cash accumulation (defined benefit) with a 0.01% guarantee	194	1.24	1.24	1.00	0.01
Other group cash accumulation with a 4.75% guarantee	508	-	-	4.75	4.75
Other group cash accumulation with a 2.5% guarantee	1,217	-	-	2.50	2.50
Other group cash accumulation with a 0.01% guarantee	1,540	1.74	1.74	1.75	0.01

10. Reversionary (or annual) bonus (continued)

Table 2 WPSF - UK and, where appropriate, Guernsey, Jersey, and Isle of Man (continued)

Bonus series	Mathematical reserves	Annual bonus rate for		UWP unit price increase during the year	Guaranteed bonus rate during the year
		2015	2014		
	£m	%	%	%	%
Flexible Retirement Income Account	38	0.25	0.25	0.25	
Individual UWP pensions other than FRIA	11,476	2.00	2.00	2.00	
Pension Savings Plan	96	1.25	1.25	1.25	
Group UWP pensions	1,249	2.25	2.25	2.25	
Group UWP pensions with GMP guarantee	40	1.25	1.25	1.25	
With-profits pensions annuities in payment	1,788	0.25	0.25	0.25	
PCRS/PCPS annuities in payment	75	0.50	0.50		
Former SAL products					
Net With Profits Fund 2	207	1.50/1.50	1.75/1.75	1.50/1.50	
Exempt With Profits Funds 5 and 6	118	2.125	2.125	2.125	
Exempt With Profits Funds 7 and 8	223	2.00	2.00	2.00	
Exempt With Profits Funds 9 and 10 (or C and C2)	69	2.00	2.00	2.00	
Exempt With Profits Fund 13 (F)	0	1.75	1.75	1.75	
Exempt With Profits Fund 14 (G)	374	1.55	1.55	1.55	

10. Reversionary (or annual) bonus (continued)

Table 3 DCPSF

Bonus series	Mathematical reserves	Annual bonus rate for		UWP unit price increase during the year	Guaranteed bonus rate during the year
		2015	2014		
	£m	%	%	%	%
Contracts expressed in euro					
Issued in France	34	2.25	2.25	2.25	
External reinsurance accepted	292	3.10	3.10	3.10	
International Prudence Bond	322	2.00	2.00	2.00	
Contracts expressed in sterling	468	2.50	2.50	2.50	
Contracts expressed in US dollars	73	2.00	2.00	2.00	
With-profits annuity business transferred from Equitable Life Assurance Society	913	0.00	0.00		

Appendix 1 - Valuation Interest Rates

Product Group	2015	2014
	%	%
With-Profits Sub-Fund		
UK Life – Conventional With-Profits	1.75	1.75
UK Life – Conventional Non-Profit	2.25	2.25
UK Life – Unitised With-Profits	0.95	0.95
UK Life – Unit-linked	2.25	2.25
UK Pensions – Conventional With-Profits deferred annuities	2.50	2.50
UK Pensions – Conventional Non-Profit deferred annuities	2.75	2.75
UK Pensions – Unit-linked	2.75	2.75
UK Pensions - Deposit Administration with 4.75% guarantee	2.50	2.50
UK Pensions - Deposit Administration with 2.5% guarantee	2.25	2.25
UK Pensions - Deposit Administration with 0% guarantee	1.50	1.50
UK Pensions – Unitised With-Profits	1.50	1.50
UK Pensions – Conventional With-Profits individual deferred annuities	2.50	2.50
UK Pensions – Conventional With-Profits group deferred annuities	2.50	2.50
UK Pensions – Conventional Non-Profit group deferred annuities	2.75	2.75
UK Pensions – Non-Profit immediate annuities (fixed)	2.75	2.75
UK Pensions – Non-Profit immediate annuities (index-linked)	1.00	1.00
UK Pensions – Immediate annuities ex-PAL (fixed)	2.70	2.52
UK Pensions – Immediate annuities ex-PAL (index-linked)	(0.50)	(0.62)
UK Pensions - With-Profits immediate annuity (except Income Choice Annuity)	0.00	0.00
UK Pensions - With-Profits immediate annuity (Income Choice Annuity)	1.00	1.00
Scottish Amicable Insurance Fund		
UK Life – Conventional With-Profits	0.75	0.75
UK Life – Conventional Non-Profit	1.50	1.50
UK Life – Unitised With-Profits	1.00	1.00
UK Pensions – Conventional With-Profits individual deferred annuities	1.75	1.75
UK Pensions – Conventional With-Profits group deferred annuities	2.00	2.00
UK Pensions – Conventional Non-Profit deferred annuities	1.00	1.00
UK Pensions – Unit-linked	2.25	2.25
UK Pensions – Unitised With-Profits	1.25	1.25
UK Pensions – Conventional With-Profits endowments (Flexipension)	1.75	1.75
UK Pensions – Non-Profit term assurance	1.00	1.00
UK Pensions – Guaranteed annuity options	2.50	2.50
UK Pensions – Non-Profit immediate annuity	3.12	2.80

Appendix 1 - Valuation interest rates (continued)

Product Group	2015	2014
	%	%
Non-Profit Sub-Fund		
UK Life – Term assurance (excluding VitalityLife)	2.00	2.10
UK Life – Term assurance (VitalityLife) – written before 1 January 2013	2.44/3.80	2.32/3.65
UK Life – Term assurance (VitalityLife) – written on or after 1 January	2.90/3.80	2.9/3.65
UK Life – Unit-linked	2.00	2.10
UK Pensions – Conventional Non-Profit	2.50	2.60
UK Pensions – Unit-linked	2.50	2.60
UK Pensions – Non-Profit immediate annuity	3.12	2.89
UK Permanent Health Insurance	2.55	2.65

For VitalityLife, the first rate of interest is used when total reserves are positive and the second rate when total reserves are negative. Valuation interest rates shown for UK Life business (other than VitalityLife business written on or after 1 January 2013) are net of tax.

Product Group	2015	2014
	%	%
Defined Charge Participating Sub-Fund		
UK Pensions – Immediate annuities	1.50	1.50
Overseas Life - offshore bond - sterling currency	1.50	1.50
Overseas Life - offshore bond – euro currency	1.85	1.85
Overseas Life - offshore bond - US\$ currency	1.95	1.95
Overseas Pensions – Unitised With-Profits immediate annuities from Canada Life	1.85	1.85

Appendix 2 - Valuation Mortality Bases

Product Group	2015	2014
Industrial Branch assurances	A1967/70 rated up 1 year	A1967/70 rated up 1 year
UK Life WPSF - Conventional With-Profits	85% AM92 / AF92 both rated up 1 year	85% AM92 / AF92 both rated up 1 year
UK Life WPSF - AWP assurances: Prudence Bond / PruFund	90% AM92 / AF92 both rated up 1 year	90% AM92 / AF92 both rated up 1 year
UK Life WPSF - AWP assurances: Other except those issued by SAL or SALAS	70% AM92 / AF92 both rated up 1 year	70% AM92 / AF92 both rated up 1 year
UK Pensions WPSF - Term assurance, group deposit administration	75% AM92 / AF92 both rated up 1 year	75% AM92 / AF92 both rated up 1 year
UK Pensions WPSF - Term assurance sold by DSF	80% AM92 / AF92 both rated up 1 year	80% AM92 / AF92 both rated up 1 year
UK Life NPSF – VitalityLife	115% of AM/AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females	115% of AM/AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females
UK Life WPSF & NPSF - Other Conventional Non-Profit (excluding Prudential Protection)	AM92 / AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females	AM92 / AF92 both rated up 1 year
UK Life - AWP and linked Home Purchaser	85% AM80 / 85% AF80	85% AM80 / 85% AF80
UK Pensions WPSF - Conventional With-Profits Individual business	90% AM92 / AF92 rated down 3 years	90% AM92 / AF92 rated down 3 years
UK Pensions WPSF - Conventional With-Profits Group business	AM92 / AF92 both rated down 4 years	AM92 / AF92 both rated down 4 years
UK Pensions issued by M&G, SAL or SALAS	90% AM92 / AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females	90% AM92 / AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females
UK Pensions WPSF – Other AWP Individual & Group business	95% AM92 / AF92 both rated up 1 year	95% AM92 / AF92 both rated up 1 year
UK Pensions WPSF – Unit Linked	95% AM92 / AF92 rated up 1 year	95% AM92 / AF92 rated up 1 year
UK Life - assurances issued by M&G, SAL or SALAS (including Prudential Protection in WPSF)	AM92 / AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females	AM92 / AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females
UK Pensions SAIF - Flexipension (Series 1)	80% AM92 / AF92 both rated up 1 year	80% AM92 / AF92 both rated up 1 year
UK Life NPSF - Prudential Protection	110% of AM/AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females	110% of AM/AF92 both rated up 1 year plus 1/3 AIDS ‘R6A’ for both males and females
UK Pensions NPSF - Prufund, PruTrust	AM92 / AF92 both rated down 3 years	AM92 / AF92 both rated down 3 years
UK Pensions NPSF – Unit Linked (except those issued by SAL) & PHL	95% AM92 / AF92 rated up 1 year	95% AM92 / AF92 rated up 1 year

Appendix 2 - Valuation mortality bases (continued)

Product Group	2015	2014
UK Pensions WPSF - group deferred annuities in deferment NPSF- group deferred annuities in deferment, accepted from PRIL SAIF Conventional Group Deferred Annuities	AM92 / AF92 both rated down 4 years	AM92 / AF92 both rated down 4 years
UK Pensions WPSF - Deferred annuities	Modified 93.7% PCMA00 Modified 86.7% PCFA00	Modified 94.5% PCMA00 Modified 83.6% PCFA00
UK Pensions WPSF – Annuities in payment (both individual & deferred in possession)	Modified 97% PCMA00 Modified 91% PCFA00	Modified 99% PCMA00 Modified 89% PCFA00
UK Pensions WPSF – With-profits Immediate Annuities	Modified 67.8% PCMA00 Modified 62.7% PCFA00	Modified 69% PCMA00 Modified 65% PCFA00
UK Pensions SAIF - deferred annuities in payment	Modified 89.1% PCMA00 Modified 82.0% PCFA00	Modified 84.6% PCMA00 Modified 77.5% PCFA00
UK Pensions NPSF – individual annuities in payment SAIF – annuities reassured to NPSF	Modified 83.2% PCMA00 Modified 74.0% PCFA00	Modified 84.4% PCMA00 Modified 77.5% PCFA00
UK Pensions WPSF & NPSF – group immediate annuities reassured to PRIL	Modified 93.5% PCMA00 Modified 95.6% PCFA00	Modified 95.0% PCMA00 Modified 97.9% PCFA00
UK Pensions NPSF - FRIA	Modified 74.2% PCMA00 Modified 69.1% PCFA00	Modified 78% PCMA00 Modified 71% PCFA00
UK Pensions WPSF, SAIF & NPSF - individual annuities in payment reassured to/from PRIL	Modified 93.5% PCMA00 Modified 82.5% PCFA00	Modified 91.2% PCMA00 Modified 84.3% PCFA00
UK Pensions WPSF –group deferred annuities in payment (DAPA)	Modified 95% PCMA00 Modified 103% PCFA00	Modified 93% PCMA00 Modified 101% PCFA00
UK Pensions WPSF –group deferred annuities in payment (GPDA)	Modified 123.1% PNMA00 Modified 130.8% PNFA00	Modified 126.7% PNMA00 Modified 134.4% PNFA00
UK Pensions SAIF Deferred Annuities	39.8% PMA92 c2004 44.1% PFA92 c2004 (42.5% PFA92 c2004 will also be calculated and the higher reserve held)	40.2% PMA92 c2004 46% PFA92 c2004
UK Pensions & Overseas DCPSF – With- profit Immediate Annuities	Modified 77.3% PCMA00 Modified 66.0% PCFA00	Modified 79% PCMA00 Modified 68% PCFA00
Overseas DCPSF - Prudential Vie	102.5% TD8890 / TV8890 both rated down 3 years	102.5% TD8890 / TV8890 both rated down 3 years
Overseas DCPSF – other UWP business	AM92 / AF92	AM92 / AF92

Appendix 2 - Valuation mortality bases (continued)

Annuity mortality bases used at 31 December 2015 (and 31 December 2014)

Annuities are generally valued using a percentage of the 00 series PCxA tables for annuitants and pensioners. In order to allow for mortality improvement, future improvement factors are applied from 2000. For males these future improvement factors are in line with Prudential's own calibration of the CMI 2014 mortality model (a change from the CMI 2012 model used at the 31 December 2014 valuation), with a long term improvement rate of 2.25% p.a. For females, future improvement factors are in line with Prudential's own calibration of the CMI 2014 mortality model (a change from the CMI 2012 model used at the 31 December 2014 valuation), with a long term improvement rate of 1.75% p.a.

Compared with the core CMI mortality model, Prudential's calibration:

- (a) blends period improvements between ages 60 to 80 to the long term improvement rate over a 15 year period (compared with a 20 year period in the core CMI model);
- (b) assumes that cohort improvements dissipate over a 30 year period, or by age 90 if earlier (compared with a 40 year period, or by age 100 if earlier, in the core CMI model);
- (c) imposes a floor or minimum value equal to the long term improvement rate; and
- (d) includes an adjustment of 0.25% p.a. to the initial improvement rates.

In practice, some deferred annuities in possession have been valued using percentages of single entry tables based on the 92 series tables for annuitants and pensioners, with calendar year 2004 (improvements in line with CMIR17 until 2004). The percentages have been chosen so that the rates used are equivalent to the double entry tables with future improvement factors as described above. For these deferred annuities, a further deduction from the valuation rate of interest has been made during the deferred period, to allow for expected mortality improvements prior to vesting. The deduction from the valuation interest rate was 0.57% for deferred annuities administered on the GPDA system and 0.60% for all other deferred annuities.

Appendix 3 - Immediate & Deferred Annuities: Expectations of Life at Different Ages

The table below shows the expectations of life at different ages for the mortality tables reported in Appendix 2 used to value annuities in possession.

Basis description	Valuation Date	Life expectancy for annuities in payment		Life expectancy for deferred annuities	
		At 65	At 75	At 65 for current age 45	At 65 for current age 55
Modified 97% PCMA00 Modified 91% PCFA00	31/12/2015	men: 25.1 women: 26.8	men: 15.3 women: 17.0		
Modified 99% PCMA00 Modified 89% PCFA00	31/12/2014	men: 24.9 women: 27.0	men: 15.2 women: 17.2		
Modified 93.7% PCMA00 Modified 86.7% PCFA00	31/12/2015			men: 29.2 women: 30.0	men: 27.3 women: 28.6
Modified 94.5% PCMA00 Modified 83.6% PCFA00	31/12/2014			men: 29.2 women: 30.3	men: 27.3 women: 29.0
Modified 95% PCMA00 Modified 103% PCFA00	31/12/2015	men: 25.3 women: 25.7	men: 15.5 women: 16.1	men: 29.1 women: 28.5	men: 27.2 women: 27.1
Modified 93% PCMA00 Modified 101% PCFA00	31/12/2014	men: 25.5 women: 26.0	men: 15.7 women: 16.3	men: 29.3 women: 28.7	men: 27.4 women: 27.3
Modified 93.5% PCMA00 Modified 82.5% PCFA00	31/12/2015	men: 25.4 women: 27.6	men: 15.6 women: 17.7		
Modified 91.2% PCMA00 Modified 84.3% PCFA00	31/12/2014	men: 25.7 women: 27.5	men: 15.8 women: 17.6		
Modified 93.5% PCMA00 Modified 95.6% PCFA00	31/12/2015	men: 25.4 women: 26.4	men: 15.6 women: 16.6	men: 29.2 women: 29.1	men: 27.3 women: 27.7
Modified 95.0% PCMA00 Modified 97.9% PCFA00	31/12/2014	men: 25.3 women: 26.2	men: 15.5 women: 16.5	men: 29.1 women: 29.0	men: 27.2 women: 27.6
Modified 83.2% PCMA00 Modified 74.0% PCFA00	31/12/2015	men: 26.4 women: 28.9	men: 16.4 women: 18.7		
Modified 84.4% PCMA00 Modified 77.5% PCFA00	31/12/2014	men: 26.4 women: 28.2	men: 16.4 women: 18.3		
Modified 74.2% PCMA00 Modified 69.1% PCFA00	31/12/2015	men: 27.6 women: 29.2	men: 17.4 women: 19.1		
Modified 78.0% PCMA00 Modified 71.0% PCFA00	31/12/2014	men: 27.5 women: 29.4	men: 17.3 women: 19.2		

**Appendix 3 - Immediate and deferred annuities: expectations of life at different ages
(continued)**

The table below shows the expectations of life at different ages for the mortality tables reported in Appendix 2 used to value annuities in possession.

Basis description	Valuation Date	Life expectancy for annuities in payment		Life expectancy for deferred annuities	
		At 65	At 75	At 65 for current age 45	At 65 for current age 55
Modified 123.1% PCMA00 Modified 130.8% PCFA00	31/12/2015			men: 26.7 women: 26.5	men: 24.9 women: 25.1
Modified 126.7% PCMA00 Modified 134.4% PCFA00	31/12/2014			men: 26.5 women: 26.3	men: 24.6 women: 25.0
Modified 67.8% PCMA00 Modified 62.7% PCFA00	31/12/2015	men: 28.5 women: 30.1	men: 18.2 women: 19.9		
Modified 69% PCMA00 Modified 65% PCFA00	31/12/2014	men: 28.3 women: 30.0	men: 18.1 women: 19.8		
Modified 77.3% PCMA00 Modified 66% PCFA00	31/12/2015	men: 27.2 women: 29.6	men: 17.1 women: 19.5		
Modified 79% PCMA00 Modified 68% PCFA00	31/12/2014	men: 27.0 women: 29.4	men: 17.0 women: 19.3		
Modified 89.1% PCMA00 Modified 82.0% PCFA00	31/12/2015			men: 29.7 women: 30.4	men: 27.8 women: 29.1
Modified 84.6% PCMA00 Modified 77.5% PCFA00	31/12/2014			men: 30.2 women: 31.0	men: 28.3 women: 29.6

Appendix 4 - Morbidity Bases

A4.1 Prudential Protection

The rates were used at both 31 December 2015 and 31 December 2014.

A4.1.1 Life and basic critical illness annual rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	8.95	8.95	6.90	6.90
35	14.07	22.08	12.59	12.59
45	29.28	58.03	27.26	27.26
55	80.51	148.44	63.77	80.79

A4.1.2 Top-up critical illness annual rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	4.82	4.82	5.68	5.68
35	9.63	14.92	11.64	11.64
45	23.64	46.30	26.42	26.42
55	68.82	125.65	61.57	77.89

For business written after 13 March 2005 the rates are increased by 14% to cover possible future changes in morbidity.

In the NPSF where prudent lapse assumptions are allowed for in the reserve calculations, the rates are increased by 10% to allow for the possibility of selective withdrawals.

A4.2 Benefits attached to Home Purchaser (Series 3) and Amicable Savings Plan

The rates were used at both 31 December 2015 and 31 December 2014.

A4.2.1 Home Purchaser (Series 3) version 2 issued on or after 29 July 1996

Level top-up critical illness annual rates per £10,000 sum assured

Age next birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	3.84	6.29	4.39	7.12
35	8.45	14.01	11.87	19.71
45	35.57	59.50	27.27	45.44
55	83.87	140.44	61.77	103.36

A4.2.2 Home Purchaser (Series 3) other than those above and Amicable Savings Plan

Level critical illness annual rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	2.73	4.42	3.38	5.45
35	6.49	10.64	8.43	14.01
45	27.87	46.41	17.77	29.69
55	47.70	79.71	37.34	62.48

Appendix 4 - Morbidity bases (continued)

A4.2 Benefits attached to Home Purchaser (Series 3) and Amicable Savings Plan (continued)

A4.2.3 Home Purchaser (Series 3)

Decreasing top-up annual critical illness annual rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	4.14	6.79	4.74	7.68
35	9.11	15.11	12.80	21.26
45	38.36	64.17	29.41	49.00
55	90.45	151.46	66.61	111.47

A4.2.4 Home Purchaser (Series 3) and Amicable Savings Plan

Total and permanent disability annual rates per £10,000 sum assured

Age next Birthday	Basic	Version 2 Level top-up	Version 2 Decreasing top-up
25	0.78	0.98	1.06
35	0.91	0.86	0.92
45	2.33	2.20	2.38
55	7.91	8.69	9.37

A4.2.5 Home Purchaser (Series 3)

Annual mortgage interest benefit rates per £1,200 annual benefit without critical illness, occupation classes 1, 2 and 3, deferred period 6 months

Men

Age Next Birthday	Policy Term Remaining				
	5	10	15	20	25
25	2.88	3.84	4.44	4.68	4.68
35	4.44	6.24	7.20	7.44	7.56
45	11.52	16.32	18.72		
55	36.36				

Women

Age Next Birthday	Policy Term Remaining				
	5	10	15	20	25
25	4.32	5.88	6.72	6.96	6.96
35	6.72	9.36	10.80	11.04	11.40
45	17.16	24.48	27.96		
55	54.48				

No recovery rates are shown as claim inception and recovery are not modelled. Instead an inception annuity approach based on rates from the reinsurer is used. The rates therefore allow implicitly for both the probability of a claim and the expected length of the claim.

Appendix 4 - Morbidity bases (continued)

A4.3 VitalityLife

Rates vary by duration - the rates shown are as at duration 0. Rates are also different for reviewable policies, whole of life policies, policies where life cover is not accelerated by serious illness cover and where child serious illness cover is excluded.

The rates were used at both 31 December 2015 and 31 December 2014.

A4.3.1 VitalityLife Primary Serious Illness Cover

Life and basic critical illness rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	3.90	6.03	3.23	4.77
35	6.17	12.12	8.13	10.86
45	11.64	26.24	15.04	22.38
55	32.21	70.42	30.61	53.19

Top up critical illness rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	4.08	7.08	3.12	4.44
35	7.20	13.67	9.72	12.71
45	13.91	31.51	17.51	24.81
55	33.43	73.31	35.82	59.48

A4.3.2 VitalityLife Comprehensive Serious Illness Cover

Life and basic critical illness rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	4.74	7.83	4.06	6.21
35	7.49	15.11	9.33	13.14
45	13.31	30.43	16.48	25.02
55	35.45	78.42	32.05	56.77

Top up critical illness rates per £10,000 sum assured

Age next Birthday	Men		Women	
	Non Smoker	Smoker	Non Smoker	Smoker
25	5.16	9.48	3.84	5.88
35	9.12	17.75	11.39	15.59
45	16.55	37.97	19.18	28.04
55	37.38	83.20	37.85	64.13

Appendix 5 - Valuation Expense Bases

A5.1 WPSF

Product code(s)	Product Name	31 December 2015		31 December 2014	
		Maintenance Expenses	Investment Expenses	Maintenance Expenses	Investment Expenses
		£ per annum	basis points pa	£ per annum	basis points pa
325, 330, 340 to 355, 360 and 385	Term assurance, critical illness and income protection	68.33	10.0	53.57	10.0
400	Annuity	25.80	7.0	19.77	6.4
500	UWP bond	56.97	20.0	46.75	19.3
506	UWP ISA	72.92	20.0	n/a	n/a
510	UWP savings endowment	93.44	20.0	54.83	19.3
515	UWP target cash endowment	93.44	20.0	54.83	19.3
525	UWP regular premium pension	67.30	20.0	48.53	19.3
525	UWP single premium pension	76.57	20.0	46.94	19.3
535	UWP group regular premium pension	114.45	20.0	85.95	19.3
535	UWP group single premium pension	93.74	20.0	79.02	19.3
700	UL bond	55.99	25.0	38.36	25.0
715	UL savings endowment	93.44	25.0	54.83	25.0
720	UL target cash endowment	93.44	25.0	54.83	25.0
735	UL group regular premium pension	122.89	25.0	99.39	25.0
735	UL group single premium pension	79.67	25.0	64.38	25.0

UK Conventional contracts are valued using a net premium method, zillmerised for with-profits contracts and unmodified for term assurances. The zillmer adjustment is 3% of sums assured for with-profits life business and 2% of the value of the annuity at retirement for with-profits pensions deferred annuities.

Maintenance expenses are split between charges paid under a third party outsourcing agreement and expenses incurred directly by Prudential. Outsourced charges are as set out in the outsourcing agreement plus a 10% MAD.

PPMG expenses are now included in the above expenses. At 31 December 2014 they were reserved for separately.

Appendix 5 - Valuation expense bases

A5.2 SAIF

Product code(s)	Product Name	31 December 2015		31 December 2014	
		Maintenance Expenses	Investment Expenses	Maintenance Expenses	Investment Expenses
		£ per annum	basis points pa	£ per annum	basis points pa
400	Annuity	34.47	6.5	41.51	5.9
525	UWP regular premium pension	88.18	20.0	58.52	19.3
525	UWP single premium pension	74.64	20.0	48.32	19.3
535	UWP group regular premium pension	214.31	20.0	197.91	19.3
535	UWP group single premium pension	98.74	20.0	80.98	19.3
725	UL regular premium pension	88.18	25.0	58.52	25.0
725	UL single premium pension	74.64	25.0	48.32	25.0
735	UL group regular premium pension	214.31	25.0	197.91	25.0
735	UL group single premium pension	98.74	25.0	80.98	25.0

Conventional contracts are valued using a net premium method, zillmerised for with-profits contracts and unmodified for term assurances. The zillmer adjustment is 3% of sums assured for with-profits life business and 2% for with-profits pensions.

Maintenance expenses are split between charges paid under a third party outsourcing agreement and expenses incurred directly by Prudential. Outsourced charges are as set out in the outsourcing agreement plus a 10% MAD.

Appendix 5 - Valuation expense bases

A5.3 NPSF

Product code(s)	Product Name	31 December 2015		31 December 2014	
		Maintenance Expenses	Investment Expenses	Maintenance Expenses	Investment Expenses
		£ per annum	basis points pa	£ per annum	basis points pa
325, 330, 345, 355, 360 and 365	Term assurance, critical illness and income protection	37.06	10.00	37.06	10.00
400	Annuity	29.76	6.5	34.98	5.7
700	UL bond	15.54	25.0	12.04	20.5
715	UL savings endowment	12.93	25.0	12.44	25.0
720	UL target cash endowment	13.50	25.0	12.04	25.0
725	UL regular premium pension	20.68	25.0	17.98	25.0
725	UL single premium pension	18.84	25.0	15.75	25.0
735	UL group regular premium pension	43.80	25.0	43.03	25.0
735	UL group single premium pension	27.35	25.0	26.85	25.0
750	Income drawdown property linked	287.19	25.0		

For linked business, the figures are for per-policy attributable expenses only.

Maintenance expenses are split between charges paid under a third party outsourcing agreement and expenses incurred directly by Prudential. Outsourced charges are as set out in the outsourcing agreement plus a 10% MAD, with the exception of VitalityLife which currently has a 30% MAD applied.

APPENDIX 9.4A

VALUATION REPORT FOR REALISTIC VALUATION OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED AS AT 31 DECEMBER 2015

Throughout this document the abbreviations “CWP” and “AWP” are used for Conventional With-Profits business and Accumulating With-Profits business respectively.

1. Introduction

- (1) The investigation relates to 31 December 2015.
- (2) The date of the previous valuation related to 31 December 2014.
- (3) A valuation was carried out at 30 June 2015 in accordance with IPRU(INS) rule 9.3A.

2. Assets

- (1) The economic assumptions used to determine the value of future profits on non-profit annuity business in the WPSF are shown below. The investment return assumption reflects the yield on the backing assets minus an allowance for credit risk. Separate assumptions are used for fixed annuities and inflation-linked annuities, reflecting the separate asset pools backing them. The rates shown for linked business are real rates.

Description	WPSF (including business transferred from PAL)		WPSF (including business transferred from PAL)	
	31 December 2015		31 December 2014	
	Fixed %	Linked %	Fixed %	Linked %
Investment return	2.844	(0.417)	2.655	(0.547)
Less: Investment expenses	0.080	0.080	0.075	0.075
Discount rate	2.764	(0.497)	2.580	(0.622)
Inflation	4.25	4.25	3.50	3.50

The value of future profits on other non-profit business has been valued using the full gilt yield curve. The full gilt yield curve is given in Appendix 9. The other economic assumptions used to value non-profit non-annuity business are as shown below.

Description	31 December 2015		31 December 2014	
	Gross %	Net %	Gross %	Net %
Investment expenses	0.180	0.144	0.175	0.140
Inflation	3.1	3.1	3.0	3.0

- (2) WPSF, SAIF and the DCPSF have no assets valued under INSPRU 1.3.33R(3)(b)(iii).
- (3) Not applicable
- (4) Not applicable

3. With-profits benefits reserve liabilities

(1) The methods used to calculate the with-profits benefits reserves are as follows:

Business class	Method		With-profits	Future
			benefits reserves	policy related liabilities
			£m	£m
<u>WPSE</u>				
Ex-Direct Sales Force (DSF) Industrial Branch (IB)	Retrospective*	Individual	1,516	192
DSF CWP Ordinary Branch (OB) assurances	Retrospective*	Individual	1,320	153
DSF PPRP	Retrospective*	Individual	2,879	1,319
DSF AWP Life	Retrospective	Individual	3,028	(12)
DSF AWP Pensions	Retrospective*	Individual	18,004	522
Ex-ISC Pensions	Retrospective*	Individual	888	285
Group Pensions	Retrospective*	Individual	6,467	79
With profit immediate annuities	Retrospective	Individual	5,154	472
Prudence Bond	Retrospective	Individual	11,195	200
PruFund	Retrospective*	Individual	13,789	77
Ex-SAL AWP	Retrospective*	Individual	1,222	20
Poland	Retrospective	Individual	(4)	-
Malta	Retrospective	n/a	3	-
Additional reserve	Other	n/a	-	477
Sub-total			65,464	3,783
<u>SAIF</u>				
CWP	Retrospective	Individual	1,184	123
AWP – Pensions	Retrospective*	Individual	2,560	117
AWP – Life	Retrospective*	Individual	938	12
Additional reserve	Other	n/a	0	639
Sub-total			4,683	891
<u>DCPSE</u>				
PAC France	Retrospective	Individual	37	-
Canada Life (Germany)	Retrospective	Individual	293	-
International Prudential Bond	Retrospective	Individual	2,941	-
With profit immediate annuities	Retrospective	Individual	913	-
Other	Other	n/a		8
Sub-total			4,184	8
Total PAC			74,331	4,682

* Adjusted as described in section 5

(2) The with-profits benefits reserves and future policy related benefits correspond to the amounts shown in Form 19.

4. With-profits benefits reserves – Retrospective method

- (1)(a)&(b) The with-profits benefit reserve for all business is calculated on an individual policy basis.
- (1)(c) Not applicable
- (2)(a) Not applicable
- (2)(b) Not applicable
- (3) Directly attributable expenses are allocated to the products or product groups to which they relate. Other expenses are mostly apportioned by reference to such measures as considered appropriate, for example business volumes, time spent, or mean fund (for investment expenses).
- (3)(a) The most recent full expense investigation related to 2015.
- (3)(b) A full review of the company's cost allocation basis is carried out annually to ensure maintenance of an appropriate allocation of expenses to the with-profits and other parts of the long-term fund. Additional reviews are conducted quarterly.
- (3)(c)(i)&(ii) Expense allocation for 2015

Description	WPSF £m	SAIF £m	DCPSF £m
Initial expenses including commission [†]	197	-	-
Maintenance expenses	154	12	46
Investment management expenses	152	6	-
Total expenses charged to with profits benefit reserve	503	18	46
Total expenses not charged to with profits benefit reserve	157	26	-
Total	660	44	46

[†] Net of any expenses written off to the inherited estate rather than being allocated to asset shares, as described in (3)(c)(iv) below.

The investment expenses shown above exclude those incurred in respect of the assets backing the inherited estate.

For the DCPSF business, explicit charges are specified in the policy and passed to the Non-Profit Sub-Fund, which bears the actual costs incurred.

- (3)(c)(iii) Expenses charged to the with-profits benefits reserve are expressed as some or all of an amount per policy, a percentage of premium or sum assured, or a reduction in the investment return, with an allowance for tax relief where appropriate.
- (3)(c)(iv) Certain expenses are not charged to the with-profits benefits reserve. In particular:
- Expenses relating to non-profit and unit-linked business.
 - Deductions for initial expenses are restricted to the policy-specific charges used when illustrating benefits at the point of sale.
 - For the WPSF, expenses associated with the personal pensions mis-selling review are met by the inherited estate rather than asset shares.

- For a number of pension contracts the net impact of deductions has been limited to 1% p.a. since April 2001, though this level of charge is not guaranteed to apply in future.
- Expenses in respect of certain one-off projects are met by the inherited estate rather than asset shares.

(4) The charge for guarantees for With-Profits Immediate Annuities is expressed as a 0.4% p.a. reduction in the investment return credited to the with-profits benefits reserve for business sold since April 2009 and 0.16% for business sold prior to that date.

For the Income Choice Annuity, since April 2010, the guarantee charge applying for new business has been actively reviewed each quarter in response to changing market conditions.

For PruFund policies, the charge for guarantees is also expressed as a reduction in the credited investment return. The charge is set at policy inception and is actively reviewed each quarter for new policies in response to changing market conditions.

For all other WPSF policies, the current charge for guarantees is 2% of asset shares.

For DCPSF policies, excluding PruFund and with-profits annuity business transferred from Equitable Life Assurance Society on 31 December 2007, the charge for guarantees is again expressed as 2% of asset shares.

For PruFund business in the DCPSF, the charge for guarantees is the same as for WPSF PruFund business.

For the with-profits annuity business in the DCPSF that was transferred from the Equitable Life Assurance Society (ELAS), the charge for guarantees is expressed as a 0.50% p.a. reduction in the investment return credited to the with-profits benefit reserve.

For SAIF, two charges were made to asset shares in 2015:

- An annual charge for the cost of guaranteed annuity options of 0.25% of asset shares (this will increase to 1.00% from 1 January 2016). This is the maximum amount that the Scottish Amicable Board has currently determined should be charged directly to asset shares for this cost. Any excess of the guaranteed annuity option costs over the charge made reduces the potential surplus available to enhance claim values under the Scheme of Transfer.
- An annual charge for the capital support provided by the Scottish Amicable Capital Fund (SACF) of 0.15% of asset shares.

For the WPSF, SAIF and the DCPSF the level of charges deducted during 2014 and 2015 is shown below:

Fund	2015 charges £m	2014 charges £m
WPSF	130	143
DCPSF	11	13
SAIF	20	22

The with-profits benefits reserves are shown before these charges.

(5) For the WPSF, shareholder transfers are charged to the with-profits benefits reserve. In 2015 the shareholder transfers amounted to £214m.

- (6) The table below shows the ratio of claims (excluding deaths) paid over each of the last three years to the asset shares for those policies. The claim values used exclude the cost of guaranteed annuity options and, for SAIF, they exclude enhancements to claim values arising from the distribution of the SAIF inherited estate.

Fund	2015 %	2014 %	2013 %
WPSF	99	97	100
DCPSF	99	99	100
SAIF	98	95	96

- (7) The 2015 rates of investment return, before tax and investment management expenses, allocated to the with-profits benefits reserves were as follows:

Fund	Business	Investment return %
WPSF	Prudence Bond Optimum Bonus	3.15
	PruFund Cautious	1.22
	Other	3.62
SAIF	All	2.57
DCPSF	Sterling funds	3.62
	US dollar funds	(0.02)
	Euro funds	4.08

5. With-profits benefits reserves – Prospective method

With-profits benefits reserves are primarily based on the retrospective asset shares. However a number of adjustments are made on a prospective basis as follows:

- WPSF DSF CWP whole life policies include significant death benefits that are more appropriately valued using expected future bonus rates rather than aggregate asset shares.
- WPSF IB bonus rates are derived from the corresponding OB rates, as opposed to the IB asset shares, in line with the undertaking given in 1988 when the IB and OB assets were merged. At that time, Prudential undertook to declare IB bonuses that were equal to 100% of OB rates for new business issued from July 1988 and at least 90% of OB rates for business issued prior to July 1988. The WPBR for IB business is therefore based on the greater of a bonus reserve valuation approach using the OB bonus rates, and the IB asset shares.
- The Company has restricted the future implicit fund charge on many pension contracts to reflect its intention to restrict charges on personal pensions to stakeholder consistent levels, so restricting its ability to target claim values on the underlying asset shares.
- For some product lines the only asset shares available are charges asset shares (where asset shares have been built up using the charges associated with that product line) rather than expenses asset share (where the actual expenses have been charged). For these product lines, the charges asset shares are adjusted by the present value of future expenses and shareholder transfers less future charges and miscellaneous surplus, in order to ensure that the with-profits benefit reserve reflects the actual liabilities in respect of claims, expenses and shareholder transfers.
- The SAIF asset share liability is increased by the value of the Scottish Amicable Account (SAA) AWP life business, calculated on a charges less expenses basis, that is passed to the WPSF.

A prospective valuation is not performed for any business in the DCPSF.

The non-economic assumptions largely reflect the realistic component of the regulatory basis excluding the margins for adverse deviation (MADs).

(1)(a)(b)&(c) The economic assumptions for the WPSF, SAIF AWP pensions and SAA AWP business are:

	31 December 2015		31 December 2014	
	Gross	Net	Gross	Net
	%	%	%	%
Investment return	5.73	5.06	5.33	4.69
Less: Investment expenses	0.18	0.14	0.18	0.14
Discount rate	5.55	4.91	5.15	4.55
Expense inflation	5.10	5.10	5.00	5.00

The economic assumptions used to value the prospective benefits are the same as those used for European Embedded Value reporting, which represent our best estimate assumptions allowing for prevailing market conditions at the valuation date, thereby complying with INSPRU 1.3.130 R. The discount rates therefore differ from the risk free rates required by 6(4)(a)(iii).

(1)(d) Future reversionary and terminal bonus rates for WPSF significant product lines are shown in Appendix 8.

(1)(e) Future expense assumptions for significant product lines are shown below

Per policy expenses (year 1)		
Product	Premium Paying (£)	Single Premium / Paid Up (£)
Prudence Bond	N/A	49.07
CWP Life	62.76	47.70
PPRP	57.91	65.89
Personal Pensions	57.91	65.89
AVCs	125.44	80.26

The expense assumptions are the realistic component of the Peak 1 basis i.e. before the application of the margin for adverse deviation (MAD). The expense inflation assumptions are covered in a later section.

(1)(f) Future persistency assumptions for significant product lines are as follows (using the same format as for paragraph 6.(6)):

Product	Decrement	Average surrender/paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	3.50%	5.50%	3.00%	3.00%
CWP target cash endowment	surrender	3.50%	5.50%	3.00%	3.00%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.90%	7.20%	4.40%	4.00%
UWP bond	automatic withdrawals	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	PUP	2.20%	2.50%	2.50%	2.50%
CWP pension regular premium	surrender	0.00%	0.00%	0.00%	0.00%
CWP pension single premium	surrender	0.00%	0.00%	0.00%	0.00%
UWP individual pension regular premium	PUP	7.60%	6.00%	4.50%	4.50%
UWP individual pension regular premium	surrender	2.50%	2.50%	2.50%	2.50%
UWP individual pension single premium	surrender	1.50%	1.50%	1.50%	1.50%

6. Cost of guarantees, options and smoothing

(1) Not applicable

(2)(a) For the WPSF and SAIF, the value of guarantees, options and smoothing costs, net of the value of charges for guarantees is determined using market-consistent stochastic models as follows:

- The reserve in the WPSF for guarantees resulting from the personal pension mis-selling review is calculated using the Pension Mis-selling Reserve model.
- The reserve in the WPSF for the guaranteed minimum pensions (GMPs) on Section 32 type products is calculated using the Guaranteed Minimum Pension model.
- For all other business, the Prudential Stochastic Asset Liability Model (PSALM), our in-house model, is used to value product-related guarantees, except for a small volume of guaranteed annuity options (GAOs) in the WPSF, for which the realistic reserve is set equal to the regulatory reserve.

(2)(b)(i)(ii) &(iii) The reserves in respect of the personal pension mis-selling review and GMPs are valued on an individual basis.

All other product-related guarantees are valued using grouped model points. The number of model points and the number of contracts they represent are shown in the table below.

Business	Valuation model	Contracts	Model points
WPSF	PSALM	2,520,095	26,948
SAIF	PSALM	239,702	1,695

Model points used to determine the cost of guarantees and smoothing in the 31 December 2015 valuation were generated from in-force data extracted as at 30 November 2014, 31 December 2014 and 30 June 2015 for different product lines. These model points were then rolled forward to 31 December 2015.

New model points based on data as at 30 November 2014 have been produced for product classes covering 1.0% (WPSF) and 0% (SAIF) of total asset shares.

New model points based on data as at 31 December 2014 have been produced for product classes covering 83.1% (WPSF) and 0% (SAIF) of total asset shares.

New model points based on data as at 30 June 2015 have been produced for product classes covering 15.9% (WPSF) and 100% (SAIF) of total asset shares.

The Prudential Sourcebook guidance requires that the grouping of policies for valuing the cost of guarantees, options and smoothing should not materially misrepresent the underlying exposure. In particular policies with guarantees “in the money” should not be grouped with policies with guarantees well “out of the money”. (The “moneyness” of guarantees describes the extent to which guarantees are biting for a policy.)

To meet this requirement, policies have been grouped together where they are subject to the same rate of bonus. This has been done by grouping policies separately for:

- major product categories;
- single premium policies, regular premium policies, and paid-up policies;
- separate bonus series, where applicable;

- year of inception;
- year of maturity, where applicable; and
- asset share, where applicable.

To more accurately group specific product lines, a number of additional fields are also used:

- For Prudence Bond: withdrawal option and age;
- For PruFund standalone: age and guarantee period;
- For PruFund as a Fund Link (Bonds and Pensions): age at entry and guarantee type;
- For SAIF, ex-SAL personal pensions and PSA: age and joint life status;
- For Group Pensions: initial allocation, commission type and front-end commission;
- For CWP IB and OB assurances and PPRP deferred annuities: asset share;

For With-Profits Immediate Annuities, the product type, joint life status, age, sex, anticipated bonus rate and guaranteed term have all been used as grouping variables.

For Income Choice Annuities, the joint life status, age, sex, required smoothed return and guaranteed term have all been used as grouping variables.

For ex-ELAS business, the product type, joint life status, age, sex, anticipated bonus rate, guaranteed term, interest rate, and type, have all been used as grouping variables.

Checks were performed to ensure that the model points suitably reflected the underlying data.

The ungrouped policy data and grouped model points were separately projected through the stochastic models. Key revenue and balance sheet items over the projection period were compared to demonstrate that the model points represent the policy data adequately. The key items tested were asset share and cost of guarantee (guaranteed amount less asset share). Other measures included asset share claims, premiums and policy count.

- (2)(c) Approximations are necessary in respect of the CWP products where adjustments are made to asset shares, as described in section 5. Although the adjustments are included in the with-profits benefit reserve, the cost of guarantees and smoothing is assessed relative to the unadjusted asset shares. This leads to a small element of double-counting in the liabilities and it is therefore a slightly conservative approach.
- (3) There have been no significant changes made to the methods for valuing the costs of guarantees, options and smoothing.
- (4)(a) The following paragraphs describe the approach taken in respect of the options and guarantees valued using the PSALM model. The same asset model is used to generate the investment returns assumed in the Pension Mis-selling Reserve and Guaranteed Minimum Pension models.
- (4)(a)(i) For the WPSF and SAIF, the guarantees valued using the full stochastic models include sums assured and projected reversionary bonuses (including any minimum guaranteed rates of reversionary bonus) payable on death, maturity or vesting. For SAIF, guaranteed annuity options are also valued.

The extent to which guarantees are in or out of the money varies greatly across product lines, and by duration in force within each product line. The ratio of

reversionary bonus funds to asset shares at 31 December 2015 for separate AWP product lines ranged from 59% to 79%, averaging 69% overall for the WPSF and 72% overall for SAIF business. Projected ratios using the risk-neutral economic basis for most product lines were in the region of 80%, with the exception of PPRP deferred annuity business, for which the ratio of guaranteed benefits to asset shares was in the region of 160%. The majority of the in-force PPRP business was sold during the 1980s, and the guarantees are now heavily in the money, due to reduction in interest rates and improvements in mortality since the business was priced.

(4)(a)(ii) The economic scenario generator

Risk neutral economic scenarios are generated by GeneSIS, which is Prudential's in-house economic scenario generator. The models used for each asset class are as follows:

- Nominal interest rate model

The interest rate model is a key element of the modelling procedure and is used to drive all the other asset classes. The model chosen for nominal interest rates was a two additive factor Gaussian interest rate model (G2++ model). The model is calibrated using instantaneous nominal forward rates and a set of swaption implied volatilities.

- Equity model

Equity returns are generated for both domestic equities and overseas equities. These are generated using a lognormal model, subject to three enhancements:

- the drift of the process is the short rate, taken from the nominal interest rate model described above;
- the equity volatility in the model is time-dependant, and is determined using a combination of option-implied volatilities and expert opinion; and
- the process for dividends is designed to be consistent with the current dividend yield and tends to a defined long-term yield level, whilst being constrained by a total return on equities that is consistent with the risk-neutral framework.

- Corporate bond model

The corporate bond returns are modelled by simulating the return on a risk-free bond, change in spread, expected defaults and a stochastic element representing any residual volatility explained by secondary factors.

- Property model

Property returns can be decomposed into a fixed income element representing the rental payments plus an additional volatility element which represents the residual value of the property. They are therefore modelled as a corporate bond (the rental payment) and an equity component (the residual value).

- Real interest rate and inflation model

The real interest rates are modelled by a one factor Hull and White model. The inflation rate is defined as the difference between the nominal and the real interest rate.

Calibration of asset models

The GENESIS model has been calibrated to the market prices of traded derivative instruments as at 31 December 2015. A calibration is produced for Sterling as it is produced for the business written in the UK.

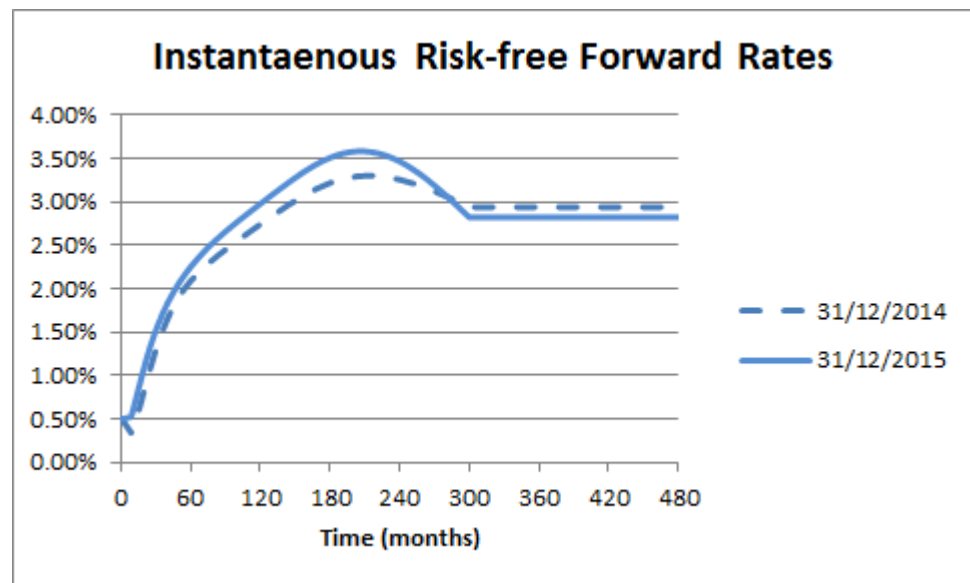
The assumptions used in the calibration are as follows:

- Risk free interest rate

The yield curve used to calibrate the nominal interest rate model is the risk free yield curve for UK government bond yields.

A constant forward rate is assumed for durations beyond the last observable market data point. This is 25 years for UK gilts.

The continuously compounded forward yield curves are shown below:



A table of the above interest rates is given in Appendix 9.

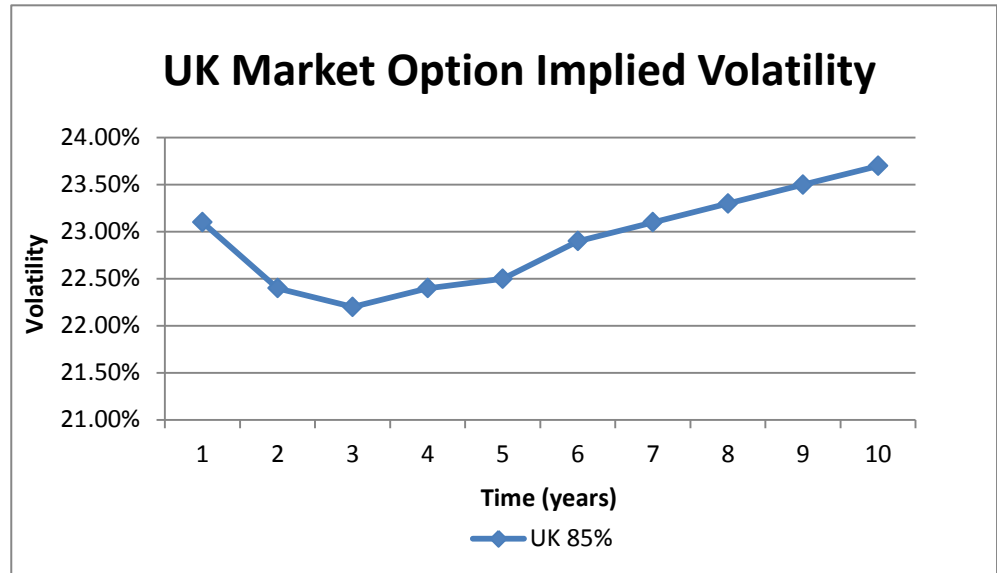
The parameters defining the fluctuation in modelled interest rates around these yield curves are calibrated to ensure that the model replicates market swaption implied volatilities.

- Equity volatility

Market put option implied volatilities for UK equities with exercise dates from 1 to 10 years and a range of strikes were obtained.

The resulting volatility surfaces (based on moneyness and term) were converted into structures dependent only on term through determining an average moneyness of the policy guarantees. The average strike was 85% for the first ten years.

The resulting volatilities are shown in the graph below:



A table of the above volatilities is given in Appendix 10.

For periods over 10 years, no market data is available, so the volatility assumptions are based on internal expert opinion. We have assumed that the forward volatility in year 10 moves linearly towards a long-term volatility level of 20% over a period of five years.

Volatility assumptions are also required for the overseas equity asset class within each calibration. There is no deep and liquid market for put options on a basket of overseas equities. Thus, overseas equity volatility was pegged to that of UK equity to reflect the market data. The peg was set in line with long term views of the volatility for a diversified basket of overseas equity compared to domestic equity.

- Corporate bonds

Spreads and losses are calibrated based on long term views, which are informed by analysis of historical data.

Three different portfolios of corporate bonds were modelled, denoted ‘Bonds 1’, ‘Bonds 2’ and ‘Bonds 3’. The annualised residual volatility over the gilt return, after allowing for spreads and losses was determined from historical indices of corporate bond returns.

Portfolio	Credit rating	Duration (years)	Volatility
Bonds 1	BBB	7	4.38%
Bonds 2	A	3	4.07%
Bonds 3	A	10	4.46%

- Property

Property returns were decomposed into a corporate bond return plus the value of upward only rent increases. Due to scarcity of market data and the serial correlation of published indices, the property parameters were based on expert opinion.

- Real interest rates

The level of real interest rates is calibrated using real yield data from the Bank of England and current RPI data. The volatility of real interest rates was calibrated

using 10 years of historical real forward rates data from the Bank of England and current RPI data.

- Correlations

Correlations between asset classes have been determined based on internal expert opinion and analysis of historical values.

The assumed correlations for the key asset classes are as follows.

	Corporate Bonds	UK Equities	OS Equities	Property
Corporate Bonds	100%	30%	30%	20%
UK Equities	30%	100%	75%	40%
OS Equities	30%	75%	100%	30%
Property	20%	40%	30%	100%

(4)(a)(iii) The asset model was used to value the required example options. The same table applies to WPSF and SAIF liabilities. The results are set out in Appendix 6.

(4)(a)(iv) The initial yields assumed for assets backing WPSF and SAIF liabilities are shown below:

	31 December 2015		31 December 2014	
	UK %	Overseas %	UK %	Overseas %
Equity	4.22	2.78	4.65	2.74
Property	5.83	N/A	6.12	N/A

All overseas territories are treated together; we do not isolate significant territories within these.

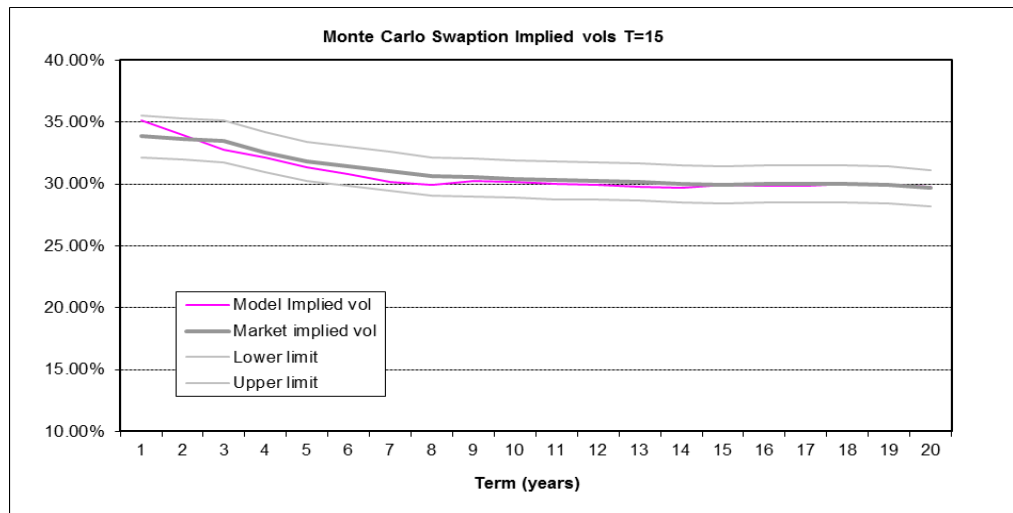
(4)(a)(v) Not applicable

(4)(a)(vi) A table of the outstanding mean durations of reversionary bonus claims for material products is:

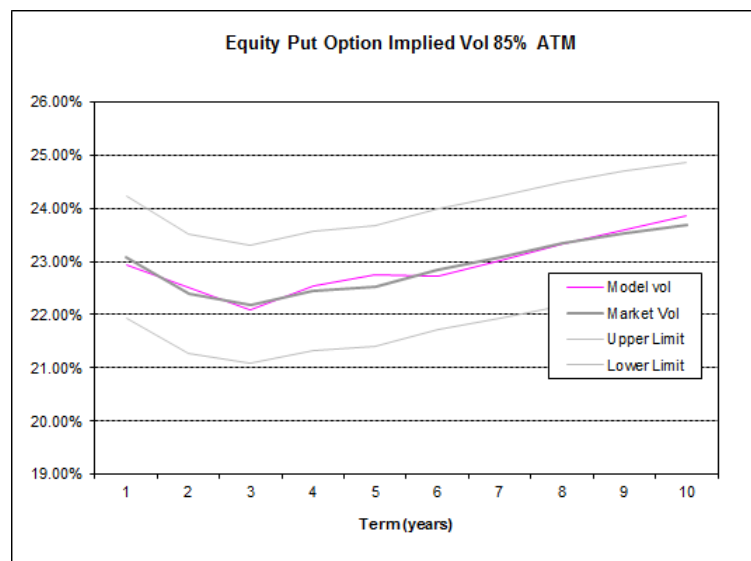
Product	31 December 2015	
	Proportion of total RB guarantee (%)	Duration (Years)
WPSF Bonds	13	14
WPSF OB/IB	7	11
WPSF Personal Pensions	5	12
WPSF PPRP	42	6
WPSF Group Pensions	2	10
With Profit Annuities	25	19
SAIF	4	10
Total	99	11

A range of checks were carried out on the output from GeneSIS. The results for the model are shown below and demonstrate that the model is capable of reproducing market prices.

The chart below shows that the Monte Carlo swaption implied volatilities are reasonably similar to the market implied volatilities of the swaptions that are relevant to the liabilities.



The chart below shows that the Monte Carlo equity put options implied volatilities are reasonably similar to the market implied volatilities.



(4)(a)(vii) The model reproduces the current asset values for a wide range of securities, equity options and swaptions when the future income, gains and losses are projected and discounted to the valuation date.

A range of checks are performed on the asset model output for each calibration, including:

- martingale test to check risk neutrality;
- market consistency test of simulated zero coupon bond prices;
- market consistency test of swaption implied volatilities;
- market consistency test of equity put option implied volatilities; and
- reasonableness checks to ensure correlations and long term volatilities reflect targets.

(4)(a)(viii) PSALM projects 5000 scenarios over 40 years. We have demonstrated that this produces statistically credible results, both using statistical theory and empirically by running the model several times on randomly different sets of economic scenarios and demonstrating that the results are materially the same.

(4)(b) Not applicable

(4)(c) Not applicable

(5)(a) Modelled management decisions are consistent with the Principles and Practices of Financial Management (PPFM) available to the public, and with the Financial Condition Reports submitted annually to the PAC Board. Details are given below.

The cost of guarantees, options and smoothing is very sensitive to the bonus, MVR and investment policies that the company will employ under varying investment conditions, and the stochastic modelling incorporates several management actions to protect the fund in adverse investment scenarios.

In practice, a range of management actions would be considered at any time of stress. The actions taken would depend on the economic outlook and the financial position of the fund at that time. The stochastic model cannot reflect all possible actions and so it includes assumptions to broadly reflect the likely decisions. The assumptions made, as described below, are therefore indicative of the actions that might be taken in practice.

The trigger points for management actions in PSALM are expressed in terms of the realistic solvency ratio, which is broadly equivalent to the Pillar I Peak 2 solvency ratio excluding the risk capital margin.

Two ratios are calculated, either including or excluding the cost of personal pension mis-selling costs (accumulated past and potential future costs, run-off in line with relevant policy asset shares) as an additional notional asset. The appropriate ratio is applied when deriving management actions in order to ensure that PAC's bonus and investment policy remain unaffected by the charging of personal pension mis-selling costs to the inherited estate in the WPSF.

Paragraphs (5)(a)(i) to (5)(a)(xiv) below set out the key management actions assumed.

(5)(a)(i) Reversionary bonuses (RB)

The following rules are assumed for WPSF business:

- The initial RB rates are shown in Appendix 7.
- When the solvency ratio (including the cost of personal pension mis-selling) is at or above 7%, RB rates are determined by comparing the projected terminal bonus level with the theoretical terminal bonus level that would be consistent with targeting RB rates on 60% of expected future investment returns, net of charges. RB rates are increased if the projected terminal bonus level is too high or decreased if the projected terminal bonus level is too low, compared with a target range.
- If (on the RB declaration month) the solvency level is below 7%, then RB rates are reduced by 50%. If solvency recovers back above 7% then RB rates are assumed to revert back to the full level.

The following additional rules are assumed for SAIF business:

- The calculated RB rates (i.e. determined by projecting the terminal bonus level) are assumed to apply when the solvency ratio (including the cost of personal pension mis-selling) is at or above 10.5%.
- If (on the RB declaration month) the solvency ratio is below 7%, SAIF RB rates are assumed to reduce by 90%. Between 10.5% and 7% solvency ratio, SAIF RB rates are reduced linearly. When the solvency ratio rises above 10.5%, RB rates return to the full level.
- If the WPSF RB rates have been cut by 50%, the SAIF RB rates derived above are also assumed to reduce by a further 50%.

(5)(a)(ii) Smoothing rules

Smoothing costs are determined in line with expected company practice to the extent that this can be modelled (given the practical constraints of stochastic modelling).

The stochastic asset liability model does not hold specific final bonus rates; instead the approach used is to determine:

- the opening claim values by applying a ratio of claim value to asset share to each model point asset share, and
- all future claim values as equal to asset shares, subject to the smoothing of claim values and the reversionary bonus underpin (where applicable).

The claim value between year ends is determined by accumulating the previous year end smoothed claim value at a rate of return equal to the risk-free rate plus a risk premium (which is the weighted average of the risk premiums for each asset class). The risk premiums are set to the levels shown below, based on expert opinion of the long term levels for each asset class.

Asset Class	Risk Premium % p.a.
UK equities	3.25
Overseas equities	3.25
Corporate bonds	1.75
Property	2.50
Cash	(0.50)

In the RCM scenario, the risk-free rate reduces in line with the interest rate event. The yearly reviews adjust the claim value towards the asset share, as follows:

- If the claim value (before the application of smoothing) is within +/-10% of the target asset share, the smoothed claim value is set equal to the target asset share,
- If the claim value (before the application of smoothing) is outside +/-10% but within +/-20% of the target asset share, the smoothed claim value is moved 10% (of the asset share) closer to the asset share,
- If the claim value (before the application of smoothing) is outside +/-20% but within +/-33% of the target asset share, the smoothed claim value is moved to +/-10% of the asset share,
- If the claim value (before the application of smoothing) is outside +/-33% of the target asset share, the smoothed claim value is moved two thirds of the way to the target asset share.

With-profit immediate annuities, including the ex-ELAS annuities, are constrained such that the year-on-year change in total annuity lies within the range -5% to 11% (before application of the Anticipated Bonus Rate). For Income Choice Annuity business, the year-on-year change in the smoothed annuity is constrained to lie within the range -4% to 12% (before application of the Required Smooth Return).

For PruFund business the model applies the actual rules for smoothed fund price movements. The trigger points for smoothed price adjustments are defined as follows:

- At the quarter date, if the net asset value per unit differs from the smoothed price by 5% or more, either above or below, then the smoothed price is repeatedly moved 50% of the way to the net asset value per unit until the net asset value per unit to smoothed price ratio is less than 5%.

- Between the quarter dates, if the net asset value per unit differs from the smoothed price by 10% or more, based on both the actual net asset value per unit and a 5-day rolling average of the net asset value per unit, then the smoothed price is moved to 102.5% of the net asset value per unit from above or 97.5% of the net asset value per unit from below

In addition to the modelling assumptions described above, smoothing is suspended if the solvency ratio (including the cost of personal pension mis-selling) is less than 6%. That is, for non-annuity business, claim values on maturity or death are set equal to the greater of the guaranteed benefit and the asset share; for other decrements, claim values are set equal to the asset share. For annuity business, there is no limit to the fall in the smoothed annuity when smoothing is suspended. The solvency check is carried out monthly for AWP business and annually for CWP and annuity business, to reflect practical constraints on when claim values can be revised.

The smoothing rules modelled for SAIF are the same as those used for the WPSF.

(5)(a)(iii) Market value reductions (MVRs)

It is assumed that the MVR-free limit to be applied to all AWP business in the sixth and subsequent policy years varies according to the solvency ratio (including the cost of personal pension mis-selling), as follows:

- when the solvency ratio is above 7%, the MVR-free limit is £25,000.
- when the solvency ratio is between 6% and 7%, the MVR-free limit is £10,000.
- when the solvency ratio is below 6%, the MVR-free limit is zero.
- once the MVR-free limit has fallen to £10,000 or zero it does not return to £25,000 until the solvency ratio is at least 10%.

For personal pensions, our current practice is to apply a reducing scale of MVRs on early retirement within six years of the selected retirement date. Reduced MVRs are also reduced to zero on Prudence Bond and PSA by the later of age 85 and in-force duration of 15 years. In both cases, it is assumed that reduced MVRs would be applied only if the solvency ratio (including the cost of personal pension mis-selling) is at or above 7%. When the solvency ratio is below 7%, full MVRs are assumed to be applied.

It is assumed that the maximum MVR for standard policies (as a percentage of the pre-MVR claim value) is capped at 15%, providing the solvency ratio (including the cost of personal pension mis-selling) is at or above 6%. When the solvency ratio is below 6%, the MVR is not capped.

(5)(a)(iv) Frequency of bonus declarations

Bonus declarations are made annually in the modelling. Additional mid-year declarations for AWP business only are made if both:

- the solvency ratio (including the cost of personal pension mis-selling) is less than or equal to 10%, and
- the claim value to asset share ratio is either greater than 125% or less than 75%.

(5)(a)(v) Asset re-balancing and switching

Under “normal” investment conditions the equity backing ratios (EBRs) of the WPSF asset shares (excluding PruFund cautious) and SAIF asset shares are managed as follows:

- the EBR of each fund is allowed to drift in line with investment returns as long as it is within a +/- 5% band around the long term strategic target EBR;
- if the EBR of either fund falls outside this range, it is rebalanced to the long term target by switching between UK equities and bonds at a rate of 2% per month. Rebalancing incurs an investment expense of 1% of the amount rebalanced.

The EBR of the PruFund Cautious asset shares moves in proportion to that of the other WPSF asset shares.

In addition to rebalancing, asset switching (pro rata from UK and overseas equities into corporate bonds) is triggered when the solvency ratio (including the cost of personal pension mis-selling) falls below 6%. The amounts to be switched are determined as follows:

- When the solvency ratio is at or above 6%, UK and overseas equities are assumed to remain at their long-term benchmark proportions (if switching has not yet taken place). If switching has already taken place in the model, switching from corporate bonds back into equities (in order to return to the long-term benchmark) can only occur when the solvency ratio rises above 7%.
- When the solvency ratio falls below 3.5%, UK and overseas equities are assumed to be fully switched into corporate bonds.
- When the solvency ratio is between 6% and 3.5%, the required switch amount is determined by linear interpolation between the limits specified above.

The maximum amount that can be switched in any month is 2% of total assets. Switching incurs an investment expense of 1% of the amount switched.

(5)(a)(vi) Tax on shareholders' transfers

If the solvency ratio (excluding the cost of personal pension mis-selling) is above 6%, tax on shareholders' transfers is assumed to be paid from the WPSF inherited estate. If the solvency ratio (excluding the cost of personal pension mis-selling) falls below 6%, tax on shareholders' transfers is assumed to be paid from shareholders' funds.

(5)(a)(vii) Operation of SAIF

PSALM contains rules to model the SAIF Principles of Financial Management. As well as the rules set out above, this includes:

- recalculating the bonus smoothing charge or allocation applied to SAIF asset shares, with the intention of reducing the balance of the bonus smoothing account to zero over the remaining lifetime of the business;
- recalculating the enhancement factor applied to SAIF asset shares, with the intention of distributing all SAIF assets (including future profits arising in SAIF) to SAIF policyholders over the remaining lifetime of the business; and
- merging SAIF into the WPSF when SAIF assets (including the bonus smoothing account but excluding SACF) fall below £1bn, increased in line with RPI from the date of commencement of the Scottish Amicable scheme (1997).

(5)(b) The proportion of equities and level of reversionary bonus rates projected by PSALM after 5 and 10 years, assuming various specific rates of return, are shown below.

- (i) Based on forward rates derived from the risk free interest rate curve

Year	Rate of return	Equity proportion		Proportion of initial RB rate			
		WPSF	SAIF	WPSF Life	WPSF Pensions	SAIF Life	SAIF Pensions
Current	%	%	%	%	%	%	%
5 years	N/A	49	49	100	100	100	100
10 years	1.68	44	44	88	125	50	63
	2.14	41	41	88	113	38	38

(ii) Based on forward rates plus 17.5% of the long-term gilt yield

Year	Rate of return	Equity proportion		Proportion of initial RB rate			
		WPSF	SAIF	WPSF Life	WPSF Pensions	SAIF Life	SAIF Pensions
Current	%	%	%	%	%	%	%
5 years	N/A	50	50	100	100	100	100
10 years	2.11	44	44	100	138	50	75
	2.57	41	41	100	125	38	38

(iii) Based on forward rates less 17.5% of the long-term gilt yield

Year	Rate of return	Equity proportion		Proportion of initial RB rate			
		WPSF	SAIF	WPSF Life	WPSF Pensions	SAIF Life	SAIF Pensions
Current	%	%	%	%	%	%	%
5 years	N/A	49	48	100	100	100	100
10 years	1.25	44	44	88	113	50	63
	1.71	40	40	75	113	38	38

The initial reversionary bonus rates are shown in Appendix 7.

(6) A summary of the decrement assumptions is shown in the table below:

Product	Decrement	Average surrender/paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	3.15%	4.95%	2.70%	2.70%
CWP target cash endowment	surrender	3.15%	4.95%	2.70%	2.70%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.61%	6.48%	3.96%	3.60%
UWP bond	automatic withdrawals	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	PUP	1.98%	2.25%	2.25%	2.25%
CWP pension regular premium	surrender	0.00%	0.00%	0.00%	0.00%
CWP pension single premium	surrender	0.00%	0.00%	0.00%	0.00%
UWP individual pension regular premium	PUP	6.84%	5.40%	4.05%	4.05%
UWP individual pension regular premium	surrender	2.25%	2.25%	2.25%	2.25%
UWP individual pension single premium	surrender	1.35%	1.35%	1.35%	1.35%

For SAIF guaranteed annuity options, modelled in PSALM, no decrements are assumed in deferment and 20% of the annuity is assumed to be taken as cash (i.e. the guarantee cost applies only to the remaining 80%).

(7) It is assumed that in extreme adverse market scenarios, the collective actions of policyholders would serve to increase the costs of guarantees and smoothing. This is modelled by assuming that decrement rates will be 10% lower than our current best estimate. The same assumptions are used in both the base valuation and the RCM.

7. Financing costs

Not applicable

8. Other long-term insurance liabilities

No liabilities are shown at line 46 of Form 19. Liabilities shown at line 47 of Form 19 are as follows:

<u>With- profits fund</u>	<u>Description</u>	<u>Amount</u>
		£m
WPSF	Tax payable from the inherited estate in respect of future shareholder transfers from the fund	277
	Pensions mis-selling liabilities	429
	Contingency reserve	200
	SACF capital support fees receivable from SAIF	(38)
	Capital support fees receivable from DCPSF	(57)
	Reserve for compensation in respect of complaints on mortgage endowment policies	13
	Other	75
SAIF	SACF capital support fees payable to the WPSF	38
	Pension equalisation reserve	35
	Staff Pension Scheme Deficit reserve	19
	Data integrity reserve	12
	Reserve for compensation in respect of complaints on mortgage endowment policies	4
	Other	9
DCPSF	Charges payable to the WPSF	151
	Other	8

9. Realistic current liabilities

The realistic current liabilities shown at line 51 of Form 19 are the same as the regulatory current liabilities (Form 18 line 22) except that the realistic current liabilities exclude the cash bonuses which had not been paid to policyholders at the valuation date. These are included within the asset shares in the Pillar I, Peak 2 valuation.

The reconciliation of realistic to regulatory current liabilities is shown below:

	WPSF £m	SAIF £m	DCPSF £m
Realistic current liabilities (Form 19 line 51)	5,126	377	5
Current liabilities (Form 14 line 49)	5,126	377	5
Unpaid cash bonus (Form 14 line 12)	-	-	-
Regulatory current liabilities (Form 18 line 22)	5,126	377	5

10. Risk capital margin

- (a) The risk capital margin is £1,051m for the WPSF and zero for SAIF and the DCPSF.

This has been calculated assuming:

- (i) a percentage change in market values, in accordance with INSPRU 1.3.68R, of 19.9% for equities and 12.5% for real estate. The assumed percentage changes for each significant territory were the same as for United Kingdom assets. A fall in market values is the more onerous.
- (ii) a change in the yields of United Kingdom fixed interest securities, in accordance with INSPRU 1.3.68R of 43 bps. For significant territories, the required change in yields is 45 bps for the United States and 17 bps for the member states of the European Union that have adopted the Euro as their official currency (“the Eurozone”). A fall in yields is the more onerous. On materiality grounds, a fall of 43 bps has been applied for all currencies.

The assumed long-term gilt yields or nearest equivalent are shown below:

Territory	Long-term gilt yield in base valuation %	Long-term gilt yield in RCM %
UK	2.42	1.99
USA	2.54	2.11
Eurozone	0.94	0.51

(iii) in respect of credit risk, average changes in spreads and consequent changes in asset values as follows:

- for bonds, a credit stress in accordance with INSPRU 1.3.84R. The average increases in spreads and corresponding reductions in asset values for all bonds in each asset pool are shown below.

Asset pool	Increase in spread bps	Fall in value %
WPSF asset shares (excluding PruFund Cautious)	136	7.7%
WPSF PruFund Cautious asset shares	124	7.1%
WPSF other assets	77	3.0%
SAIF asset shares	126	6.9%
SAIF other assets	89	8.0%

- for debts, it is assumed that asset values fall in line with bonds as described above.
 - no allowance is made for reinsurance credit risk as the volume of reinsured with-profits business is immaterial.
 - no change is assumed for non-reinsurance financing agreements. These are not considered to present a significant credit risk.
 - for other debtors reported in lines 78 and 79 of Form 13, it is assumed that asset values fall in line with bonds as described above.
- (iv) the impact of the persistency risk scenario is equivalent to an increase in the realistic value of liabilities of 0.0% for the WPSF and 1.2% for SAIF.
- (v) the take-up rate for SAIF guaranteed annuity business increased from 80% to 90%, to reflect that the guarantees may be expected to be more valuable in stressed conditions.
- (vi) that any change in asset values in (iii) is independent of the change in liability values in (iv).
- (b) In the risk capital margin calculation the management actions assumed are the same as those set out in 6.(5)(a). There are no changes to other assumptions.
- (c) (i) The assets allocated to support the WPBR, FPRL and the reserve for unrealised capital gains reflect the actual mix of the assets backing these liabilities. Current assets are used to support current liabilities. The RCM is backed by surplus fixed interest assets.
- (ii) None of the assets held to cover the risk capital margin are outside the fund.

11. Tax

The treatment of tax is set out below.

- (i) The investment returns credited to the with-profits benefits reserves include an allowance for tax deducted during 2015 at the rates shown below. Further adjustments may be made from time to time to bring the tax charged to asset shares into line with the aggregate tax actually paid and expected to be paid in the future.

Source	Tax Rate
Franked Investment Income	0.0%
Unfranked Investment Income	20.0%
Capital Gains	20.0%
Initial Expense Relief	15.0%
Renewal Expense Relief	20.0%

- (ii) The future policy related liabilities include allowance for tax on future investment returns and tax relief on expenses, allowing for any likely deferral of tax on capital gains. The modelling allows for the reduction in corporation tax from 20% to 19% in 2017 and 18% in 2020 that was announced in the 2015 Budget, and enacted into law during 2015. This means, for example, that the long-term modelling assumes that the tax rate on shareholder transfers is 22% for gross business and -2% for net business.
- (iii) The realistic current liabilities include the regulatory reserve for unrealised capital gains. This is taxed at 20%.

12. Derivatives

The WPSF and SAIF held the following major positions in derivative contracts at the valuation date:

- Equity index and fixed income futures. Positions are used either to reflect tactical asset allocation (short term) views around the strategic (long term) benchmark, or as a partial hedge for the WPSF cost of guarantees.
- Equity index options, as a partial hedge for the WPSF cost of guarantees.
- Forward currency contracts and swaps, primarily to hedge currency risk arising from overseas asset exposures.
- Fixed income derivatives positions to better match the liabilities.
- Inflation swaps to match the profile of inflation linked liabilities.
- Index and single name credit default swaps to increase or decrease credit exposure.

13. Analysis of change in working capital

	WPSF £m	SAIF £m
Working capital as at 31 December 2014	7,159	-
Reversal of zeroisation for closed funds	-	28
Working capital at 31 December 2014 prior to zeroisation	7,159	28
New business	(114)	-
Emerging experience:		
Claims (smoothing and guarantees)	44	12
Expenses	13	(6)
Investment return on asset shares	108	(9)
Investment return on other assets	62	22
Changes in valuation methods and assumptions:		
Model enhancements	(1)	12
Changes in non-economic assumptions	(108)	48
Changes in economic assumptions	(12)	10
Management actions:		
Changes in asset mix	(16)	(0)
Non-profit business	362	-
Distribution of inherited estate	-	(9)
Management actions: Impact of the increase in GAR charge to 1% ⁽¹⁾	-	162
Other factors	43	(71)
Unattributed	48	(4)
Working capital at 31 December 2015 prior to zeroisation	7,588	196
Zeroisation for closed funds	-	(196)
Closing working capital	7,588	-

(1) As detailed in Section 4.(4)

14. Optional disclosure

Not applicable

Appendix 6: Values of specified assets

This appendix relates to paragraph 6(4)(a)(iii).

Asset type		K = 0.75			
n		5	15	25	35
	Annualised compound equivalent of the risk free rate assumed for the period	1.42%	2.47%	2.85%	2.85%
1	Risk-free zero coupon bond	932,032	693,316	494,647	372,554
2	FTSE All Share Index (p=1)	77,296	201,068	279,701	348,325
3	FTSE All Share Index (p=0.8)	73,397	172,557	219,556	258,559
4	Property (p=1)	31,506	110,324	185,278	253,713
5	Property (p=0.8)	29,006	88,058	135,561	176,618
6	15 year risk free zero coupon bonds (p=1)	8,520	13,517	15,928	25,593
7	15 year risk free zero coupon bonds (p=0.8)	7,385	6,840	4,766	5,716
8	15 year corporate bonds (p=1)	17,983	36,744	54,323	73,866
9	15 year corporate bonds (p=0.8)	16,233	24,711	28,257	34,095
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	44,945	142,555	213,480	281,467
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	41,966	117,747	160,744	200,421
12	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=1)	31,244	103,401	158,159	214,252
13	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=0.8)	28,697	82,110	111,846	142,888
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	13,994	55,616	97,040	145,914
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	12,398	40,113	60,502	86,871
		L = 15			
16	Receiver swaptions	23.13%	17.18%	14.98%	11.37%

Asset type		K = 1			
n		5	15	25	35
	Annualised compound equivalent of the risk free rate assumed for the period	1.42%	2.47%	2.85%	2.85%
1	Risk-free zero coupon bond	x	x	x	x
2	FTSE All Share Index (p=1)	200,085	356,026	450,911	531,233
3	FTSE All Share Index (p=0.8)	191,881	309,727	359,638	400,354
4	Property (p=1)	133,666	245,242	337,827	419,922
5	Property (p=0.8)	125,776	203,376	254,580	299,807
6	15 year risk free zero coupon bonds (p=1)	87,045	100,720	105,856	124,487
7	15 year risk free zero coupon bonds (p=0.8)	79,644	66,325	46,956	45,517
8	15 year corporate bonds (p=1)	107,210	142,016	166,601	194,063
9	15 year corporate bonds (p=0.8)	99,697	104,403	100,381	102,861
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	155,047	284,233	372,559	451,546
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	147,181	241,148	286,389	328,999
12	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=1)	133,112	235,040	304,197	372,097
13	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=0.8)	125,408	193,476	223,960	257,228
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	100,784	170,982	228,252	290,453
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	93,368	131,777	154,203	184,011
		L = 20			
16	Receiver swaptions	28.05%	21.44%	18.28%	13.86%

Asset type		K = 1.5			
n		5	15	25	35
	Annualised compound equivalent of the risk free rate assumed for the period	1.42%	2.47%	2.85%	2.85%
1	Risk-free zero coupon bond	x	x	x	x
2	FTSE All Share Index (p=1)	570,176	732,483	838,104	931,596
3	FTSE All Share Index (p=0.8)	552,445	647,963	682,161	713,923
4	Property (p=1)	524,712	616,824	713,087	806,341
5	Property (p=0.8)	505,610	531,132	558,779	594,246
6	15 year risk free zero coupon bonds (p=1)	504,184	508,788	507,936	516,070
7	15 year risk free zero coupon bonds (p=0.8)	483,891	409,153	330,161	286,120
8	15 year corporate bonds (p=1)	508,735	529,540	539,883	564,414
9	15 year corporate bonds (p=0.8)	489,093	436,293	378,246	352,326
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	535,905	654,006	750,035	841,071
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	517,404	569,562	596,750	627,695
12	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=1)	520,008	604,673	674,563	748,311
13	Portfolio of 65% FTSE All Share and 35% 15 risk free zero coupon bonds (p=0.8)	500,985	518,963	521,259	541,173
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	505,832	550,249	599,252	662,894
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	485,911	460,225	442,087	454,549
		L = 25			
16	Receiver swaptions	32.96%	25.11%	21.20%	16.07%

Appendix 7: Initial reversionary bonus rates in stochastic valuation

This appendix relates to paragraph 6(5)(a)(i).

	RB rates
	%
<u>Life & Pensions</u>	
PSA/PIB	2.0
Personal Pensions	2.0
OB assurances	1.2/2.5
IB assurances	1.1/2.3
PPRP	0.10/0.25
<u>Annuities</u>	
WPIA	0.25
Ex-ELAS	0.00
<u>Corporate</u>	
Unitised	2.25
DC Cash Accumulation	1.75 ¹
DB Cash Accumulation	1.25 ¹
AVC Cash Accumulation	1.75 ¹
Pension Savings Plan	1.25
<u>IFA</u>	
Prudence Bond	
- Standard	2.00
- High RB	2.75
Prudential Pensions	2.00
SAL Life	1.50
SAL Pensions	2.125
<u>SAIF</u>	
Principal Endowment	0.8/1.5
Flexipension (series 1)	0.7/1.7
Life	2.0
Pensions – Funds 3 & 4	2.0

¹ Subject to a guarantee of 4.75%, 2.50% for certain earlier business

Where two rates are shown, the first is the rate of RB added to the original sum assured and the second is the rate of RB added to existing RB.

Appendix 8: Bonus rates

The tables below show the Reversionary Bonus (RB) rates and the Terminal Bonus (TB) as a proportion of the Sum Assured. This appendix relates to paragraph 5(1)(d).

OB Assurances

RB Rates				
	2015 Actual	2016	2017	Ultimate
RB on SA	1.20%	1.20%	1.20%	1.20%
RB on RB	2.50%	2.50%	2.50%	2.50%

TB as a proportion of Sum Assured					
Term	2015	2016	2017	2018	2019
10	21%	23%	24%	21%	17%
15	44%	40%	36%	35%	32%
20	48%	48%	52%	59%	60%
25	74%	63%	61%	61%	62%
30	74%	67%	63%	69%	73%

PPRP Regular Premium

RB Rates				
	2015	2016	2017	Ultimate
RB on SA	0.10%	0.10%	0.10%	0.10%
RB on RB	0.25%	0.25%	0.25%	0.25%

TB as a proportion of Sum Assured					
Term	2015	2016	2017	2018	2019
10	15%	18%	22%	16%	19%
15	0%	35%	35%	31%	30%
20	0%	0%	0%	0%	0%
25	0%	0%	0%	0%	0%
30	0%	0%	0%	0%	0%

PPRP Single Premium

RB Rates				
	2015	2016	2017	Ultimate
RB on SA	0.10%	0.10%	0.10%	0.10%
RB on RB	0.25%	0.25%	0.25%	0.25%

TB as a proportion of Sum Assured					
Term	2015	2016	2017	2018	2019
10	28%	23%	27%	27%	29%
15	0%	51%	63%	54%	58%
20	0%	0%	0%	0%	0%
25	0%	0%	0%	19%	12%
30	4%	1%	0%	0%	0%

PP Regular Premium

RB Rates				
	2015 Actual	2016	2017	Ultimate
RB rate	2.00%	2.00%	2.00%	2.00%

TB as a proportion of Sum Assured					
Term	2015	2016	2017	2018	2019
10	15%	14%	15%	15%	14%
15	21%	21%	22%	21%	21%

Appendix 9: Forward rates

The table below shows the instantaneous risk-free forward rates used to calibrate the nominal interest rate model. This appendix relates to paragraph 6(4)(a)(ii).

Year	Sterling	
	31 Dec 2015 %	31 Dec 2014 %
0	0.50	0.50
1	0.68	0.45
2	1.27	1.02
3	1.71	1.52
4	2.02	1.86
5	2.25	2.09
6	2.43	2.25
7	2.59	2.39
8	2.73	2.51
9	2.85	2.63
10	2.98	2.74
11	3.10	2.86
12	3.22	2.96
13	3.33	3.06
14	3.43	3.15
15	3.51	3.22
16	3.56	3.27
17	3.58	3.30
18	3.58	3.30
19	3.54	3.29
20	3.47	3.26
21	3.37	3.21
22	3.26	3.15
23	3.12	3.09
24	2.98	3.02
25	2.82	2.94
26	2.82	2.94
27	2.82	2.94
28	2.82	2.94
29	2.82	2.94
30	2.82	2.94
31	2.82	2.94
32	2.82	2.94
33	2.82	2.94
34	2.82	2.94
35	2.82	2.94
36	2.82	2.94
37	2.82	2.94
38	2.82	2.94
39	2.82	2.94
40	2.82	2.94

Appendix 10: Equity volatilities

The table below shows the Sterling, equity volatilities used in the GeneSIS asset model calibration. This appendix relates to paragraph 6(4)(a)(ii).

Year	Sterling
1	23.10%
2	22.40%
3	22.20%
4	22.40%
5	22.50%
6	22.90%
7	23.10%
8	23.30%
9	23.50%
10	23.70%