Utmost Life and Pensions Limited

SOLVENCY
AND
FINANCIAL CONDITION REPORT
2024

utmost™
LIFE AND PENSIONS

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SOLVENCY AND FINANCIAL CONDITION REPORT 2024

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SOLVENCY AND FINANCIAL CONDITION REPORT 2024

EXECUTIVE SUMMARY

INTRODUCTION

This report is the Solvency and Financial Condition Report ("SFCR") of Utmost Life and Pensions ("ULP", "the Company") for the reporting period ended 31 December 2024 ("the Report"). The Report has been prepared in accordance with the Solvency II Regulations (as restated and applicable to the UK) governing insurance group reporting and guidance from the Prudential Regulatory Authority ("PRA").

The SFCR provides details of the Company's business and its performance, system of governance, risk profile, and valuation for solvency purposes and capital management for the financial year ended 31 December 2024.

The principal activity of the Company is the provision of life and pensions policies, obtained through a strategy of acquiring and consolidating businesses in the United Kingdom, including Bulk Purchase Annuity "BPA" business, following the Company's successful entry into the BPA market in 2024.

The story of 2024 has been one of successfully developing and launching our Bulk Purchase Annuity (BPA) proposition whilst consistently maintaining a strong focus on our existing customers.

We ended the year having transacted with two external pension schemes and actively pricing for further deals. To achieve this, we have built our internal teams during the year and worked closely with our trusted third parties to deliver the capacity and skills required to become a sizeable player in the BPA market.

For our existing customers, we have delivered high-quality performance and consistently out-performed service levels and quality measures. Much of this is down to our dedicated and caring staff from whom we continue to receive positive engagement results.

The external environment remains volatile with ongoing global geo-political tensions, not least following the 2024 presidential election in the US and the continued unrest in Ukraine and the Middle East. However, fund performance over 2024 remained strong.

Our strategy is clear. We plan to accelerate our growth in a highly attractive BPA market while simultaneously maintaining our cost-efficient operations for our existing customers and delivering increased value to shareholders.

The Company is part of the Utmost Group Plc ("UGP"), whose aim is to secure its clients' financial futures through the delivery of insurance and savings solutions, which result in greater prosperity for current and future generations.

BUSINESS AND PERFORMANCE

Key highlights

Key highlights for 2024 include the following:

- Maintaining a strong solvency capital position throughout 2024, ending the year with a solvency coverage ratio of 191% (2023: 216%), having also paid dividends of £50m (2023: £60m) to Utmost Group.
- Successfully launching our BPA proposition, culminating in two buy-in deals totalling £38m whilst also working towards a full buy-out of the Reliance Pension Scheme. We continue to develop our proposition and expect significant growth in the level of BPA deals during 2025.
- Delivering for our existing customers on a day-to-day basis, meeting all of our monthly service standards and continuing to deliver against the new Consumer Duty regulations.
- Strong positive investment returns for customers on our core unit-linked funds. The Multi-Asset Moderate fund returned 10.2% (2023: 9.5%) in the year and the Multi-Asset Cautious fund returned 5.9% (2023: 6.3%).
- Supporting an increasing number of existing customers with our Drawdown and Pensions Consolidation propositions.
- Continuing to develop and deliver on our sustainability strategy, working with our strategic investment managers to manage our investment portfolio in line with our Responsible Investment policy and targets, including our 2050 net zero target for shareholder assets.

Overall, the Company remains strong and resilient and, given the progress in 2024 along with the backing of the Utmost group, is in a unique position to grow the BPA business in line with its strategic plans.

Business performance

Throughout 2024, we have actively executed our strategy, primarily through a combination of continuing to deliver for our existing customers and through the launch of our BPA proposition.

Our BPA plans

The UK's BPA market is very active with transaction volumes expected to remain high as defined benefit pension schemes seek to de-risk their liabilities, with market commentators suggesting premiums for the BPA market of £40bn to £50bn per annum for the next ten years.

During 2024, we have successfully launched our BPA proposition. In particular, we have:

- Appointed new leadership and built a team of over 20 people focussed on BPA;
- Developed our pricing models to allow us to be active in the market;
- Continued development of our administration proposition;
- Maintained engagement with regulators and obtained approval for updates to our Matching Adjustment portfolio;
- Continued to build relationships with Employee Benefit Consultants;
- Successfully secured two initial buy-in deals and worked towards full buy-out of the Reliance Pension Scheme.

ULP has built its BPA proposition by leveraging its existing insurance capabilities and particularly its experience of administering pension annuities for customers. BPAs will be administered in-house to ensure that we continue to deliver high quality customer service and, to this end, ULP has partnered with Mantle Services. Use of Mantle software facilitates an efficient process for pricing and onboarding BPAs and for migrating policies from buy-in to buy-out.

In parallel with development of the proposition, ULP has been enhancing its risk and investment management capabilities commensurate with managing a large annuity portfolio. ULP's approach to managing the BPA liabilities is to hedge the risks associated with interest rates, inflation and currency through asset liability matching and use of derivatives. Assets backing the liabilities are invested in high quality corporate bonds, government bonds and cash and, working with third party investment managers, ULP is planning to expand cautiously into other illiquid assets over time as it develops scale. ULP has no plans to use funded reinsurance for BPAs and will look to reinsure longevity risk as the risk exposure increases.

Our plan is to significantly grow the level of BPA business during 2025. This growth will be facilitated through access to capital from the Utmost Group and its shareholders. We see this growth as a key objective for 2025, providing an attractive proposition to pension schemes as well as helping Utmost to deliver on its growth strategy.

Drawdown and Pensions Consolidation

Our Flexible Drawdown proposition has been available to existing customers since 2020, enabling customers greater flexibility in when and how they draw on their pension savings. Enabling consolidation of other pension pots into their existing policies also provides former Equitable customers with an alternative option to assist with their retirement planning. For those customers wanting to take advantage of a drawdown policy, this option allows them to consolidate pensions beforehand.

Both options help to deliver on one of our core strategic objectives of retaining customers and supporting their needs, now and in the future.

During 2024, we have seen a 56% increase in the number of existing customers setting up drawdown policies and consolidating their funds with us. New business in the financial statements includes drawdown products and annuities sold to existing customers on the vesting of their pension savings contracts (including contracts with guaranteed annuity options) as well as the new BPA business.

Investment Performance

2024 was another good year for equity returns in general. This was primarily driven by continued strength in the US, particularly with the growth expectations of large tech companies and prospects of deregulation following the US election.

In contrast, bond market performance was much weaker. Although developed market central banks started to reduce interest rates, resilient growth and some inflationary pressures meant markets pared back their view on how quickly rates will be reduced with rising yields leading to much lower returns on global investment grade bonds over the year.
To provide context to our investment performance, we often find it helpful to look at various total return market indices. For instance, in 2024 the overall UK government bond market fell in value by 3.3% (measured by the FTSE Gilts index) and

sterling corporate bonds saw a small increase of 1.7% (measured by the Markit IBoxx index). However, US large company equity increased in value by 27.0% in GBP terms (measured by the S&P 500) and the FTSE All Share (measuring UK equity performance) increased by 9.4% in 2024.

Our unit-linked funds comprise different proportions of equity, bonds and cash with the majority of our funds being managed by JP Morgan Asset Management ("JPMAM").

In line with the underlying markets, the core JPMAM Multi-Asset funds (which include a mixture of bonds and equity) saw strong positive returns for customers during 2024. The Multi-Asset Moderate Fund returned 10.2% in the year and the Multi-Asset Cautious fund returned 5.9%. These returns are net of charges and compare favourably with similar funds as measured by the Association of British Insurers ("ABI"), with both funds performing in the top quartile for their peer group in 2024.

Many former Equitable Life customers continue to be invested in our Investing by Age Strategy. The Investing by Age Strategy means that customers are invested in the JPMAM Multi-Asset Funds or the Money Market Fund depending on their age. All of these customers have seen positive returns in 2024.

Some other customers are invested in a range of unit-linked funds provided by Aberdeen (previously abrdn). The largest of these is the Managed Fund, which returned 9.1% in 2024, above the median for the ABI peer group (2023: 8.1%).

The non-linked portfolios of ULP (with an average credit rating of A+) are primarily long-term investments on a 'buy and hold' strategy, seeking to provide a high degree of cashflow matching to the underlying liabilities. During the year we transferred our existing non-linked annuity portfolio from Goldman Sachs Asset Management ("GSAM") to Schroders Investment Management Limited ("Schroders") and invested new assets from BPA deals with Schroders. We continue to work with both GSAM and Schroders to provide suitable assets to match against our non-linked liabilities.

Utmost Portfolio Management Limited, a fellow subsidiary of Utmost Group Plc, manages the shareholder assets of the Company. Shareholder assets have performed above benchmark in 2024 with a range of shorter dated fixed interest securities and cash.

Sustainability Strategy

ULP is committed to making a positive difference, building a brighter future for our customers and better serving all stakeholders. This means we have a responsibility to consider the environmental, social and economic impacts of the actions we take now on our stakeholders – both present and future.

Our Sustainability Strategy is defined across four pillars, which are underpinned by policies and targets, recognising that sustainable business encompasses a range of topics. The four pillars are:

- Stakeholder Outcomes
- People Development
- Environmental Impact
- Responsible Investments

Stakeholder Outcomes:

We aim to make a positive difference to all our stakeholders. Aligned to our strategic pillar of creating an enduring business, it is crucial that we maintain strong, long-term relations with our external stakeholders and communities.

- Improving client outcomes is a core pillar of our strategy and our sustainability objectives. We continue to reinforce a customer-led focus and prioritisation on service quality in both our culture and ways of working. We seek to communicate transparently with our customers, providing good customer service and our proposition is continually assessed to ensure suitable outcomes.

- We strive to contribute to all of the communities in which we operate through local volunteering and fundraising projects, as we recognise the importance of doing so and the value that it adds.

- This year, our people, supported by ULP matched funding, have raised £13,600 for charities, as well as generous donations of goods such as foodbank items, Easter eggs and selection boxes for Young Carers Bucks. Teams and individuals also use paid volunteering days to support local schools, community programmes and charities.

People Development:

Our people play a pivotal role in achieving our purpose, so are at the heart of our business. In 2024, we have continued to ensure that we have the necessary skills to operate and develop our business.

- We have welcomed 24 people to ULP this year, from diverse backgrounds and with a broad range of skills and talents capable of supporting success with new BPA business as well as our closed books of business.
- There have been 11 internal promotions as our growth strategy creates opportunities for career progression and continuous learning.
- Our 2024 employee engagement survey received a 91% response rate with an average positive score of 91% (2023: 93% response rate, 85% positive score). We remain fully committed to diversity and equality, and are dedicated to empowering people to develop both professionally and personally.
- We believe in open and fair communication with people and, during the year, delivered this through a combination of briefings, training and education sessions, regular team meetings and regular performance management discussions.

Environmental impact:

The Company has a responsibility to continue to reduce its environmental impact and to protect the environment. The Company takes this responsibility seriously.

The emissions from our investment portfolio are the largest drivers of our overall carbon footprint. We continue to implement steps to reduce these by working with our strategic investment managers in line with our Responsible Investments policy in selection and monitoring of assets to achieve our targets.

Statutory Profit and Loss

The Profit and Loss Account reflects an increase in pre-tax profit from £33.2m in 2023 to £34.8m in 2024. The key drivers of this change were a change to the valuation interest rate assumption driven by sustained change in gilt-swap spreads generating profit of £11.6m, global growth in equity markets driving an increase in unit values, which in turn saw annual management charge income increases in the year, offset by increased expenses as we grow our BPA business and upgrade our IT systems.

The Directors paid two dividends, totalling £50m, during the financial year to UGP (2023: £60m).

Capital position

For the purposes of determining its Regulatory Capital, the Company uses the Solvency II Standard Formula without adjustment. The Company maintained capital sufficient to meet its Solvency Capital Requirement ("SCR") throughout the period. The total available Own Funds for the year end 31 December 2024 were £225.4m (2023: £248.1m). The Company had a SCR of £117.8m at year end 2024 (2023: £115.0m), with an unaudited Solvency Coverage Ratio of 191% (2023: 216%). (See section D and E).

The Company has a Matching Adjustment ("MA") portfolio that backs some of the immediate and deferred annuity business and the BPA business. The MA enables the Company to benefit from a higher discount rate which reduces the value of the liabilities.

The Company does not apply the transitional risk-free interest rate term structure.

The Company applies a Transitional Measure on Technical Provisions ("TMTP") which is set to zero at year-end 2024.

The following table sets out the capital requirements over the reporting period allowing for the eligibility restrictions.

SII Pillar 1 Solvency (£m)	31 December 2024	31 December 2023
Own Funds (unrestricted)	225.4	258.9
Restriction on Own Funds	(0.0)	(10.7)
Own Funds	**225.4**	**248.1**
Solvency Capital Requirements	117.8	115.0
Excess Available Capital (after capital support)	**107.7**	**133.1**
Solvency Capital Ratio	**191%**	**216%**
Minimum Capital Requirement ("MCR")	39.1	40.0
Unused Future Discretionary Benefits ("FDBs")	45.0	46.9

Our Customers

In line with our strategy, providing good customer outcomes is at the forefront of our business model. We provide a safe home for customers and policies, due to our strong capital position and efficient operational management. We help customers achieve future peace of mind, retaining customers and supporting their needs, now and in the future.

Consumer Duty

Consumer Duty regulations aim to provide customers with:

- the support they need, when they need it;
- communications that are understandable;
- products and services that meet customers' needs and offer fair value.

At Utmost, these are all areas that we believe strongly in and our staff take pride in being able to provide a good customer service through:

- our helpful and accessible contact centre and customer teams;
- MyUtmost, our online portal for former Equitable customers.
- provision of timely and clear information that customers can understand, helping them make good financial decisions;
- making sure that products and services continue to provide fair value;
- offering products and services that are appropriate for our customers.

Risk and governance framework

The Company operates within a dynamic business environment, which is continually influenced by the external environment, including economic, political and industrial, competitive, demographic, health/lifestyle, legal and regulatory factors. By operating within this environment, the Company is exposed to risks. Part of the Company's success is dependent on managing these risks appropriately.

The Company's Enterprise Risk Management ("ERM") Framework provides the framework for the management of these risks, and supports attainment of the Company's strategic objectives. The ERM is designed to support the identification of all material risks, including medium-term and long-term risks. The ERM Framework sets out the Company's overall strategy towards and appetite for risk, the risk governance and management processes, and the Company's approach to risk classification, monitoring and analysis.

As part of ERM Framework mechanisms, risks are quantified and are subject to stress test and scenarios analysis. Non-quantifiable risks are fully covered within the framework and are monitored and managed through the Company's risk reporting and risk governance structures.

The four principal risks to the business are detailed in the table below.

Market risk	Primarily in the form of equity, interest rate and currency risks. Looking forwards, significance of inflation risk will grow as Bulk Purchase Annuity exposure grows.
Underwriting risk	Primarily in the form of persistency, expense and longevity risks and the take-up of guaranteed options.
Credit risk	Primarily from spread risk on corporate bonds and counterparty default risk on risk mitigating contracts e.g. reinsurance.
Operational risk	The Company has identified seven operational risk categories: Financial Crime, Employment Practices, Damage to Physical Assets, Business and system disruption, Client/ Products/ Business practices. Execution/ Delivery/ Process management and Governance risk.

The Company's System of Governance and risk profile are set out in sections B and C of this report.

Responsible Investment

In addition to the four principal risks above, climate change and wider ESG risks are likely to increasingly impact the Company in the coming years. The expectations with regards to the management of climate change risk increase over time. We continue to work with Utmost Group to further develop our risk management framework and scenario analysis in this regard.

We recognise the importance of our role as a long-term allocator of capital. We consider all three pillars of Environmental, Social and Governance ("ESG") in our decision making, alongside traditional frameworks to ensure a complete and full financial analysis. This will enable us to make an orderly transition in alignment of our shareholder investment portfolios with the aims of the Paris Agreement, the international treaty on climate change.

- ULP has committed to reducing the carbon emissions in its shareholder investment portfolio, including assets in the annuity portfolio backing the BPA business. With UGP we have set a target to halve the carbon emissions in our shareholder investment portfolio by 2030, and to be net zero in our shareholder investment portfolio by 2050, in line with the ABI Climate Change Roadmap.

- We have worked with UGP to publish the Group's first Pathway to Net Zero, which sets out progress against the 2050 net zero targets in the shareholder assets.

- The Pathway to Net Zero is supported by the Group Responsible Investment policy which sets out our approach to responsible investment across the investment lifecycle. Incorporating guidance from the UN's Principles of Responsible Investment ("UNPRI"), the policy demands high sustainability standards of our investment managers and outlines expectations on the integration and ongoing management in our portfolios, with respect to responsible investment. In 2024, we have focused on embedding our responsible investment approach within the annuity and shareholder portfolios.

Further details on our responsible investment approach can be found in our Responsible Investment policy on our Group website: utmostgroup.co.uk.

The Company will continue to monitor closely the significant advisory, legal, and regulatory developments in respect of climate change risk and related disclosures.

Geo-political risks

In 2025, geo-political risks look likely to remain high with the Middle-East conflict, the continuing Russia-Ukraine war and political change and uncertainty in a number of countries, not least following the 2024 presidential election in the US.

Geo-political risks can have significant impacts on the global economy, particularly through the impact of material fluctuations in commodity prices and disruption to supply chains, which we have seen from events of the last two years.

Given the exposure to equity markets for our future income on unitised business, any fall in the value of equity markets from geo-political events will reduce the value of AMCs. We continue to monitor and manage our exposure to these risks to ensure we remain resilient, through a combination of holding appropriate levels of capital for equity risk exposure and keeping our risk appetite for market risk exposures under regular review.

BPA Risks

Having entered the BPA market in 2024, the Company's risk profile will evolve.

The investment strategy associated with BPA business will lead to a wider pool of assets being used by the Company and so credit risk is likely to increase. Taking on more annuity business is also likely to increase the longevity component of underwriting risk. As BPA business increases, expense risk as a proportion of total risk is expected to reduce with expenses spread across a larger number of polices. The assessment of the risks associated with the BPA business is now embedded within the Enterprise Risk Management Framework summarised above.

Looking ahead

The business has delivered an excellent performance in 2024. We have continued to focus on our customers, consistently meeting service levels and quality measures whilst also receiving strong employee engagement results. We have maintained a strong and resilient Balance Sheet, whilst also delivering £50m of dividends to our shareholder. In addition, we have successfully entered the BPA market, developing an attractive and competitive proposition and generating new business premium of £38m.

As we look ahead through 2025 and beyond, we will build on what we have achieved in 2024 so that we can deliver on our growth ambitions in the BPA market - a target market share of over 5% within five years. At the same time, we will maintain our focus on cost efficient operations for our existing customers and delivering increased value to shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Statement

Approval by the Board of Directors of the Solvency and Financial Condition Report for the period ending 31 December 2024.

We certify that:

1. The Solvency and Financial Condition Report (SFCR) has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations (as restated and applicable to the UK); and

2. We are satisfied that:

    a. Throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable; and

    b. It is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued so to comply, and will continue so to comply in future.

On behalf of the Board of Utmost Life and Pensions Limited
By order of the Board

AM Stoker

Andrew Stoker
Chief Executive Officer
3 April 2025

SOLVENCY AND FINANCIAL CONDITION REPORT 2024

A. BUSINESS AND PERFORMANCE

A.1 Business

The Company is part of the Utmost Group Plc, a specialist life insurance group founded in 2013, with the aim of acquiring and managing life insurance business across the UK and Europe with over £100 billion of assets under administration and 500,000 customers.

The current principal activity of the Company is the provision of life and pensions policies, obtained through a strategy of acquiring and consolidating businesses in the United Kingdom, including Bulk Purchase Annuity "BPA" business, following the Company's successful entry into the BPA market in 2024.

The Company was formed on 12 January 2017 and acquired the business of Reliance Mutual Insurance Society on 1 April 2018, and the vast majority of the business of the Equitable Life Assurance Society on 1 January 2020. In the second half of 2024, ULP successfully entered the Bulk Purchase Annuity market, and by the end of the year had executed buy-in transactions with two pension schemes. ULP's ultimate parent company that is registered in the UK is Utmost Group Plc ("UGP"). The ultimate parent undertaking of the Company is OCM Utmost Holdings Limited, a company incorporated in the Cayman Islands.

A.1.1 Legal form

The Company is a limited liability company incorporated in January 2017 and domiciled in England and Wales (Registration No.10559664), and its registered office address is Walton Street, Aylesbury, Bucks, HP21 7QW. The Company is authorised by the Prudential Regulation Authority ("PRA"), and regulated by both the Financial Conduct Authority ("FCA") and PRA.

A.1.2 Supervisory authorities and external Auditors

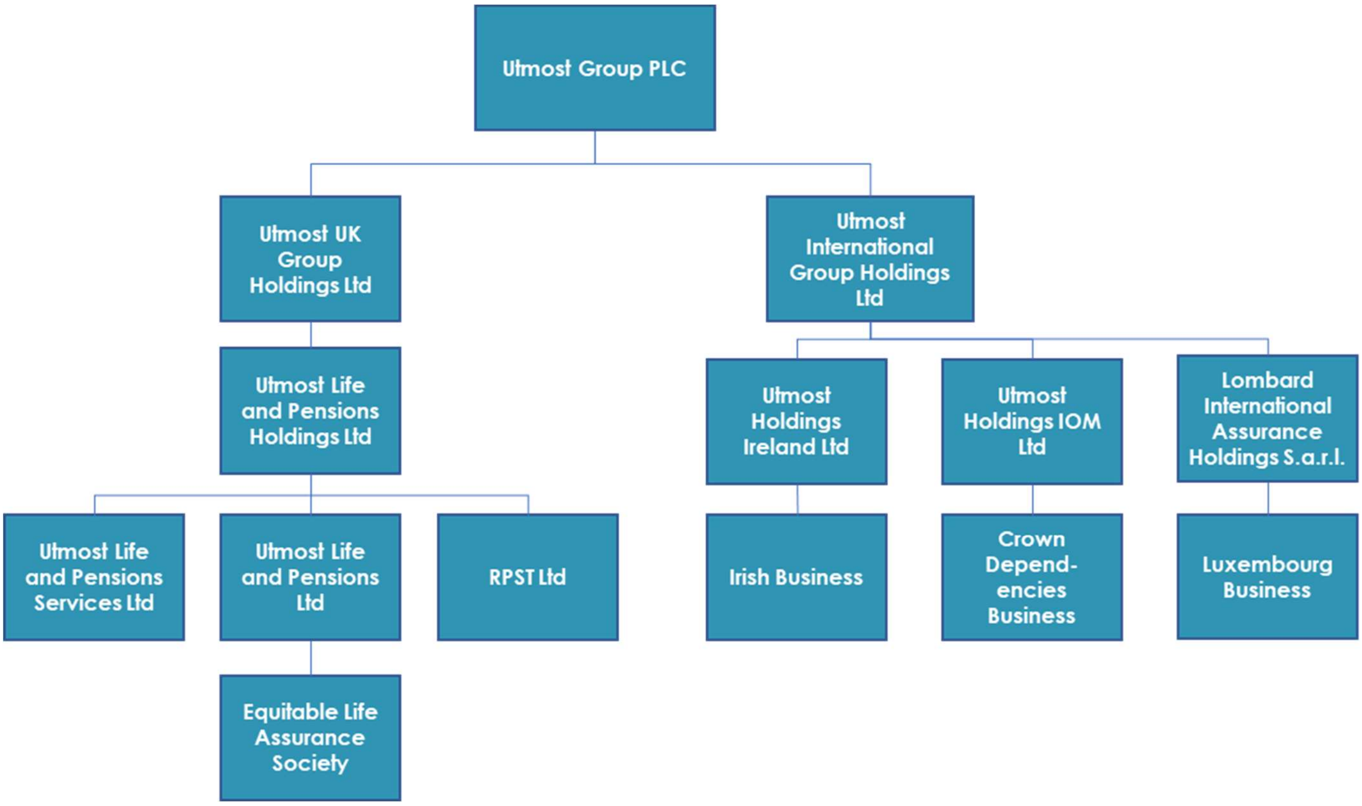
Supervisory Authority	External Auditors of the Annual Report and Accounts
Prudential Regulation Authority Bank of England 20 Moorgate London EC2R 6DA	Forvis Mazars LLP 30 Old Bailey London EC4M 7AU
Financial Conduct Authority 12 Endeavour Square London E20 1JN	

Forvis Mazars LLP have been appointed as the Company's auditor with effect from the financial year ending 31 December 2024, replacing the previous auditors, PricewaterhouseCoopers LLP (PwC).

A.1.3 Group structure

The Company is a wholly owned subsidiary of Utmost Life and Pension Holdings Limited ("ULPH"), whose other subsidiaries include Utmost Life and Pensions Services Limited ("ULPS"). ULPS employs all staff for the ULPH group of companies. All our business and corporate teams operate from Aylesbury.

The structure below sets out the principal companies with a material relationship with the Company. The Company is the parent of Equitable Life Assurance Society ("ELAS"), which retained residual Irish and German business following the transfer in January 2020, and remains an authorised insurer in its own right.



A.1.4 Lines of business

The vast majority of the Company's in-force business was written in the UK.

The Company is sub-divided into a number of distinct sub-funds, which are the Non-Profit Fund ("NPF"), which includes shareholder funds and the unit-linked business, and four separate With-Profits Sub-Funds ("the WPSFs") – WPSF1, 2, 4 and 6 – which are primarily with-profits business. The NPF contains one Matching Adjustment portfolio consisting of immediate annuities and deferred annuities, including BPA business.

New business written by the Company comprises BPA business, annuities sold to existing policyholders on the vesting of their pension savings contracts (including contracts with GAOs), and existing policyholders opting for the Flexible Drawdown Product or to consolidate their pensions with the Company.

The table below summarises the Company's material lines of business as at 31 December 2024**.**

Line of Business	Contract Type	Product(s)	% of Technical Provisions
Unit-Linked and Index-Linked Insurance	Unit-Linked	Life and Pensions Savings, Protection	86.0%
Other Life Insurance	Non-Linked	Immediate Annuities, including BPA business	8.1%
Insurance With-Profit Participation	With-Profits	Life and Pensions Savings, Protection and Other	1.9%
Other Life Insurance	Non-Linked	Life and Pensions Savings, Protection and Other	1.5%
Other Life Insurance	Non-Linked	Deferred Annuities, including BPA business	1.4%
Insurance With-Profit Participation	With-Profits	With Profit Annuities	0.9%
Insurance With-Profit Participation	With-Profits	Deferred Annuities	0.2%

The Company also has small amounts of in-force unitised with-profits business, unit-linked annuities and health insurance business, also included above.

A.1.5 Significant Events

A.1.5.1 Company Strategy Update

During 2024, decisions have been made in line with achieving our strategic aims and objectives as set out earlier in the Executive Summary. This includes the decision to move into the BPA market, including approval of a detailed independent readiness review, new governance arrangements, and the selection of new strategic partners for our investment management and operational administration capabilities, as well as subsequent agreement to enter into specific BPA transactions. Alongside this, the Board committed to plans to make significant changes to enhance and future-proof our IT infrastructure.

Key financial decisions made during the year included the declaration and payment of two dividends, totalling £50m, after careful consideration of all the consequences for other stakeholders, including customers. A more detailed account of our financial performance is included in the report summary, within the 'Statutory Profit and Loss, 'Business and Performance' and 'Capital position' section.

A.1.6 Business and Performance

The Company prepares its Annual Report and Financial Statements on a UK Generally Accepted Accounting Principles ("GAAP") statutory basis in accordance with FRS 102 and FRS 103. These were approved by the Board on 03 April 2025 but, for the purposes of this document, financial performance is presented on a Solvency II basis; the changes for which are detailed and explained within this report.

The most significant differences between the Solvency II reporting and UK GAAP statutory basis are as follows:

- Actuarial liabilities are calculated on a best estimate basis for Solvency II and a prudent basis for UK GAAP; and
- Intangible assets including negative goodwill and the present value of acquired in-force business have no value for Solvency II reporting.

The Company's Solvency Coverage Ratio at 31 December 2024 was 191% (2023: 216%), which was significantly above the Board's stated risk appetite of at least 135% Solvency Coverage Ratio at all times and at least 150% Solvency Coverage Ratio immediately after the payment of a dividend or loan interest.

The table below analyses the Solvency Coverage of the Company.

SII Pillar 1 Solvency (£m)	31 December 2024	31 December 2023
Own Funds (unrestricted)	225.4	258.9
Restriction on Own Funds	0.0	(10.7)
Own Funds	**225.4**	**248.1**
Solvency Capital Requirements	117.8	115.0
Sub-fund capital support	0.0	0.0
Excess Available Capital (after capital support)	**107.7**	**133.1**
Solvency Capital Ratio	**191%**	**216%**
Minimum Capital Requirement ("MCR")	39.1	40.0
Unused Future Discretionary Benefits ("FDBs")	45.0	46.9

A.2 Underwriting Performance

Due to the nature of the Company's unit-linked, annuities and with-profits business, an analysis of underwriting performance does not provide meaningful information without netting off the investment performance and, for this reason, it is not the way in which the Company manages the business. Financial performance focuses on the movement in the Company's economic value and solvency coverage ratio.

The Company wrote £76.2m (2023: £38.4m) of new business premiums in respect of annuities sold to existing policyholders on the vesting of their pension savings contracts, including contracts with GAOs and the Flexible Drawdown Product. In addition the Company wrote £37.7m of new business premiums on the new BPA products in 2024. (2023: £nil)

A.3 Investment Performance

Investment return comprises investment income, including realised investment gains and losses and movements in unrealised gains and losses on investments designated as fair value through profit or loss.

Interest income is recognised as it accrues, taking into account the effective yield on investments.

Investment expenses are recognised on an accruals basis where information exists. The total investment management fees incurred were £3.4m (2023: £3.6m).

Dividends received are included as investment income on the date when the right to receive has been established.

Unrealised gains and losses on investments represent the difference between the valuation at the date of the Statement of Financial Position and their purchase price or, if they have been previously valued, their valuation at the date of the last Statement of Financial Position. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

The Company's asset portfolio is invested to generate competitive investment returns whilst remaining within the Company's appetite for market and credit risk.

An analysis of the investment return by asset class is presented in the table below.

Year ended 31 December 2024:

	Debt Securities	Equity securities	Other Financial Investments	Total
	£m	£m	£m	£m
Dividends	-	2.6	116.6	119.2
Interest	22.0	-	4.6	26.6
Net realised (losses) / gains	(2.1)	1.0	76.3	75.2
Net unrealised gains	(19.2)	1.6	237.2	219.6
	0.7	5.2	434.7	440.6

Year ended 31 December 2023:

	Debt Securities	Equity securities	Other Financial Investments	Total
	£m	£m	£m	£m
Dividends	-	2.2	105.9	108.1
Interest	23.2	-	4.6	27.8
Net realised (losses) / gains	(2.9)	0.1	25.6	22.8
Net unrealised (losses)/ gains	25.6	5.6	257.0	288.2
	45.9	7.9	393.1	446.9

The realised gains and unrealised losses are in respect of the portfolio of corporate and government bonds and Open Ended Investment Company ("OEIC") investments. At 31 December 2024, the Company had no material securitised investments.

A.4 Performance of Other Activities

There is no performance of other activities not already covered elsewhere in this report.

A.5 Any Other Information

There are no other material activities not covered elsewhere in this report.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

The Board meets a minimum of four times a year. Other meetings are convened as required. The minimum quorum necessary for meetings is two members for the ULP Board. At the end of 2024 the Board comprised the Chair (an Independent Non-Executive member), four other Independent Non-Executive members, two Group Non-Executive Directors and one Executive Director. An additional Executive Director was appointed on 1 January 2025.

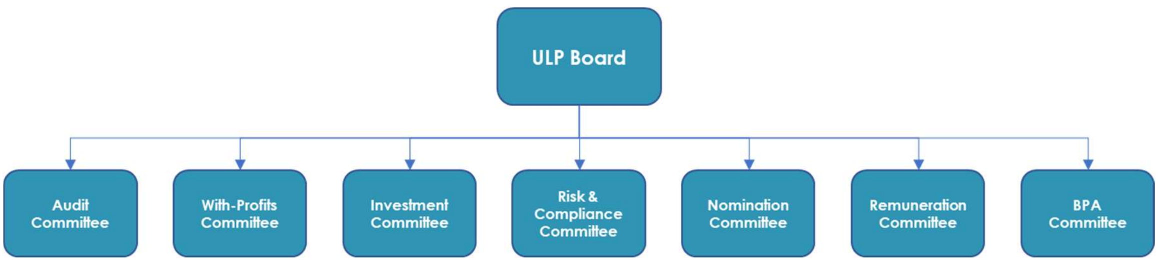
Directors	Name
Chairman	Michael J Merrick
Executive Directors	Andrew M Stoker, Chief Executive Officer (appointed 1 January 2025)
	Stephen Shone, Chief Executive Officer (resigned 31 December 2024)
	Robert A Kerry, Chief Actuary
Independent Non-Executive Directors	David M Baker
	Duncan A Finch
	Lord Daniel W Finkelstein (resigned 5 July 2024)
	Feilim Mackle
	Jeremy M Nurse (appointed 8 July 2024)
Group Non-Executive Directors	A Paul Thompson
	Ian G Maidens

The Board's role is to:

- Have collective responsibility for the long-term sustainable success of the business;
- Provide entrepreneurial leadership for the overall running of the business;
- Ensure that the Company complies with all rules, regulations, laws, codes of practice, guidelines, principles and generally accepted standards of performance and probity;
- Ensure that the assets of the Company are safeguarded;
- Discuss all relevant issues, constructively challenge the views of management, make timely and informed decisions, exercise adequate control over and monitoring of the affairs of the Company;
- Establish the Company's purpose, strategy and values, and satisfy itself that these and its culture are aligned;
- Maintain a high standard of corporate governance proportionate to the size of the Company; and
- Delegate the effective day-to-day management of the Company to executive management.

The Board has authority to delegate certain responsibilities to Board sub-committees and executives and senior managers within the Company. However, the Board always remains accountable and cannot delegate this ultimate accountability.

The Company's Fit and Proper Policy also governs the delegations, to ensure that individuals and committees have relevant qualifications, experience and knowledge to complete the task. The structure of the delegated responsibilities to all Board Committees is shown below.



Audit Committee

The Audit Committee is a Committee of the Company's Board and has been delegated responsibility for monitoring the integrity of the Company's Financial Statements and the adequacy and effectiveness of internal controls. This includes responsibility for the review of disclosures to the Supervisory Authority, including the SFCR, in addition to its UK GAAP statutory financial reporting and accounts disclosures.

The Members of the Committee are appointed by the Board, and the Committee will be composed of at least three members at all times, and must be composed only of Non-Executive Directors. At least one member of the Committee must have competence in accounting and/or auditing, and the remaining members should at a minimum have experience of dealing with financial and accounting matters.

The Committee Chair is appointed by the Board, and must be an Independent Non-Executive Director ("INED"). In the absence of the Chair and/or an appointed deputy, the remaining INED members present shall elect one of themselves to chair the meeting.

The Company's Chief Executive Officer, Chief Financial Officer and Chief Actuary are invited to attend meetings of the Committee. In addition to appointed members, the Chair may invite other persons to attend all or part of any meeting. Furthermore, the Internal and External Audit functions have direct access to the Committee as appropriate.

The Committee meets at least four times a year, normally quarterly, and at such other times as the Chair considers necessary or appropriate to discuss any significant or critical aspects concerning the Company's financial control affairs and/or related matters.

With-Profits Committee

The With-Profits Committee is a Committee of the Company's Board and has delegated responsibility to act in an advisory capacity to inform decision making by the Board in relation to the management of the Company's With-Profit Sub-Funds ("WPSFs"), including adherence to the Principles and Practices of Financial Management ("PPFM") and the future distribution of surplus in the WPSFs, paying close regard to policyholders' reasonable expectations and in keeping with Treating Customers Fairly principles. The Committee considers relevant matters affecting policyholders generally and matters which affect sub-groups of policyholders rather than individual cases.

The Committee Chair and other members of the Committee are appointed by the Board in consultation. The majority of the members of the Committee are independent of the Company and its group of companies.

The With-Profits Committee consists of no more than six members, and the Chair of the Committee and the majority of members are not Directors of Utmost Life and Pensions Limited. At least one member of the With-Profits Committee has recent and relevant financial experience and, preferably, holds a professional qualification from the professional actuarial body.

The Chair of the Board is not a member of the With-Profits Committee.

Only members of the With-Profits Committee have the right to attend With-Profits Committee meetings. However, other Directors and other individuals (including representatives of external advisers) may be invited to attend all or part of any meeting as and when appropriate in the opinion of the With-Profits Committee's Chair or the majority of its members.

The Committee meets at least four times a year at appropriate intervals in the financial reporting and with-profits cycle, and otherwise as required.

Investment Committee

The Investment Committee is a Committee of Company's Board and has been delegated responsibility for recommending the overall strategic investment policy for the Board's consideration, and oversight and control of the Company's investment activities.

The Investment Committee seeks to ensure that investment activities carried out are consistent with the Investment Policy as adopted by the Board, and Investment Guidelines issued pursuant to seeking the achievement of the objectives of the Investment Policy as issued from time to time. It exercises control over the execution of the Board's strategic decisions and the sound and efficient management of investment-related matters.

The members of the Committee are appointed by the Board. The Committee is composed of at least three members at all times.

The Chair is appointed by the Board, and must be an Independent Non-Executive Director. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of each meeting must be an INED.

The Company's Chief Financial Officer, Chief Actuary, Chief Risk Officer, and the Chief Investment Officer are invited to attend meetings of the Committee. In addition to appointed members, the Chair may invite other persons to attend all or part of any meeting.

Furthermore, the Chief Financial Officer, the Chief Risk Officer and Chief Investment Officer have direct access to the Committee as appropriate.

The Committee meets at least quarterly and at such other times as the Chair considers necessary or appropriate to discuss any significant or critical aspects concerning the Company's investment affairs and/or related matters.

Risk and Compliance Committee

The Risk and Compliance Committee is a Committee of the Company's Board and has been delegated responsibility for assisting the Board in its oversight of the risk management and compliance culture and ensuring compliance of the undertaking with all legal and administrative requirements. It also has delegated authority for:

- Overseeing the regulatory capital position;
- Advising the Board on the Company's risk appetite and risk, control and compliance exposure;
- Setting and monitoring the Company's risk management and compliance policies; and
- Ensuring the effectiveness of its Own Risk Solvency Assessment ("ORSA")

The Committee also aligns with the Remuneration Committee to embed a risk-based company-wide Remuneration Policy for the Company.

The members of the Committee are appointed by the Board. The Committee will be composed of at least three members at all times.

The Committee Chair is appointed by the Board, and must be an Independent Non-Executive Director. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of each meeting is an Independent non-executive Director.

The Company's Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer and the Chief Actuary are invited to attend meetings of the Committee. In addition to appointed members, the Chair may invite other persons to attend all or part of any meeting.

Furthermore, the Chief Risk Officer has direct access to the Committee as appropriate.

The Committee meets at least four times a year, normally quarterly and at such other times as the Chair considers necessary or appropriate to discuss any significant or critical aspects concerning the Company's risk and compliance affairs and/or related matters.

Nomination Committee

The Nomination Committee is a Committee of the Company's Board and has been delegated responsibility for ensuring that the Board has a formal, rigorous and transparent procedure in place to manage the appointment of new Directors to the Board, and to ensure that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively, including succession planning.

The members of the Committee are appointed by the Board. The Committee will be composed of at least three members at all times.

Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the HR Director and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Board has appointed the Committee Chair, who is the Chair of the Board. The Chair of the Board will not chair the Committee when it is dealing with the matter of succession to their role and the Chair will appoint a deputy for this purpose.

The Committee meets at least twice a year, and at such other times as the Chair considers necessary or appropriate.

Remuneration Committee

The Remuneration Committee is a Committee of the Company's Board and has been delegated responsibility for overseeing adherence to the Group Remuneration Policy. The Board itself determines the remuneration of the Non-

Executive Directors within the limits set in the Board's Terms of Reference and those matters reserved for Group Company Boards.

No Director is involved in any decisions as to their own remuneration.

The members of the Committee are appointed by the Board following consultation with the Committee Chair. The Committee will be composed of at least three members at all times.

The Chair is appointed by the Board, and must be an Independent non-executive Director. In the absence of the Chair and/or an appointed deputy, the remaining members present elect one of themselves to chair the meeting. The Chair of each meeting must be an Independent Non-Executive Director. The Chair of the Board must not be Chair of the Committee.

In addition to appointed members, the Chair may invite other persons to attend all or part of any meeting.

The Committee meets at least half-yearly and at such other times as the Chair considers necessary or appropriate to discuss any significant or critical aspects concerning the Company's remuneration affairs and/or related matters.

BPA Committee

The BPA Committee is a committee of the Company's Board and has been delegated responsibility for approving the submission of indicative and/or transactable pricing in relation to bulk purchase annuity business. Thus, ensuring that the financial impacts of any single bulk purchase annuity transaction are fully understood and consistent with ULP's New Business Pricing Policy, and ensuring that the risks associated with any single bulk purchase annuity transaction are fully understood and managed under ULP's risk management framework.

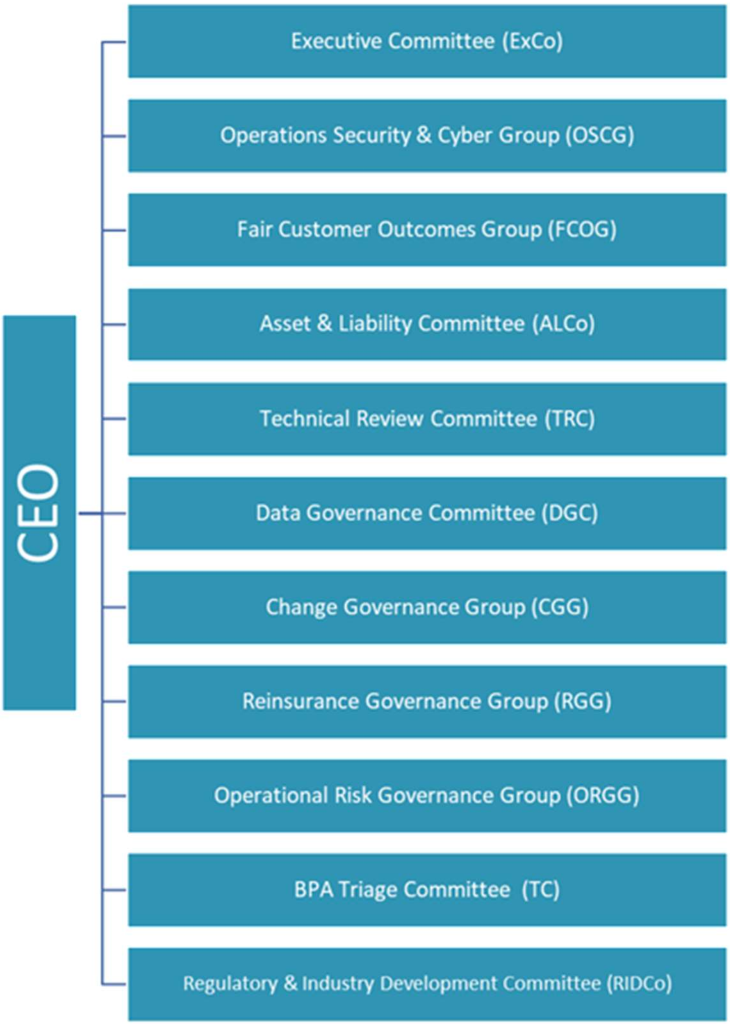
The Members of the Committee are appointed by the Board following consultation with the Chair, and the Committee will be composed of at least four members at all times. The Chair is appointed by the Board, and is an Independent Non-Executive Director.

Currently, the Committee meets as frequently as required to support ULP in the execution of its BPA business strategy.

Executive Sub-Committees

In addition to the above Board Committees, a range of Executive sub-committees are in place to support the Chief Executive Officer in their decision making. These committees have no delegated authority, as outlined below, but make recommendations to the Chief Executive Officer.

During the reporting period, the executive committees that were in place are shown overleaf.



Executive Committee

The Executive Committee ("ExCo") assists the Chief Executive Officer in managing the business, executing the business plan, monitoring deliverables and managing the associated risks. This includes liaising with the other executive sub-committees and responding to their recommendations.

Through 2024, the Committee comprised the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Actuary, the Customer Services Director, the IT Director, the HR Director, the Head of Change and Company Secretary, and the Head of BPA Development. The Chief Investment Officer ("CIO") and Head of Pricing have been added to the Committee since January 2025. The Head of Internal Audit also has a standing invitation to attend meetings. The Company Secretary and HR Director act as Secretary to the Committee. The Committee aims to meet weekly, and a minimum of three members of the Committee are required to attend in order for business to be conducted.

Asset and Liability Committee

The Asset and Liability Committee ("ALCo") supports the Chief Financial Officer, who is the Chair, in the ongoing management of investments, including agreeing criteria for fund investment and monitoring performance. It executes investment strategy as defined by the Board and the Investment Committee. It also oversees all related cash flow requirements.

It makes recommendations to the Chief Executive Officer, the With-Profits Committee, the Investment Committee, and the Risk and Compliance Committee about investment management strategy, cost, performance, unit pricing and asset allocation decisions to ensure that the interests of all policyholders have been appropriately considered and represented, and considers the impacts on the risk profile and appetite of the Company.

Fair Customer Outcomes Governance Group

The Fair Customer Outcomes Group ("FCOG") reports to ExCo. It is chaired by the Customers Services Director. Its role is to govern delivery of fair customer outcomes in line with the business strategy and regulatory expectations for Utmost Life and Pensions and its life insurance subsidiaries. The aim is to achieve fair outcomes for all policyholders, having regard to their characteristics and needs.

Data Governance Committee

This Committee is chaired by the Company Secretary and Head of Change, and assists the Company in meeting its legislative and regulatory data requirements, and its responsibilities include monitoring compliance with the organisation's data policies and procedures, and ensuring ULP is compliant with General Data Protection Regulation (GDPR), and other relevant data legislation and regulation.

Operations Security and Cyber Group

This group, chaired by the IT Director, exists to: ensure that IT security and cyber risk actions are occurring to schedule; assess changing security needs; and to ensure that adequate business continuity management capability exists and is tested successfully in accordance with the agreed test plan, to minimise disruption and losses (including fines and sanctions) arising from incidents.

Reinsurance Governance Group

This Committee is chaired by the Chief Actuary and exists to review the management of the reinsured book in accordance with the requirements of the Reinsurance Agreements.

Technical Review Committee

This Committee exists to debate, challenge, approve and, where necessary, make recommendations to the Chief Executive Officer and Audit Committee on key model calculation methodologies, technical assumptions and limitations for finance and actuarial models. This committee is chaired by the Chief Actuary.

Change Governance Group

The Change Governance Group ("CGG") is chaired by the Head of Change, and is a cross functional, cross-departmental meeting with representatives from functions impacted or participating in change and business-as-usual projects. The main objectives are to prioritise and schedule change initiatives in conjunction with the business strategy and objectives, and have overall responsibility for the delivery and direction of projects.

Regulatory and Industry Development Committee

The Regulatory and Industry Development Committee ("RIDCo") is chaired by the Head of Compliance, and is an important element of the Company's systems and controls, and is responsible for ensuring that regulatory or industry-wide changes relevant to the Company are identified in order to enable the business to respond appropriately. It reports into the CGG with any change programmes as a result of regulatory or industry developments.

Operational Risk Governance Group

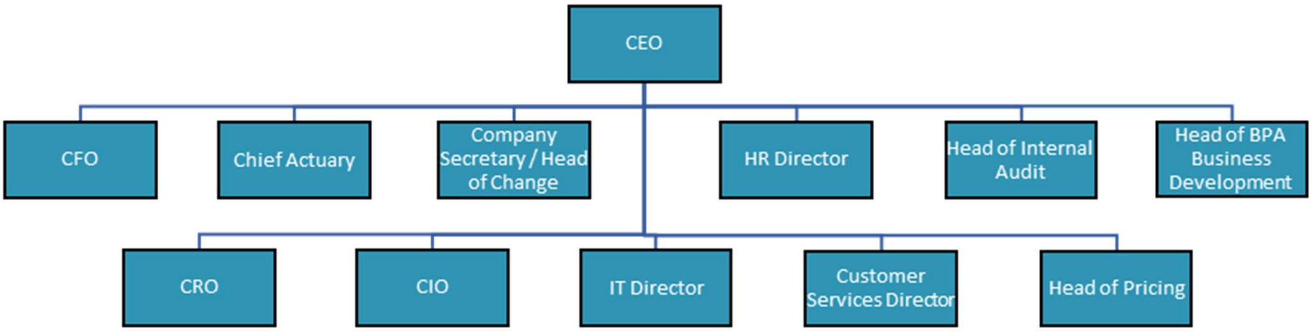
The Operational Risk Governance Group ("ORGG") is chaired by the Customer Services Director and maintains oversight of operational risk through the collective lens of operational resilience, business continuity and operational risks and risk events. Its main duties include monitoring the risk management framework to ensure that operational resilience is suitably embedded, ensuring owners of important business services and third-party relationships clearly understand their role and responsibilities in meeting regulatory requirements, and ensuring the business adheres to a range of operational risk related policies and frameworks.

BPA Triage Committee

This committee is chaired by the Head of BPA Development and has responsibility to review new buy-in and buyout opportunities within the BPA market, and recommend which will be taken forward to the indicative and/or transactable pricing stages.

Individual Responsibilities

The structure of the delegated responsibilities to individuals over the reporting period is given overleaf (with the CIO and Head of Pricing joining during the year).



Executive responsibilities are delegated to the Chief Executive Officer, with ultimate responsibility either retained or delegated to senior management and possibly further cascaded to individuals.

Senior managers have the authority to delegate their responsibilities to fit and proper staff, the approval and assessment of whom is defined in the Fit and Proper Policy.

Integration of all governance

The Company's Management Responsibilities Map covers all these functions, with named individuals with the regulatory Senior Managers and Certification Regime ("SM&CR") functions as part of their responsibilities.

Risk management is the responsibility of all functional managers, with the Risk function providing oversight and reporting to the Risk and Compliance Committee. The Chief Risk Officer (a member of ExCo) regularly reviews the Company's risks with the senior team, and at every Board meeting. The Risk and Compliance Committee provides oversight of the Company's risk management.

The Compliance function performs its role in a similar way, with the Head of Compliance reporting to the Chief Risk Officer.

The Chief Actuary is a member of the ExCo, and has a direct reporting line to the Audit Committee and the main Board.

Remuneration Policy and Practices

Remuneration of the Company's Directors and employees is overseen by the Remuneration Committee, as outlined above. The Committee aims to ensure that the Company's various remuneration structures encourage and support alignment between business decisions, individual behaviour, business performance and the Company's values, risk appetite and Capital Management Strategy ("CMS").

The remuneration of the Chairman, the Chief Executive Officer, Executive Directors and senior managers is set by the Remuneration Committee in accordance with the Group Remuneration Policy. The primary objective of the Remuneration Policy is to ensure that each Executive Director / senior manager is provided with appropriate incentives to encourage exceptional performance and are rewarded for their individual contributions to the long-term success of the Company.

The principles underpinning the remuneration of the Company's Executive Directors/senior managers are as follows:

- Remuneration in general should reflect individual performance and support the delivery of benefits and services to the Company and all its stakeholders;
- Remuneration should enable the Company to attract, retain and motivate Executive Directors of the quality required to run the Company effectively; and
- Reviews of base salary will give due regard to information disclosed by comparable companies to bear a reasonable relationship to the scale of the role as well as to other factors. A performance-related incentive scheme is in place for Executive Directors and senior managers.

The Remuneration Committee takes care to ensure that any such bonus payments are appropriate and that the objectives upon which performance-related payments are assessed are closely aligned to the interests of the Company's customers and take into account the Company's current strategic position.

B.2 Fit and Proper Requirements

The Company has a Fit and Proper Policy in place that sets out the way in which the Company complies with the PRA's and the FCA's Fit and Proper requirements, with particular emphasis on the SM&CR.

As a result, the Company will ensure that its Senior Management Function Holders ("'SMFH"), Notified Non-Executive Directors ("NNEDs"), Key Function Holders ("KFHs")), and Certification Function Holders ("CFHs"):

- Are, and remain, competent, fit and proper to discharge their responsibilities;
- Are aware of their obligations under the Regulators' relevant conduct rules and standards; and
- Are aware of the expectation to avoid, to the extent possible, activities that could create conflicts of interest or the appearance of conflicts of interest (via the Company's Conflicts of Interest Policy).

In addition, the Company ensures that all of its SMFHs are aware of their obligations under the Duty of Responsibility and has established, and maintains, appropriate mechanisms and systems to manage these arrangements.

The Company ensures that all prospective SMFHs are fit and proper to undertake the responsibilities being allocated to them.

Whilst not expected individually, the Board must collectively possess appropriate qualifications, experience and knowledge about:

- Insurance and financial markets, including the wider business, economic and market environment in which the Company operates and an awareness of the level of knowledge and needs of its policyholders;
- The business strategy and business model, in detail;
- The System of Governance within the business, including the awareness and understanding of the risks the Company is facing and its capability of managing them; together with an ability to assess the effectiveness of the Company's arrangements to deliver effective governance, oversight and controls within the business and, if necessary, to oversee changes in these areas;
- Financial and actuarial analysis in order to interpret the Company's financial and actuarial information, identify key issues, put in place appropriate controls and take necessary measures based on this information; and
- The regulatory framework and requirements, including the capacity to adapt to changes to the regulatory framework, without delay.

Such assessment is made at the most senior level, when considering the appointment of a director, to ensure that appropriate diversity is evident. This takes place prior to the due diligence process and prior to the submission of the application form for regulatory approval for a prospective SMFH or notification form for an NNED.

The Company maintains a central register of SMFHs, KFHs and CFHs in its Management Responsibilities Map. This records the names and positions of those SMFHs who run the Company as and when appointed. The map is reviewed quarterly.

Once the Company has decided at the most senior level that it wishes to appoint an SMFH, the HR department carries out the necessary due diligence checks in respect of the individual to be appointed. It establishes information relating to any criminal, disciplinary, enforcement or administrative offences currently being tried or having been tried in the past relating to both the financial services industry and outside of the industry.

Whilst having previous infringements may not necessarily result in the person being assessed as not fit for the role being considered, HR ensures that their judgement is based on the widest information available concerning such offences. HR coordinates the documentation of the assessments of competence, fitness and propriety before an application is submitted for approval to the regulatory authorities.

All regulatory applications are submitted to the Regulators for approval by the Compliance team, once the due diligence process has been completed.

For employed staff, the Company has in place a performance management process to manage performance and to ensure continued suitability for each role. In addition, an annual assessment of fitness and propriety is undertaken for all SMFHs, NNEDs, KFHs and CFHs. An annual evaluation of the effectiveness of the Board is also undertaken.

B.3 Risk Management System including the Own Risk and Solvency Assessment

Whilst recognising that large parts of the Enterprise Risk Management ("ERM") Framework are operated within first line teams; the Risk Management function is responsible for maintaining and overseeing the effectiveness of the overall ERM Framework operating across the Company. The purpose of the framework is to identify and effectively manage the risks of the Company and support the achievement of the Company's corporate objectives.

The following table describes the elements of the Company's ERM Framework.

ERM Framework Overview	
Area	**Description**
Risk Universe	Identification of all the risks that could affect the Company.
Risk Strategy	Articulates the Company's approach to the taking on and management of risk.
Risk Appetite Statement	The Company's view on the level and type of risk that it is willing to take on in the pursuit of achieving its strategic objective and business plan.
Risk Governance	The method used for directing and controlling the management of risk.
Risk Policies	The Company maintains a suite of policies for the management of risks in its risk universe.
Culture	Determines the values, knowledge, understanding and behaviour within the Company, including with regard to risk taking and its management.
Risk Management Processes	Identify and articulate the key components of the risk management process. Key elements are described in the table below.
Risk Management Information	Informs the Board/senior management's: (i) understanding of the Company; and (ii) decision-making.
Stress Testing Framework	Provides insight into how the Company may be affected by alternative and typically adverse conditions.
Capital Management	Articulates the Company's approach to the management of capital and the responsibilities of the Capital Management function.

The following table summarises the processes used to identify, measure, monitor, manage and report the risks of the Company.

Process	Description
Risk Identification	Key elements of the process include: risk and control self-assessment, Risk Management function analysis, senior management analysis, the emerging risk process, ORSA analysis, ExCo review and Risk and Compliance Committee review.
Risk Measurement	Section C provides details of the risk measures for each material/relevant risk class identified by the Company.
Risk Monitoring	Senior management and Board level review of the risk measures defined for each risk class.
Risk Management	The management and mitigation techniques used for each risk class are performed.
Risk Reporting	Regular review by senior management and the Board of the Company's risk reporting, which includes: risk profile reporting, ORSA reporting, risk reports, risk metrics and loss data.

Risk management is the responsibility of all functional managers, with the Risk and Compliance function providing oversight. The Risk and Compliance function provides reporting to the Risk and Compliance Committee. The Chief Risk Officer (a member of ExCo), regularly reviews the Company's risks with the senior management team, and at each of the Board's Risk and Compliance Committee meetings, as well as at the Board.

The Company operates the 'three lines of defence' model for risk management and oversight:

- The first line has responsibility for the management of risk across the organisation and is undertaken by functional areas across the business and various management committees;
- The second line is responsible for the provision of oversight of the first line's management of risk, within the Board-approved risk appetite and in line with the ERM Framework. The second line consists of the Risk and Compliance function and the Risk and Compliance Committee; and
- The third line is responsible for providing independent assurance on the effectiveness of internal controls and risk management processes across the first and second line, and is performed by Internal Audit, reporting to the Audit Committee.

Consideration of the Company's Risk Appetite Statement is a key component of the Company's decision- making process. The alignment of material decisions is fully considered, relative to the Company's risk appetite. The Company's Risk Appetite Statement includes the process to be followed if any prospective actions or decisions have the potential to lead to non-alignment with the Company's risk appetite.

B.3.1 Own Risk and Solvency Assessment

The Company's Own Risk and Solvency Assessment ("ORSA") includes ongoing processes and an annual report, and provides the Board and other key stakeholders with a comprehensive understanding of the Company's risk profile and expected capital needs over its business planning period. The analysis, findings and recommendations (i.e. the output) from the ORSA inform the Board's strategic decision-making process and senior management actions identified in the ORSA Report.

Equally, the Company's current strategic objectives, business plan and target risk profile are also key inputs into the scope and focus of the ORSA. The Company's Board, together with senior management, play a significant and ongoing role in determining the set of scenarios which will be included in the ORSA, the assumptions for each of these scenarios, and the assessment of the results.

The following table sets out the main components of the Company's ORSA process.

ORSA Process		
Work Stream	**Activity**	**Description**
Design	Process & Document Design	Review of existing ORSA process and documentation to ensure the ORSA remains fit for purpose and compliant with current guidelines.
Reporting & Documentation	Regular ORSA Update	A regular update on the risk appetites, risk profile of the Company, and an update on any investigations or actions.
	ORSA Policy	Update of the existing ORSA policy to ensure it reflects the purpose, scope, process and aims of the Company's ORSA.
	Annual ORSA Report	A full reforecast of the solvency position and risk profile of the Company, under base and alternative scenario conditions, including an assessment of the risks faced in implementing the strategy and business plan under a variety of scenarios.
	Submission	Submission of the completed ORSA Report to the Prudential Regulatory Authority (PRA)
Standard Formula Testing	Standard Formula Appropriate-ness Exercise	Analysis of the standard formula SCR relative to the Company's current and emerging risk profile, to assess whether the standard formula remains appropriate.
Scenario Development	Scenario Design & Definition	Development of the alternative scenarios to be assessed within the Company's ORSA framework.
Model Development & Inputs	ORSA Basis	Basis setting exercise to define the parameters and assumptions to use in the ORSA balance sheet projections.
	ORSA Model Development	Further development of the existing ORSA projection models.
	ORSA Data	Exercise to gather, check and validate the data feeding into the Company's ORSA process.

ORSA Process		
Work Stream	**Activity**	**Description**
Projections	ORSA Projection Runs	Projection of the Company's balance sheet and risk profile under base and alternative scenarios, before and after management actions.
	ORSA Control & Validation	Control and validation process applied to the ORSA projection runs to minimize the risk of error.
Use	Strategy & Business Plan	Insight from the ORSA informs the Company's strategic direction and business planning.
	Risk Appetite & Limits Review	ORSA forecasts used to assess the Company's alignment with risk appetite and the individual risk limits. The ORSA is also used to review the appropriateness of the current limits.
	Investigation	ORSA analysis used to identify areas for further investigation.
	Decision Making	The ORSA is a key management tool in the decision-making processes of the Company.

All components of the ORSA undergo an initial review by either the Chief Actuary, the Chief Risk Officer or the Head of Capital and ALM. Depending on the component concerned, the scope of this initial review ensures that the structure, style and content will be understood and correctly interpreted by the Board, the Risk and Compliance Committee, senior management and any other users (for example, department heads and the Regulators).

The output undergoes a thorough review process, which provides the Company's Board, committee members, and senior management the opportunity to interrogate, challenge and provide feedback on the various inputs into and outputs from the ORSA analysis before sign-off.

The ORSA report is produced annually, and is updated during the year in the event of any material change to the Company's risk profile. The Chief Risk Officer has overall responsibility for the ORSA process and the ORSA report. The Actuarial function carries out the calculations.

B.4 Internal Control System

The Company maintains an Internal Control Framework to ensure that internal control practices are established, implemented and maintained in line with the objectives, strategy, risk appetite and long-term interests of the Company as a whole. The framework describes the controls and procedures in place to ensure:

- The effectiveness and efficiency of operations;
- Compliance with applicable regulations; and
- Availability and reliability of financial and non-financial information.

The framework applies to all activities and processes undertaken by the Company to ensure that it operates an effective internal control system, and sits within the internal controls framework which collates the policies and processes to which this framework applies.

The Company's Board is ultimately responsible for ensuring that there is an effective internal control framework, and for establishing a culture within the Company that emphasises and demonstrates to all levels of personnel the importance of internal controls. Management is responsible for the implementation of the relevant rules and guidance. All employees need to understand their role in the internal control framework and be fully engaged in the process.

The framework forms a part of the Company's System of Governance. It is owned by the Chief Risk Officer ("CRO") and approved by the Board, on recommendation from the Audit Committee. Individual policies within the framework are subject to their own governance requirements, as specified in the individual policies.

The framework is reviewed on an annual basis by the ExCo, or more frequently where necessary, to ensure that it remains up to date and relevant to the processes which it is intended to control. Strategy, organisational structure and risk profile changes may trigger ad hoc reviews of this policy.

The purpose of internal control is to support the Company in the achievement of its objectives. The Company has identified four key components of the internal control framework, as follows:

- Corporate Governance;
- Risk Management;
- Compliance; and
- Information and Communication.

Each of the internal control components is described in more detail in the Internal Controls Framework.

B.5 Internal Audit Function

Internal Audit is an integral part of the Company's system of internal control and provides independent and objective assurance over the design and effectiveness of the controls in place to manage the key risks impacting ULP.

The Internal Audit function is independent of ULP's operational management and is not involved directly in revenue generation or in the management and financial performance of any business line. Internal Auditors have neither direct responsibility for, nor authority over, any of the activities reviewed, nor do their review and their appraisal relieve other persons in the Company of responsibilities assigned to them. Internal Auditors are not responsible for developing, revising or installing systems, policies or procedures, or for appraising an individual's performance in relation to the operations that are being audited.

The Head of Internal Audit for ULP reports to its Audit Committee, while having a dotted reporting line, for administrative purposes, to the Chief Executive Officer. The Head of Internal Audit for ULP also reports to the Utmost Group Head of Internal Audit for internal audit matters. The Internal Audit function is responsible for regularly assessing the adequacy of the system of internal control of the Company, and reporting its findings to the ULP board (via the Audit Committee).

Internal Audit activity is carried out based on the framework of risk-based annual audit plans that are prepared and submitted for review and approval by the ULP Audit Committee. Upon approval, the Head of Internal Audit distributes the plan to senior management and executes the plan during the audit plan period. At the Head of Internal Audit's discretion or at the request of an Audit Committee or member of senior management, other unannounced audits may be completed.

The Utmost Group Internal Audit policy defines the framework for the activities of the wider Utmost Group's Internal Audit function and is approved by the ULP Board (via its Audit Committee), reported on quarterly. The policy and associated methodology are aligned with the Institute of Internal Auditors' Global Internal Audit Standards and the UK Chartered Institute of Internal Auditors' Code of Practice.

The Internal Audit reporting structure and the policy allow ULP's Internal Audit function to be independent of the functions audited and provides it with full, free and unrestricted access to all operations, records, property and personnel. It provides the authority to allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.

During their audit planning process, the Internal Audit team review the entire risk universe and identify the highest risk items that need to be covered by risk-based audits. They also identify processes which, although not necessarily constituting significant risks, still need to be reviewed on a cyclical basis to ensure that the audit process achieves sufficient breadth of coverage. Throughout the audits themselves, the Internal Audit team identifies potential key risks and examines how effectively they are mitigated through assessing the design and operational effectiveness of key internal controls, information systems, governance, risk management and financial reporting. Where appropriate, the Internal Audit function institutes a program of testing.

B.6 Actuarial Function

The Actuarial function consists of employees of the Company supplemented by external consultants to provide additional resource when needed. The Chief Actuary has overall responsibility for the output from the Actuarial function. The Chief Actuary is a Fellow of the Institute and Faculty of Actuaries and holds a Chief Actuary (Life) Practising Certificate. He is also the approved person for the senior managers function Chief Actuary. The current responsibilities of the Actuarial function include:

Balance Sheet Valuation	Carry out annual and quarterly valuations of the Company's assets and other liabilities, Technical Provisions, and capital requirements consistent with Solvency II (as restated and applicable to the UK).
Balance Sheet Forecasting	Carry out a forecast of the Company's projected solvency position over its business planning period under central best estimate and alternative scenario assumptions for consideration within the ORSA framework.
Transitional Measures	Calculate the Company's Transitional Measure on Technical Provisions ("TMTPs"') and monitor the metrics against the triggers for recalculation.

Matching Adjustment ("MA")	Recalculate the MA and monitor the Company's compliance with the rules required to continue to use the MA, including completion of the MA attestation.
Solvency Monitoring	Estimate the Solvency II balance sheet on a monthly basis to monitor the Company's solvency position.
Data Quality	Assess the sufficiency and quality of the data used in the calculation of the Company's technical provisions.
Experience Analysis	Analyse the Company's recent historic demographic experience (for example, mortality and persistency) to inform assumption setting.
Assumption Setting	Recommend the demographic, expense and economic assumptions to be used in the Company's balance sheet valuation, product pricing and forecasting based on internal experience analysis and reference to relevant external market or industry variables.
Model Development	Oversee the development and maintenance of the models required to value the Company's policyholder liabilities under central best estimate assumptions and the Solvency II Standard Formula stress tests.
Bonus Setting	Recommend the regular and terminal bonuses to be paid to the Company's with-profits policyholders.
Run-Off Planning	Prepare the recommended run-off plans for the Company's with-profits funds including, for each fund, a description of the governance of the fund, details of how the Company intends to manage the risk profile and funding position, and a projection of the fund's expected financial position.
Reinsurance and Underwriting	Provide an opinion to the Board on the adequacy of the Company's reinsurance arrangements and underwriting policy.
Pricing	Provide an opinion to the Board on the terms on which new business is written, including new BPA business and annuity products sold to existing customers.

B.7 Outsourcing

Outsourcing and Contracts Policy

The Company's Outsourcing and Contracts Policy applies to both existing and proposed outsourcing arrangements, as well as to contracts with third-party suppliers, which are not considered outsourcing by the Company.

The key elements of the policy cover requirements for:

- Decision making;
- Negotiation;
- Outsourcing procedures;
- Re-evaluation;
- Contractual arrangements;
- Transition planning;
- Supplier management and monitoring (see below); and
- Policy breaches.

Supplier management and monitoring

With regard to ongoing management and monitoring of outsourced functions or activities, the following is required:

- The Company must retain the necessary expertise to supervise the supplied functions effectively and to manage the associated risks;
- The owner of each arrangement must retain responsibility for the activity and must ensure that any ongoing risks are properly managed
- A proportionate supplier management and oversight regime must be defined at the outset;

- The business owner must ensure that the supplier management and oversight regime operate effectively and that any appropriate remedial action is taken;
- The effectiveness of the service or activity provided by the supplier must be reviewed at least annually by the sponsor or business owner. This should include an assessment of the requirement for an appropriate level of fresh due diligence and a review of the suitability of the existing contractual arrangements;
- The decision to continue with the arrangement must be reviewed at least triennially;
- The measures of performance of the supplier should be both qualitative and quantitative; and
- The approved control regime, service reports, meeting minutes and other items relating to the monitoring and execution of each contract must be retained by the authoriser of each arrangement.

Key outsourced functions

During 2024, the Company entered into new strategic or material outsourcing arrangements with the following third parties:

- A new Managed Services Agreement with Atos was agreed in 2024 to cover the migration of hosted IT infrastructure from Atos data centres to Microsoft's Azure Cloud platform and provide for an ongoing managed service. The migration is expected to complete during 2025.
- Mantle Services Limited, for provision of pricing, administration and reporting software for ULP's BPA business. The platform is a cloud based Software, delivered as a Service;
- Schroders Investment Management Limited, for investment management of assets to back the MA Portfolio, including BPA business' annuities;
- Club Vita, who provide data to help assess the mortality risk for the BPA business.

All of the outsourced functions are within the jurisdiction of the UK.

The Company continues to monitor its existing outsource arrangements, including the arrangement with Atos in relation to IT infrastructure.

In 2025, the Company expects to also agree new outsourcing arrangements with Amazon Web Services and Google Cloud Platform to provide hosting services for the Mantle software.

B.8 Any Other Information

Assessment of Governance

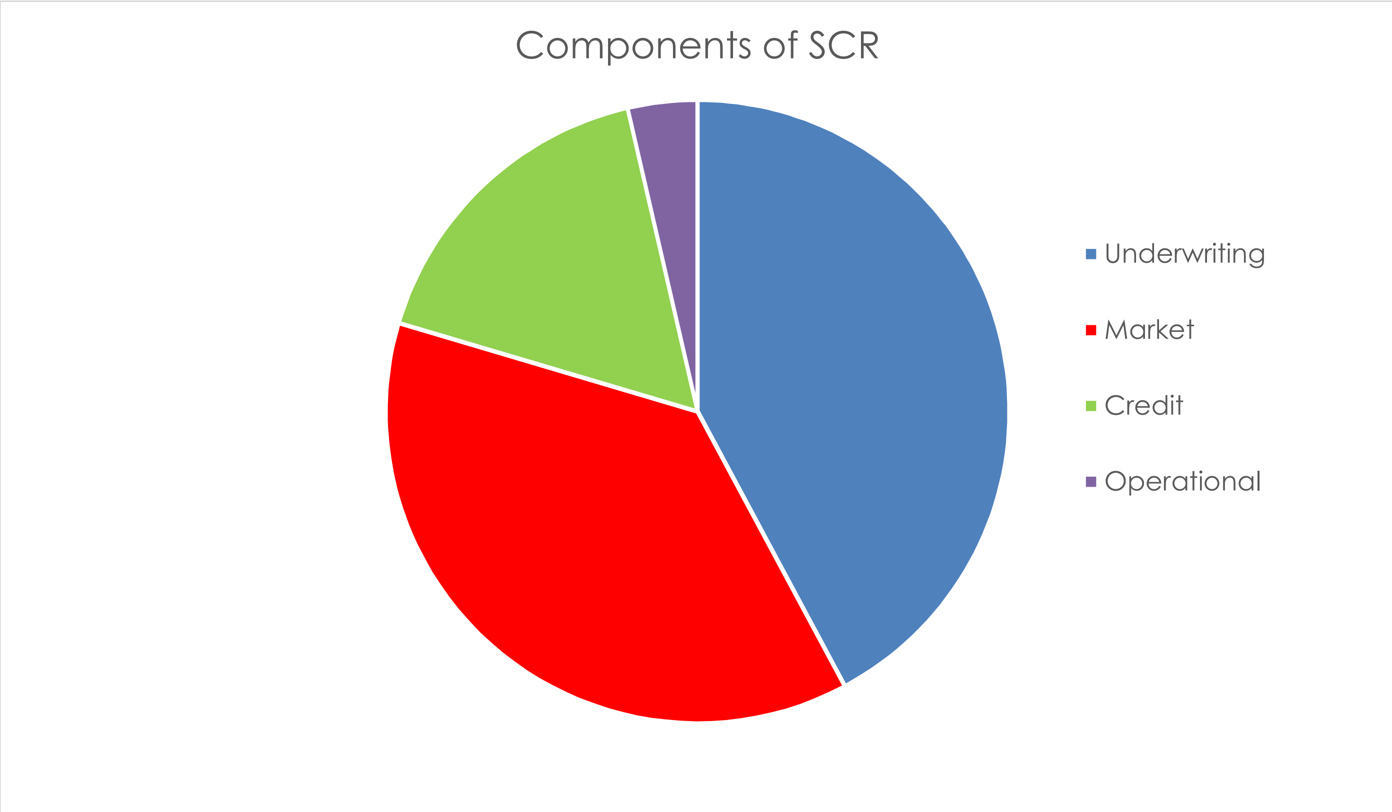
Key elements of the Company's System of Governance including the risk management system (including ORSA), the Internal Control System, and the Internal Audit function are all subject to ongoing oversight and review by senior management and the Board to ensure that they remain effective and fit for purpose.

As at 31 December 2024, the Board was of the view that the System of Governance is at an appropriate level and was in line with requirements. The Board delegate's authority to the Chief Executive Officer to facilitate the day-to-day management of the Company, subject to the limits and terms set out in a delegated authority schedule. The Board may still determine any matter it wishes within its constitutional and statutory powers.

C. RISK PROFILE

The Company manages risk and risk exposures through a well-defined Enterprise Risk Management ("ERM") Framework, as described in Section B.

The chart below shows the component risks which make up the Company's pre- diversified SCR as at December 2024.



Underwriting risk is the largest capital item in the current business. The primary source of the current risk exposure relates to unit-linked business. The Company collects Annual Management Charges ("AMCs") as a percentage of unit-linked funds. There is the risk that early terminations by unit holders reduce income from AMCs. Underwriting risk also includes the Company's exposure to longevity risks in the annuity portfolio and expense risk.

The second largest capital item is market risk. The unit-linked funds typically have high equity exposures, making the AMCs dependent on equity markets. This is the primary equity exposure. Similarly, unit-linked policyholders can choose to invest in overseas funds. The values and hence AMCs on these funds are exposed to currency risk.

Credit risk is the next largest, arising from the large portfolio of corporate bonds which match fixed/guaranteed liabilities, primarily annuities and bulk annuities. There is also exposure to credit risk due to corporate bonds within the unit-linked funds making the AMCs dependent on spread movements.

The largest exposure to counterparty default risk is due to a non-collateralised reinsurance treaty with Scottish Widows (ultimate parent Lloyds Banking Group).

In addition, the Company maintains registers of qualitative business risks. Descriptions of the categories of risks to which the Company is exposed are detailed below, together with the measurement, management and mitigation followed.

C.1 Underwriting Risk

C.1.1 Risk exposures

The following table provides a description of the Company's material underwriting risk.

Risk Category	Risk Sub-Category	Description
Persistency	Baseline Persistency Risk	The risk that the Company's best estimate assumptions for the long-term level of lapse, surrender, retirement and paid-up rates are different to actual experience.
	Mass Lapse Risk	The risk of an immediate withdrawal of a significant proportion of the Company's in-force business.
	Baseline GAO Take-Up Risk	The risk that the Company's best estimate assumptions for the level of Guaranteed Annuity Option (GAO) take-up are too low relative to actual experience.
Expense	Expense Inflation Risk	The risk that the Company's best estimate assumptions for the future rate of expense inflation are too low relative to actual experience.
	Project Cost Risk	The risk of higher than expected costs associated with the development and delivery of the Company's projects.
	Claims Management Expense Risk	The risk of higher than expected expenses relating to servicing claims on the Company's in-force book.
	Maintenance Expense Risk	The risk of higher than expected expenses related to the maintenance of the in-force book, which includes general business overheads but excludes project costs.
Longevity	Baseline Longevity Risk	The risk that the Company's best estimate assumptions for the level of base mortality are too high relative to actual experience.
	Longevity Improvements Risk	The risk that the Company's best estimate assumptions for future mortality improvements are too low relative to actual experience.

The Company's most material underwriting risk exposure in terms of risk capital during the reporting period was persistency risk. The Company is primarily a unit-linked book of business and there is the risk that early terminations reduce AMCs. This makes mass lapse the most onerous test.

The second largest underwriting risk is expense risk (which arises because the majority of the Company's operational activity is carried out in house). The Company is exposed to the risk that expenses are higher than allowed for in the best estimate assumptions.

The third largest is longevity risk, which arises primarily on the Company's annuity book (immediate annuities and deferred annuities) through the legacy business and the BPA business. The Company has in place a longevity swap in the NPF to manage its risk exposure to annuitant liabilities, and has developed a reinsurance strategy for managing increases to longevity risk exposure that will arise as the Company progresses its BPA strategy.

C.1.2 Risk measures

The table below sets out the main tools used by the Company to measure its underwriting risks.

Measurement Tool	Measure
Stress Testing	Impact on the Company's Own Funds of a 99.5th percentile one-year stress in the risk variable(s) corresponding to each underwriting risk (carried out using the Solvency II regulatory stress calibrations).
Reverse Stress Testing	Severity of risk event/deterioration in experience in respect of risk exposures that would be required to breach the Company's point(s) of non-viability or other limits.

Measurement Tool	Measure
Scenario Testing	Potential effect on the Company's solvency position and risk profile of alternative scenarios involving short- or long-term changes to one or more of the Company's risk variables.
Sensitivity Testing	Impact on the Company's solvency position of changes in the risk variable(s) corresponding to each risk.
Experience Analysis	Comparison of recent demographic and expense experience with historical internal experience, wider industry experience, and current best estimate assumptions.
Experience Monitoring	Quarterly/monthly review of recent experience.
Budget Analysis	Comparison of recent experience with budgeted or forecast amounts.

The Company uses a combination of its risk management and mitigation approaches to assess its different underwriting risk exposures.

C.1.3 Risk concentrations

The Company does not currently carry out any formal investigation into or analysis of concentrations of underwriting risk, on the basis that these are not considered to be material.

In particular, the Company does not believe that the current in-force book contains any material concentrations of policyholders by location, health, lifestyle or socio-economic group.

C.1.4 Risk management and mitigation

The table below sets out the specific risk management and risk mitigation approaches the Company uses in respect of its underwriting risk exposures.

Risk Mitigation	Description
Risk Appetite	Statements covering the Company's approach towards risk.
Economic Capital	Economic Capital held on the Company's regulatory balance sheet in respect of each of its material risk exposures (derived using the Solvency II regulatory stress calibrations).
Reinsurance	Full or partial transfer of underwriting risk to reinsurance counterparties, including the use of longevity-swap arrangements on the Company's in-payment annuities.
Assumption Setting	Annual assumption-setting exercise to ensure that the assumptions used to determine the Company's Technical Provisions appropriately reflect the current best estimate of future underwriting experience.
Claims Underwriting	Underwriting to determine the initial or ongoing validity of claims relating to exclusion clauses, non-disclosure, fraud, etc.
Budget Reforecasting	Regular updates to the Company's business plan and expense budget to ensure that forecasts continue to reflect expected experience.
Cost Control	Cost control activity to ensure that expenditure remains within plan.
Risk Monitoring	Regular senior management and Board level review of the risk measures discussed in section C.1.2.
Business Retention	The Company has put in place activities to enable it to manage persistency risk including a business retention strategy. This includes the Utmost Drawdown plan which was launched in March 2020 and, since 2022, the ability for former Equitable customers to consolidate their pensions with the Company.

The Company uses a combination of its risk management and mitigation approaches to assess its different underwriting risk exposures.

The Company entered the Bulk Purchase Annuity market in Q4 2024, which will lead to a change in the risk profile of the Company, primarily with growth in credit risk and longevity risk exposures. This is likely to lead to changes to its risk mitigation activity as the risk exposures arising from BPA growth, in line with the Company's Reinsurance strategy.

C.2 Market Risk

C.2.1 Risk exposures

The table below provides a description of the Company's material market risk exposures as determined by the Company's Risk Management function.

Risk Category	Risk Description
Equity Prices	Risk of adverse changes (i.e. falls) in the level of equity prices, which reduces the value of the Company assets or increases the value of its liabilities.
Currency Movements	Risk of loss or of adverse change in the Company's financial situation (for example, decreasing the value of the Company's assets or increasing the value of its liabilities) resulting, directly or indirectly, from fluctuations in the level and in the volatility of foreign exchange rates.
Interest Rates	Risk of unexpected changes in the level and/or shape of the term structure of UK risk-free interest rates which adversely affects the value of the Company's assets, liabilities, capital requirements and/or cash flows.
Gilt – Swap Spread	Risk that the spreads between gilt rates and swap rates (based on the PRA curve) widens, increasing the level of volatility on the Company's balance sheet. Risk of inconsistent movements in UK gilt yields and swap rates (based on the PRA curve), leading to inconsistent movements in the value of the Company's assets and Technical Provisions.

The largest market risk exposure is equity risk. The Company collects AMCs as a percentage of unit-linked funds. The unit-linked funds typically have high equity exposures, making the AMCs dependent on equity markets. This is the primary equity exposure. Unit-linked policyholders can choose to invest in overseas funds. and the values, and hence AMCs on these funds, are also exposed to currency risk.

Despite having a relatively low level of capital impact under the Solvency II Standard Formula stress tests, interest rate risk is another one of the Company's market-related risks (excluding spread widening and concentration risks [see section C.3.1 below]). The Company's assets and Best Estimate Liabilities ("BELs") are well matched, which means that movements in interest rates have a similar impact on the assets and liabilities and so the net impact on the balance sheet is small. However, the presence of the Risk Margin within the Technical Provisions introduces some further balance sheet sensitivity to changes in interest rates, though this effect has reduced due to the Solvency II reforms in the calculation of risk margin at the end of 2023. In addition, movements in interest rates, by increasing or decreasing the value of assets and liabilities, will increase or decrease the size of the balance sheet. This will have a secondary impact on other SCR capital requirements by applying the SCR stresses to a larger or smaller balance sheet.

C.2.2 Risk measures

The table below sets out the main tools used by the Company to measure market risk.

Measurement Tool	Measure
Stress Testing	Impact on the Company's Own Funds of a 99.5th percentile one-year stress in the risk variable(s) corresponding to each market risk (carried out using the Solvency II Standard Formula calibration).
Reverse Stress Testing	Severity of risk event/deterioration in experience in respect of a risk exposure that would be required to breach the Company's point(s) of non-viability or other limits.
Scenario Testing	Potential effect on the Company's solvency position and risk profile of alternative scenarios involving short- or long-term changes to one or more of the Company's variables.
Sensitivity Testing	Impact on the Company's solvency position of small changes in the risk variable(s) corresponding to each risk.

Portfolio Reporting	Measures and metrics contained within the Company's asset and investment reports which cover its asset portfolios, asset and liability management ("ALM"), and hedging activity.
Market Monitoring	Market performance and risk variables, such as interest rates, equity indices, spreads and volatility indices.

The Company uses a combination of its risk management and mitigation approaches to measure its different market risk exposures.

C.2.3 Risk concentrations

The Company's market and credit-related risk concentrations are covered in section C.3.3 below.

C.2.4 Risk management and mitigation

The following table sets out the specific risk management and risk mitigation approaches the Company uses in respect of its market risk exposures.

Risk Mitigation	Description
Risk Appetite	Statements covering the Company's approach towards risk.
Economic Capital	Economic Capital held on the Company's regulatory balance sheet in respect of each of its material risk exposures (derived using the Solvency II regulatory stress calibrations).
Asset Liability Management	The Company actively pursues an asset liability matching strategy, which includes the use of inflation swaps and other derivatives to mitigate risk. Within the Non-Profit Fund, the Company operates a Matching Adjustment portfolio that has strict matching requirements.
Investment Guidelines – Limit Structures	The Investment Guidelines for each of the Company's investment portfolio set out limit structures for the assets permitted within each portfolio. Market risk is an important factor in the choice of available assets.
Capital Management of WPSFs	The Company aims to have the With Profit sub-Funds standing alone and meeting their own capital requirements (excluding operational risk). As a result, the market risk exposure of the WPSFs is controlled to facilitate this.
Risk Monitoring	Regular senior management and Board level review of the risk measures discussed in section C.2.2.

C.2.5 Risk management and mitigation

The Company uses a combination of its risk management and mitigation approaches to assess its different market risk exposures.

the Company entered the BPA market in Q4 2024 and will evolve its risk management and mitigation practices as the risk profile of the Company changes and certain risk exposures grow.

C.3 Credit Risk

C.3.1 Risk exposures

The table below provides a description of the Company's material credit risk exposures as determined by the Company's Risk Management function.

Risk Category	Risk Description
Credit Spreads	Risk that the value of future cash flows is exposed to fluctuations in spreads on corporate bonds, resulting in changes in the value of corporate bond holdings.
Counterparty Default (Fixed-interest and other money market instruments, cash deposits)	Risk of default on interest or capital repayments on corporate debt and other bond instruments, and cash deposits.

Risk Category	Risk Description
Counterparty Downgrade	Risk of negative impacts on the Company's solvency position as a result of asset downgrades. Increased exposure to credit spreads widening and counterparty default if any downgrade reflects a genuine increase in the riskiness of the counterparty.
Concentration (Fixed-interest and other money market instruments, cash deposits)	Additional risk to the Company stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.
Derivative Counterparty Default	Risk that derivative counterparties default on contracts that are 'in-the-money' causing financial loss to the Company.
Reinsurance Counterparty Default	Risk that one (or more) of the Company's reinsurance counterparties is unable to meet its financial obligations to the Company.

Consistent with the above presentation of the Company's credit risk profile, it should be noted that spread risk, which is assessed within the market risk module of the Standard Formula SCR, is considered by the Company to belong to the credit risk class.

Similarly, concentration risk, which is also assessed within the market risk module of the Standard Formula SCR, primarily relates to the risk of concentrated counterparty exposures on the Company's bond holdings and cash deposits. Concentration risk is therefore also considered by the Company to belong to the credit risk class.

Assessed in terms of undiversified risk capital, spread risk is the most material credit risk to which the Company is currently exposed. Spread risks primarily arise due to: the significant holdings of corporate bonds which are used to back the Company's large block of in-payment annuities; and via corporate bond holdings in the unit-linked funds which make the value of AMCs dependent on spread movements. Given the use of the matching adjustment, it is the latter which has the biggest impact on the balance sheet.

The Company's balance sheet would also be significantly affected if one or more of its material counterparty exposures were to default. The largest exposure to counterparty default risk is to a non-collateralised reinsurance treaty with Scottish Widows (ultimate parent company Lloyds Banking Group).

C.3.2 Risk measures

The table below sets out the main tools used by the Company to measure credit risks.

Measurement Tool	Measure
Stress Testing	Impact on the Company's Own Funds of a 99.5th percentile one-year stress in the risk variable(s) corresponding to each risk (carried out using the Solvency II regulatory stress calibrations).
Reverse Stress Testing	Severity of risk event/deterioration in experience in respect of risk exposure that would be required to breach the Company's point(s) of non-viability or other limits.
Scenario Testing	Potential effect on the Company's solvency position and risk profile of alternative scenarios involving short- or long- term changes to one or more of the Company's risk variables, for example, credit spreads and defaults.
Sensitivity Testing	Impact on the Company's solvency position of small changes in the risk variable(s) corresponding to each risk.
Portfolio Reporting	Measures/metrics contained within the Company's asset and investment reports which cover exposure limits, credit rating information, downgrades, counterparty exposure and other information relevant to credit risk.
Market Monitoring	Credit risk variables including corporate bond spread indices split out by duration and credit rating.

The Company uses a combination of its risk management and mitigation approaches to assess its different credit risk exposures.

C.3.3 Risk concentrations

Financial instruments

The Company has substantial holdings in UK government issued assets (i.e. gilts). The Company does not consider that this exposure poses a material concentration of risk.

The Company's direct investment holdings and bank deposits are well diversified, and exposures are monitored to ensure that any significant increases in individual exposures arising from transactions are temporary.

The top five counterparty exposures by value across its non-linked investments as at 31 December 2024 were, by issuer, as follows: GlaxoSmithKline (£12.3m); Wells Fargo (£12.2m); NatWest Group (£11.9m); JP Morgan (£10.9m), and the European Investment Bank (£9.3m).

Each of these top holdings individually contributes less than 2% to total non-linked investments and, whilst the complete default of any one would have a significant impact on the Company's Own Funds, the issuers are sufficiently highly rated (credit rating stronger than A) that the Company does not consider the holdings to be above an acceptable level.

Reinsurance counterparties

The table below shows the 'net exposure' (i.e. the combined value of reinsurance assets and liabilities) in respect of the Company's most material reinsurance arrangements as at 31 December 2024, under both base and longevity stress scenarios.

Reinsurer	Net exposure, £m, 31 December 2024	
	Base *	Longevity Stress (20% stress on mortality rates)
Translantic Reinsurance Company	(8.7)	(2.2)
Reinsurance Group of America	(37.4)	(28.2)
London Life	(3.2)	(1.6)
Swiss Re	2.4	2.4
Pacific Life	1.7	1.7
Hannover Re	2.0	2.3
Scottish Widows	177.7	190.3

**(reinsurance contract liability), reinsurance contract asset*

The largest counterparty exposure is to a non-collateralised reinsurance treaty with Scottish Widows (ultimate parent Lloyds Banking Group) with a value of c.£177.7m at 31 December 2024.

The Company does not consider the level of exposure to any of the other particular reinsurers to be significant or to represent a concentration of risk.

The negative reinsurance values arise because the cost of the reinsurance arrangement exceeds the benefit it provides. The recent slow-down in the rate of longevity improvement has reduced the expected income from the reinsurers ('the floating leg') but the payments made to the reinsurers ('the fixed leg') have not changed because these were fixed when the expected cost of future payments was higher.

C.3.4 Risk management and mitigation

The table overleaf sets out the specific risk management and risk mitigation approaches the Company uses in respect of its credit risk exposures.

Risk Mitigation	Description
Risk Appetite	Statements covering the Company's approach towards risk.
Economic Capital	Economic Capital held on the Company's regulatory balance sheet in respect of each of its material risk exposures (derived using the Solvency II regulatory stress calibrations).
Investment Guidelines: Limit Structures	The Investment Guidelines for each of the Company's investment portfolios include credit-related exposure limits which constrain the assets permitted within each portfolio.

Asset Optimisation	Optimisation of assets within specific portfolios, including the sale of assets which result in a disproportionate or unwanted level of exposure to credit spread risk or concentration risk relative to the objectives of those portfolios.
Matching Adjustment	Adherence to the requirements necessary to maintain approval to use the MA, which includes close Asset Liability Management.
Collateral Arrangements	See below for the reporting period.
Risk Monitoring	Regular senior management and Board level review of the risk measures discussed in section C.3.2.

The Company uses a combination of its risk management and mitigation approaches to assess different credit risk exposures. Following entry into the BPA market in Q4 2024, the Company is evolving its current approach to managing and mitigating its credit risk exposures as new asset types are included within its investment strategy.

C.4 Liquidity Risk

C.4.1 Risk exposure

Liquidity risk is not one of the Company's primary risk exposures on the basis that:

- The Company's in-payment annuities, which form the bulk of the non-linked contracts in force, may not be surrendered or transferred at the policyholder's option; and

- At present the majority of contracts are unit-linked, where the liabilities are matched by assets held in linked funds that hold assets are readily tradeable, except for direct properties held in the property funds. In respect of property funds, the Company has the right to defer payment of surrender or transfer values by up to six months.

However, as the Company's strategy of entering the BPA market progresses, this risk exposure will become more significant as business is written that includes deferred annuities that have an certain member/policyholder options, especially if the Company invests in a portion of illiquid assets.

C.4.2 Risk measures

In order to monitor and measure its exposure to liquidity risk, the Company measures the level of investment in cash, maturing corporate bonds and short-term gilt holdings with reference to a defined liquidity buffer. The investment management reports from the Company's investment managers also include metrics that allow the Company to monitor adherence to the liquidity-related limits within each portfolio's investment guidelines.

C.4.3 Risk management and mitigation

The Company has an active liquidity risk management process. The table below sets out the specific risk management and risk mitigation approaches the Company uses in respect of its exposure to liquidity risk.

Risk Mitigation	Description
Risk Appetite	Statements covering the Company's approach towards risk.
Close Asset Liability Matching	The Company has a process in place to ensure that its asset holdings are appropriate to the nature, term, currency and liquidity of its liabilities.
Investment Guidelines: Limit Structures	The Investment Guidelines for each portfolio set out limit structures for the assets permitted within the portfolio. Liquidity risk is an important factor in the choice of available assets.
NPF (Non-MA) Cash Buffer	The Non-Profit Fund is required to hold in excess of £10m gilts and/or cash at all times.

Entry into the BPA market will increase the level of liquidity risk in future, and the Company will continue to evolve its approach to managing and mitigating its liquidity in line with the level of risk.

C.5 Operational Risk

C.5.1 Risk exposures

The Company has identified seven operational risk categories, as follows: financial crime, employment practices, damage to physical assets, business disruption and system failures, client/products/business practices, execution/delivery/process management and governance. All operational risks identified by the Company are allocated to one of these categories. This includes key risk exposure that would result from operational failures of our third party service providers, noting that risk owners oversee and manage risks from third party arrangements

Included in financial crime is cyber risk, which is the risk of financial loss, disruption or reputational damage due to breaches of or attacks on the Company's information technology ("IT") systems. The risks from a cyber-attack have continued to increase in 2024. Any failure of the Company's IT systems could have a large impact on operations.

All material operational risk exposures are recorded in the Company's functional risk registers and are allocated a first line risk owner.

C.5.2 Risk measures

The Company monitors and assesses operational risk using the tools in the following table.

Measurement Tool	Measure
Risk and Control Self-Assessment Process	Operational risk exposures are identified and assessed as part of a periodical cycle in place within the Company. This includes: a description of risks, the causes and consequences; a gross risk assessment of impact and likelihood; a list of 'prevention and detection' controls; and a 'net' assessment taking into consideration the effectiveness of the controls in place.
Key Risk Indicators	The Company uses a wide range of KRIs to measure operational performance and areas of operational risk, which include service levels, business/IT incidents, financial crime, third-party performance and staff/resourcing.
Loss Data	The Company collects and reports loss information and data around operational risk events that have crystallised or nearly crystallised (so-called 'near misses').
Scenario Testing	Potential effect on the Company's solvency position and risk profile of alternative scenarios involving risk events or deteriorations in operational performance/controls.

C.5.3 Risk management and mitigation

The table below sets out the specific risk management and risk mitigation approaches the Company uses in respect of its operational risk exposures.

Risk Mitigation	Description
Risk Appetite	Statements covering the Company's approach towards risk.
Individual controls	Individual controls applied to specific operational activities.
Control Processes	Operational controls in place to manage operational risks.
Control Policies	Record of the objectives, processes, responsibilities and reporting procedures in respect of the Company's operational controls.
Management and Monitoring	Review of operational risk reporting and management information, including regular senior management and Board level review of the risk measures discussed in section C.4.2.
Compliance Monitoring	Compliance reviews of operational processes.
Root Cause Analysis	The Company investigates business incidents and upheld complaints, to ensure that the root causes have been identified and that mitigating actions are implemented.
Assurance	Reviews of operational areas by Internal Audit.

Risk Mitigation	Description
Economic Capital	Economic Capital held on the Company's regulatory balance sheet in respect of the Company's overall exposure to risk (derived using the Solvency II regulatory stress calibrations).

The Company uses a combination of its risk management and mitigation approaches to assess the Company's individual operational risk exposures.

The Company does not anticipate making any material changes to its current approach to managing and mitigating its operational risk exposures.

C.6 Other Material Risks

C.6.1 Inflation

The last three years have seen inflationary pressures impact much of the economy. The initial response from central banks has been to continue to increase interest rates, with the Bank of England raising the base rate up to 5.25% before 25bps cuts were made in August and November 2024, to a rate of 4.75% at the end of 2024. Whilst inflation has reduced significantly since its peak in early 2023, inflationary pressures for 2025 will depend on wider impacts from geo-political events, and both fiscal and monetary policy.

It is expected that all the risks will continue to be managed and mitigated using the methods already used by the Company and as described above.

C.7 Any Other Information

C.7.1 Stress and Scenario Testing Results

Stress testing

The Company stress tests its solvency balance sheet to calculate the SCR; ensuring that it has sufficient capital to withstand an extreme 1-in-200 event measured over a one-year time horizon. Stress testing is performed to establish the sensitivity of the Company's solvency to individual extreme events and quantifies each risk exposure in terms of capital impact, where capital impact is defined as the change in the value of the Company's asset holdings less the change in the value of its best estimate liabilities.

As described earlier, the largest risks that the Company is exposed to are equity, lapse, spread, expense, currency, longevity and counterparty default. The 1-in-200 one-year event assumptions and percentage change in Own Funds is set out in the following table.

Sensitivity Testing

Risk	Calibration	% change in own funds
Equity	Instantaneous decrease in equity prices of 39% for Type 1 equities and 49% for Type 2 equities. These stresses are increased or decreased by up to 10% by the addition of a symmetric adjustment. This adjustment is based on the difference between the PRA equity index at the valuation date and its average value over the preceding 3 years.	(33.1%)
Lapse	The more onerous of: i) a permanent 50% increase in lapse rates, ii) a permanent 50% decrease in lapse rates; and iii) a mass lapse of 40%.	(31.7%)
Spread	An instantaneous relative decrease in the value of each bond varying between 0% and -70% (by credit quality and duration).	(12.8%)
Expense	Instantaneous permanent: i) increase of 10% to future expenses: and ii) increase of 1% point to the expense inflation rate.	(8.2%)

Longevity	Instantaneous permanent decrease of 20% in mortality rates	(5.3%)
Currency	The more onerous of: i) An instantaneous decrease of 25% in the value of the foreign currency against the local currency. ii) An instantaneous increase of 25% in the value of the foreign currency against the local currency.	(5.2%)
Counterparty Default	The Counterparty default risk for reinsured business, bank deposits and other debtors is calculated using methodology specified by PRA.	(4.4%)

The Company also tests the sensitivity of its solvency to adverse experience.

The following table summarises the results of the Company's sensitivity testing in respect of its material quantifiable risks.

This testing was carried out as part of the Company's 2024 Sensitivity analysis. The results include the change in Own Funds and the change in the Company's SCR under each sensitivity, and are shown in respect of the balance sheet as at 31 December 2024.

Risk Class	Risk	Calibration	% Change in Own Funds	% Change in SCR
Life Underwriting	Lapse Up	Lapses up 50%	(10.4)%	(16.9)%
	Expenses	Expenses up 10%	(4.6%)	1.8%
Market	Interest rate (Down)	100 basis points ("bps") downward parallel shift to risk-free yield curve.	1.1%	3.3%
	Widening spread	Spread widening by 200bps	(4.0%)	(2.2)%
	Inflation	Inflation rates up 1%	(0.6%)	0.9%
	Equity and Property	Instantaneous 40% decrease in equity and property prices.	(19.4%)	(24.6%)

Changes in lapse rates are not selective. Under Solvency II, changes in rates are applied only where the exercise of the option would result in an increase of technical provisions without the risk margin.

C.7.2 Prudent Person Principle: investments

The Board and Investment Committee have delegated authority for investment decision making and management to external investment managers. Each investment manager operates subject to:

- Constraints set out in contractual Investment Management Agreements, which were developed with reference to the requirements of the Prudent Person Principle; and
- The oversight of the Chief Investment Officer and the Company's ALCo.

The Company has a number of documents, for example, guidelines, policies, agreements and reports, which collectively support and reinforce compliance with the PRA guidelines in respect of the Prudent Person Principle. The key documents include:

- Investment Policy and Strategy;
- Investment Management Agreements with external investment managers;
- Asset Liability Matching reporting;
- MA portfolio documentation;
- Conflicts of Interest Policy; and

- Portfolio reporting produced for ALCo and the Board based upon information from the Company's external investment managers, fund administrators and external data providers.

The performance of and risk associated with Company's investments are subject to regular reporting to ALCo, the Risk and Compliance Committee, the Investment Committee and compliance/investment oversight reviews.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The table below summarises, for each material asset class, the values according to Solvency II and on the UK GAAP basis used for statutory reporting as at 31 December 2024.

£ million Assets	Statutory Reporting	Elimination of Intangible assets & group transactions	Reallocation Of Assets & Liabilities	Reversal of UK GAAP Technical provisions	Solvency II Technical Provisions	Solvency II
Intangible assets	**90.6**	**(90.6)**				**-**
Negative goodwill	**(76.7)**	**76.7**				**-**
Investments in group undertakings and participating interests	**4.5**	**0.7**				**5.2**
Investments (other than assets held for index-linked and unit-linked contracts)	**639.8**		**48.0**			**687.8**
Equities	4.1					4.1
Bonds	553.2		37.9			591.1
Collective investment undertakings	81.0					81.0
Derivatives	1.5					1.5
Property (other than for own use)	-					-
Deposits other than cash equivalents	-		10.1			10.1
Assets held for index-linked and unit-linked contracts	**4,485.2**		**(28.8)**			**4,456.4**
Loans and mortgages	**1.2**					**1.2**
Insurance and intermediaries receivable	**0.4**					**0.4**
Reinsurance recoverable	**190.6**			**(190.6)**	**134.6**	**134.6**
Reinsurance receivables	**1.0**					**1.0**
Receivables (trade, not insurance)	**24.7**		**(8.8)**			**15.9**
Cash	**73.5**		**(10.1)**			**63.4**
Total Assets	**5,434.8**	**(13.2)**	**0.3**	**(190.6)**	**134.6**	**5,365.9**

D.1.1 Investments, including held for unit-linked contracts

The Company's investments comprise government bonds, corporate bonds, collective investment undertakings, derivatives, deposits other than cash equivalents, other investments and investments held for unit-linked contracts.

a) Active market

Quoted price: Fair values of assets traded on active markets are determined using quoted market prices when available. An instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis between a willing seller and a willing buyer. For financial instruments traded in active markets, quotes received from external pricing services represent consensus prices, i.e. using similar models and inputs resulting in a very limited dispersion.

b) Active versus inactive markets: financial instruments

Equity instruments quoted on exchange traded markets and bonds actively traded on liquid markets are generally considered as being quoted in an active market when:

- Quotes that represent consensus are regularly provided by external pricing services with limited dispersion;
- And prices are readily available.

Liquidity for debt instruments is assessed using a multi criteria approach, including the number of quotes available, the place of issuance and the evolution of the widening of bid/offer spreads.

A financial instrument is regarded as not quoted in an active market:

- If there is little observation of transaction prices as an inherent characteristic of the instrument;
- When there is a significant decline in the volume and level of trading activity;
- In case of significant illiquidity; or
- If observable prices cannot be considered as representing fair value because of dislocated market conditions. Characteristics of inactive markets can therefore be very different in nature, inherent to the instrument or indicative of a change in the conditions prevailing in certain markets.

c) Assets and liabilities not quoted in an active market

The fair values of assets and liabilities that are not traded in an active market are estimated:

- Using external and independent pricing services; or
- Using valuation techniques.

d) No active market: use of external pricing services

External pricing services may be fund asset managers in the case of investments in funds. To the extent possible, the Company collects quotes from external pricing providers as inputs to measure fair values. Prices received may form tight clusters or dispersed quotes which may then lead to the use of valuation techniques. The dispersion of quotes received may be an indication of the large range of assumptions used by external pricing providers given the limited number of transactions to be observed or reflect the existence of distress transactions. In addition, given current market conditions since the financial crisis and the inactivity of some markets since then, many financial institutions ceased to be engaged in the origination or trading of structured assets deals and are as a result no longer in a position to deliver meaningful quotes for such assets.

e) No active market: use of valuation techniques

The objective of valuation techniques is to arrive at the price at which an orderly transaction would take place between market participants (a willing buyer and a willing seller) at the measurement date.

Valuation technique models include:

- Market approach: the consideration of recent prices and other relevant information generated by market transactions involving substantially similar assets or liabilities;
- Income approach: use of discounted cash flow analysis, option pricing models, and other present value techniques to convert future amounts to a single current (i.e. discounted) amount; and
- Cost approach: the consideration of amounts that would currently be required to construct or replace the service capacity of an asset. Valuation techniques are highly subjective in nature, and significant judgment is involved in establishing fair values. The use of valuation techniques and the related underlying assumptions could produce different estimates of fair value. Valuations are determined using generally accepted models (discounted cash flows, Black & Scholes models, etc.) based on quoted market prices for similar instruments or underlying factors (index, credit spread, etc.) whenever such directly observable data are available and valuations are adjusted for liquidity and credit risk.

Investments are classified into three tiers of fair value hierarchy based on the characteristics of inputs available in the marketplace. The following valuation hierarchy is used:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All assets are classified as Level 1 or Level 2 assets under the fair value, with the exception of the Level 3 assets detailed below.

Included in Level 2 assets are derivatives (swaptions) totalling £1.5m (2023: £3.7m), held on the Company's balance sheet to back its GAO liabilities. These are classed as Level 2 under the fair value hierarchy on the basis that their fair value measurements are derived from inputs other than quoted market prices that are observable. The swaptions are Over the Counter ("OTC") instruments, for which the fair value is provided to the Company by the counterparty.

One equity holding of £4.1m (2023: £5.0m), and four corporate bonds valued at £5.3m (2023: Nil) are also classified as Level 3 under the fair value hierarchy on the basis there are no observable ('publicly available') prices.

The Level 3 equity asset (£4.1m) (2023: £5.0m) represents an equity holding in an investment company which holds a portfolio of onshore UK wind farms and wind finance companies. The investment company values the wind farms at fair value, using discounted cash flow valuation techniques, and the investment in finance entities at fair value, based on the fair value of loan notes and a share of net current assets.

The significant unobservable inputs into the fair value model for the wind farms include the discount rate, energy yield, power price and inflation rate. The below analysis is provided in order to illustrate the sensitivity of the fair value of investments to the energy yield, while all other variables remain constant.

	Range	Average	Change in input	Change in fair value of investment	ULP Share	% change in fair value
P50 Generation (MWh) Energy yield	5,850 – 21,750	12,989	P50 +10%	£7.4m	£0.5m	11.4%
			P50 – 10%	(£7.4m)	£0.5m	(11.7%)

The above sensitivity information is as at 31 December 2023 which is the latest available information from the investment company.

Level 3 debt securities (£5.3m) consist of four bonds which were reclassified from Level 2 to Level 3 during 2024. This was primarily due to concerns over credit ratings and because the assets are not actively traded. Fair value is arrived at with reference to a primary pricing vendor, who uses a non option adjusted spread discounted cash flow model to derive a market value. Secondary and tertiary vendors are used for validation. If prices fell by 10% this would reduce the value of these debt securities by £0.5m.

f) Valuation and recognition of assets

There are no differences between the bases, methods and main assumptions used in the valuation for solvency purposes and those used for valuation in the Financial Statements of the Company except for:

- Goodwill and Intangibles – generally valued at nil
- Reinsurance recoveries which are treated as an asset.
- Holdings in related undertakings – valued at cost less impairment for UK GAAP, valued at fair value for SII based on excess of assets less liabilities (SII own funds).

Asset values in the Solvency II balance sheet are shown including accrued interest thereon, in accordance with PRA guidelines, whereas In the Financial Statements, the accrued interest is shown separately. This is a difference in presentation and not a valuation difference. There have been no changes to the recognition and valuation bases used, or to estimations, during the reporting period.

D.1.2 Credit ratings

Notched credit ratings are used for the calculation of the MA and in the relevant modules of the Standard Formula SCR calculations.

For these purposes, credit ratings are obtained from External Credit Assessment Institutions ("ECAIs" or "rating agencies") nominated by the Company. If more than one rating is available from the nominated rating agencies, the Company uses the middle of three or the lower of two.

The Company's current nominated rating agencies are Standard & Poor's, Moody's, and Fitch. The use of three rating agencies provides good coverage of the Company's corporate bond portfolio and limits the number of unrated bonds. The agency AM Best (which focuses on the insurance industry) is also considered for reinsurance counterparties only.

Any internally rated bonds are assessed by the Board in relation to the appropriateness of the ratings assigned to the bonds, and used in the calculation of the MA only. Any internally rated bonds are treated as unrated in the Standard Formula spread risk modules.

D.1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits with banks aggregating £63.4m (2023: £43.3m), where they have maturity dates of three months or less from date of acquisition.

D.1.4 Intangible assets

The Present Value of Acquired In-force Business ("PVIF") and Negative Goodwill balances relate to two acquisitions: Equitable Life Assurance Society ("ELAS") in January 2020 and RMIS (RTW) Limited ("RMIS") in April 2018.

The Directors have assessed the useful life of the PVIF and useful economic value of the negative goodwill arising on these acquisitions as 15 years, based on the period over which the value of the underlying business acquired is expected to exceed the value of the acquired identifiable net assets. The remaining amortisation period for ELAS business at 31 December 2024 is 10 years (2023: 11 years). The remaining amortisation period for the RMIS business is 8.25 years at 31 December 2024 (2023: 9.25 years) for these balances.

Under Solvency II, only intangible assets related to the business in force, that are separable and for which there is evidence of transactions for the same or similar assets, indicating that they are saleable in the market place, are recognised. As a result of Solvency II principles, goodwill and other intangible assets recognised under UK GAAP have no value in the Solvency II consolidated balance sheet.

Intangible assets comprising AVIF policies and negative goodwill, both arising from the transfer of acquired business from RMIS and ELAS, are valued at £13.9m (2023: £15.7m) for UK GAAP purposes and nil under Solvency II.

D.1.5 Reinsurance recoverable and receivables

Reinsurance recoverable related to insurance Technical Provisions are calculated in accordance with Solvency II valuation principles. The amounts recoverable from reinsurers is based on gross insurance provision, having due regard to collectability. As at 31 December 2024, the value of the Company's reinsurance recoverable based upon UK GAAP was a net receivable of £150.3m, disclosed as an asset of £190.6m (including linked business) and liability of £40.3m in accordance with UK GAAP.

The resulting reinsurance cash flows are adjusted to allow for the risk of a reinsurer default. Standard & Poor's and AM Best are the current nominated rating agencies for this purpose.

Consistent with Solvency II requirements, the Company treats the value of these reinsurance arrangements as an asset, where the valuation is based on the projected liabilities associated with the reinsurance on a gross of reinsurance basis. On a Solvency II valuation basis there was an asset value of £134.6m (2023: £148.6m), which has been reported in the table shown in section D.1. This comprises a negative asset of £49.30m (2023: £56.0m) representing the net position of the longevity swaps (see section D.1.7) offset by a recoverable amount of £183.9m (2023: £204.6m) in respect of traditional reinsurance products.

D.1.6 Longevity and Inflation swaps

The Company holds a number of longevity swaps for its annuity portfolios, where the payments to the reinsurance counterparties are made on the basis agreed at the outset of the reinsurance treaty. In return, payments based on the actual experience of the corresponding annuity portfolios are made by the reinsurers to the Company over the remaining lifetime of the annuities.

The value of these longevity swaps is calculated as the difference between the present value of the variable annuity payments received from the reinsurer and the present value of the fixed annuity payments (agreed at the treaty outset) made to the reinsurer, where discounting is at the basic risk-free interest rate term structure.

Following entry to the BPA market, the Company has extended the use of financial instruments, primarily inflation swaps, to help hedge the risks associated with inflation-linked annuity liabilities.

Allowance for reinsurer default is made to the cash flows using Solvency II probability of default for corporate bonds, with an allowance for recovery given default, as prescribed by EIOPA and subsequently adopted by the PRA.

D.1.7 Receivables (trade, not insurance)

Cost is used as an approximation of fair value for current cash settled receivables and payables, having due regard to collectability. The receivables are valued at £24.7m in 2024 (2023: £18.7m) on a UK GAAP basis, which includes debtors and accrued income. Accrued income aggregating £8.8m (2023: £8.7m), which under Solvency II, is included under the relevant investments category and has been reclassified under government bonds, corporate bonds and deposits (other than cash).

D.1.8 Loans and mortgages

Amortised cost is used as an approximation of fair value for loans for both UK GAAP and Solvency II, having due regard to collectability. Loans and mortgages had an aggregate value of £1.2m (2023: £1.3m).

D.1.9 Insurance and intermediary receivables

As at 31 December 2024, insurance receivables for premiums and recovery of pension relief at source were valued at £0.4m (2023: £0.4m) for UK GAAP and Solvency II purposes.

D.2 Technical Provisions

The technical provisions are shown in the table below.

Technical Provisions at 31 December 2024		
Liabilities	**Solvency II**	**Statutory Reporting**
Technical Provisions – total	5,056.8	5,142.4
Best Estimate Liabilities	5,039.4	0.0
Risk Margin	17.4	0.0
Other Technical Provisions – Reinsurance	0.0	40.3
Provisions other than Technical Provisions	3.1	3.1
Pension benefit obligations	1.1	1.1
Deposits from reinsurers	2.6	2.6
Deferred tax liabilities	34.9	6.2
Derivatives	0.3	0.0
Insurance and intermediaries payables	27.5	27.5
Reinsurance payables	0.7	0.7
Payables (trade, not insurance)	13.3	13.3
Any other liabilities, not elsewhere shown	0.0	62.2
Total liabilities	**5,140.4**	**5,299.3**
Excess of assets over liabilities	225.4	135.5

D.2.1 Material lines of business

Under Solvency II, Technical Provisions are split amongst Life With-Profits Participation, Linked Life and Other Life Insurance. Technical Provisions are measured using a twofold 'building block' approach:

- BEL; and
- Risk Margin for non-hedgeable risks, which is added to the BEL.

The valuation of Technical Provisions requires in-depth analysis of the underlying obligations, collection of qualitative and quantitative information, projection tools and models and expert judgement in a number of areas.

The table below shows the segmentation of the Utmost business into lines of business for Solvency II purposes.

Category	Description
Life With-Profits Participation	All products falling within this category are within one of the WPSFs. Some business within the WPSFs falls within the Other Life Insurance category.
Linked Life	This includes unit-linked business, but excludes index-linked annuities and index-linked funeral plan business, which increase in line with inflation indices.
Other Life Insurance	This includes all other business, including annuities and funeral plan business.

The table below sets out the Technical Provisions as at 31 December 2024 for each of the Company's sub-funds. Currently the Transitional Measure on Technical Provisions ("TMTP") are set to zero.

ULP - Technical Provisions (£m)			
Sub-Fund	**BEL**	**Risk Margin**	**Technical Provision**
Non-Profit Fund Total	4,885.2	17.3	4,902.5
NPF Remaining Part	4,601.2	8.6	4,609.8
MA	284.0	8.7	292.7
WPSF1	20.6	0.0	20.6
WPSF2	8.0	0.0	8.0
WPSF4	54.8	0.0	54.8
WPSF6	70.8	0.1	70.9
Total Company	**5,039.4**	**17.4**	**5,056.8**

A summary by line of business is provided below.

ULP - Technical Provisions at 31 December 2024 (£m)			
Sub-Fund	**BEL**	**Risk Margin**	**Technical Provision**
Life With-Profits Participation	154.2	0.1	154.3
Linked Life	4,347.4	0.9	4,348.3
Other Life Insurance	537.8	16.4	554.2
Total Company	**5,039.4**	**17.4**	**5,056.8**

The Risk Margin is calculated at a sub-fund level and apportioned across product types.

Comparison with Financial Statements

The bases, methods and assumptions used for the Solvency II regulatory valuation of the Company's Technical Provisions uses BEL with a Risk Margin, whereas valuation for financial reporting under UK GAAP uses a more prudent basis. Other sources of differences between the two bases include differences due to an allowance for contract boundaries within the calculation of the BEL and elimination of negative non-unit reserves on a UK GAAP basis.

Whilst there is prudence throughout the UK GAAP statutory basis, explicit margins of prudence exist, as follows:

- The expenses for UK GAAP are calculated including an explicit prudence margin of 10% on non-investment related expenses.
- Assurance and annuities in payment mortality assumptions have a margin of 10%. There is further prudence in the long-term improvement rates for annuities in-payment (0.25% increase in the rate of improvement);
- We make no allowance for early retirement and surrender for some policy groups with no age related assumptions, but only where it is more prudent to do so. Age related assumptions are kept at best estimate.
- The assumption for the take-up of GAOs contains additional prudence in that the take-up rate increases linearly to 95% over 20 years.

D.2.2 Valuation methodology

Under Solvency II, the investment contract benefits and insurance contract liabilities required by UK GAAP are replaced by an assessment of the Technical Provisions, comprising BEL and the Risk Margin. The table below shows a comparison between the two reporting metrics.

Balance Sheet Components	Technical Provisions Differences at 31 December 2024 (£m)				
	Statutory Accounts FRS102	Reallocation	Recognition of Discretionary Elements	Accounting Policy Differences	Solvency II Value
Unit-linked technical provisions					
BEL	4,484.3	(52.8)	0.0	(84.1)	4,347.4
Risk Margin	-	-	-	0.9	0.9
Life and Health technical provisions					
BEL	658.1	52.8	64.6	(83.5)	692.0
Risk Margin	-	-	-	16.5	16.5
Gross Technical Provisions	**5,142.4**	**0.0**	**64.6**	**(150.1)**	**5,056.8**
Reinsurance					
BEL	(150.3)	-	-	15.7	(134.6)
Net Technical Provisions	**4,992.1**	**-**	**64.6**	**(134.4)**	**4,922.3**

The reallocation column shows differences in the categorisation of liabilities between the UK GAAP statutory accounts and Solvency II. The values shown are based on the basis used for the UK GAAP statutory accounts. The accounting policy differences reflect the differences between the two bases due to moving to the Solvency II basis and methodology. The reassessment of participations shows the allowance for future discretionary benefits allowed for within the calculation of the BEL.

Level of uncertainty in the technical provisions

The projection of the monthly cash flows used in the assessment of the Technical Provisions and Risk Margin requires management to make assumptions about future demographic and economic experience. The assumptions are based on historical experience, expected future experience, and various other factors that are believed to be reasonable under the circumstances. The assumptions are reviewed on a regular basis. Uncertainty arises from actual future experience being different from that assumed.

For the Company, the key areas of uncertainty relate to the items listed below.

- Life underwriting risk, which includes mortality experience, longevity experience, and policyholder behaviour in respect of lapses and exercising guarantees and options;
- Market conditions, including change in credit spreads, long-term interest rates and equities; and
- Future expenses incurred in servicing insurance obligations, including administrative, investment and claims management expenses plus provision for related overheads.

Provision for future expenses: assumptions

The expenses contain a degree of uncertainty in relation to the future development of the business. The assumptions used to determine the Solvency II Technical Provisions and SCR have been set based upon the business plan for Utmost, which includes the planned levels of new business, including BPAs

The Company is required to hold technical provisions that cover all the expenses of the business, and there is an assumed management action that if there was no future new business, ULP would take actions that remove the fixed cost proportion of the new business costs within one year and reduce the scale of the maintenance costs on the BPA business. The technical provisions include an allowance for this £3.7m 'closure' or 'growth' reserve as a management action.

Under the Solvency II basis, the expenses are assumed to be fully variable from 2029, once the BPA proposition is deemed to be at scale (based on the BPA plan). Prior to this an additional reserve is held for the maintenance costs that relate to the difference between modelled costs and budgeted costs.

The Board has set the expense assumptions taking into consideration the impact on expenses of adopting alternative scenarios and strategies.

Best estimate liabilities

The BEL corresponds to the probability-weighted average of future cash flows, including policyholders' benefit payments, expenses, taxes, premiums related to existing insurance and reinsurance contracts, taking into account the time value of money (i.e. by discounting these future cash flows to present value). The calculation of the BEL is based upon up-to-date reliable information and realistic assumptions. The cash flow projection model used in the calculation includes all the cash in- and out-flows required to settle the insurance and reinsurance obligations over their lifetime. The BEL is recognised on a gross of reinsurance basis, without deduction of amounts recoverable from reinsurance contracts

Appendix A shows the material assumptions used to calculate the BEL for the Company as at 31 December 2024. In particular, it covers the assumptions used for interest rates, inflation, mortality, expenses and option take-up rates.

The model discounts these monthly cash flows using the Solvency II basic risk-free term structure of interest rates applying at the valuation date, prescribed by PRA, to calculate the BEL. For the MA portfolio (described in section D.2.3), the corresponding MA rate of 1.19% is added to the basic risk-free curve at all durations. The same model is used to project the reinsurance premiums and claim cash flows, which are then discounted in the same way to determine the value of the reinsurance asset. The MA rate is not applied when discounting the reinsurance cash flows associated with this business.

Expenses

Expenses include administrative, investment management, claims management and acquisition expenses which relate to recognised insurance and reinsurance obligations. The assumptions underlying expense projections are consistent with the Company strategy, taking into account future new business (including BPAs) and any change in expenses as decided by management. The cash flow projection model allocates the total annual (business-as-usual) budgeted expenses across the policies to which they relate. Investment management charges are based on the level of assets backing Technical Provisions, and unit costs are based on the business-as-usual budget (net of charges received from the with-profits sub-funds) and the number of policies in force.

In setting the expense assumptions, the Company has used its perspective on the expected future costs. The sensitivity of the Company to changes in expenses can be seen in the section C.6.

Future discretionary benefits ("FDBs")

In line with Solvency II requirements, the BEL for the Company's with-profits business contains an allowance for FDBs, the payment of bonuses that are expected to be declared in the future. FDBs consists of future reversionary bonuses, terminal bonuses and other non-guaranteed bonuses.

A prospective bonus reserve valuation ("BRV") approach is used for all with-profits sub-funds. An iterative surplus minimisation process is initially carried out, which searches for a terminal bonus rate that, when applied, results in a BRV that matches the (net of current liabilities) asset value for each fund (subject to a tolerance). For these funds, the FDB is calculated to be the value of the assets less the value of the guaranteed liabilities.

Manual reserves

The Company determines the value of certain liabilities (referred to as 'manual reserves') outside of its policy level cash flow projection model. The reserves in respect of each manual reserve are determined as follows:

- The cash flows in respect of the manual reserve are imported into the model so that they can be included in the final BEL calculation as appropriate; or
- An adjustment for the manual reserve is added to the BEL outside of the liability cash flow model.

Allowance for deferred tax asset

The approach is a simplification of the underlying tax calculation because the amount is immaterial and assumes that full tax relief is available on all future expenses.

Risk Margin

The Risk Margin is defined as the cost of non-hedgeable risk, i.e. a margin in addition to the expected present value of liability cash flows required to manage the business on an ongoing basis. It is deemed to be the present value of the cost of future economic capital requirements for non-hedgeable risks. A best estimate assumption is defined as one where there is the same probability that the actual experience develops more or less favourably than the assumption. It is set at a level that is neither deliberately overstated nor deliberately understated.

In line with Solvency II requirements, the Company calculates the Risk Margin by determining the expected cost of providing capital to cover the non-hedgeable part of its SCR over the remaining lifetime of the in-force business.

The Company assumes that all market risks are hedgeable and therefore excludes them from the SCR used in the Risk Margin calculation. Underwriting, operational and counterparty default risks are considered non-hedgeable.

The Solvency II requirements define a hierarchy of simplifications which may be used to determine the Risk Margin that remove the need to perform a full projection of the SCR (excluding hedgeable market risk) at each future time period.

Rather than performing a full projection of the SCR at each future time period, the Company uses a simplified approach to determine the Risk Margin for all risks apart from longevity. Under the simplified methodology, each component of the Basic Solvency Capital Rate ("BSCR") (excluding market risk) is projected by assuming that the initial value runs off in line with an appropriate component of the BEL. A tapering parameter allows for a progressively lower weight to be given to each year of projected future capital requirement. For the longevity risk sub-module, instead of using a component of the BEL to estimate future risk capital, a full projection of the longevity risk capital is carried out.

This approach is consistent with Method 1 of the Hierarchy of Simplifications outlined in the Solvency II Guidelines as they applied at the end of the transition period.

To arrive at the Risk Margin, the projected non-hedgeable SCRs at each future time-step are multiplied by a 4% cost of capital rate and discounted using the Solvency II basic risk-free term structure of interest rates.

Consistent with Solvency II rules, the Company's Risk Margin is calculated without taking credit for the effects of the MA portfolios.

D.2.3 Matching Adjustment

The Company currently has one Matching Adjustment ("MA") portfolio that backs all of the BPA business and some of the existing annuity business. The Company has provided an attestation of its matching adjustment to the PRA as at 31 December 2024.

The following table summarises the Company's MA portfolio as at 31 December 2024.

MA Portfolio Liabilities at 31 December 2024			
Contract Type	Number of contracts	BEL (with MA) £m	BEL (no MA) £m
Annuities (NPF MA)	23,533	284.0	308.6
Total	**23,533**	**284.0**	**308.6**

The liabilities and assets held in the MA portfolio satisfy the specific requirements that must be met in order to qualify as an MA portfolio.

Liability cashflows within a matching adjustment portfolio can take allowance for an illiquidity premium on the PRA risk-free rates, known as the MA rate. A positive MA rate (1.19% at YE24) increases the discount rates applied to the liabilities, thus resulting in a reduction in the provisions held for the portfolio.

No allowance is made for the beneficial impact of the MA rate on either the value of the reinsurance asset or within the Risk Margin calculations.

The table below sets out the MA rate used in the 31 December 2024 valuation in respect of the MA portfolio.

Matching Adjustment Rates		
Component	**Description**	**Value at 31 December 2024**
Rate 1	Single annual discount rate that equates the discounted value of the expected liability cash flows to the market value of the assets held to match those cash flows	5.85%
Rate 2	Single annual discount rate that equates the discounted value of the expected liability cash flows to the best-estimate liability calculated using the basic risk-free interest rate term structure with no adjustments	4.16%
Fundamental Spread	A component of credit spreads that reflects the cost of downgrades and a long-term average spread underpin. The credit spread varies by: currency, asset class, credit rating, and duration	0.50%
Matching Adjustment		**1.19%**

The following table summarises the assets held in the NPF MA portfolio as at 31 December 2024.

Asset Type	Value at 31 December 2024 (£m)
	NPF MA
Corporate bonds	308.2
Government bonds	28.3
Cash, Deposits and Other	24.4
Total	**360.9**

The table below shows the impact on the Company's Solvency II Pillar 1 balance sheet as at 31 December 2024, assuming that the Company was unable to use the matching adjustment at that date (i.e. MA rate set to zero).

Balance Sheet Components	Value as at 31 December 2024 (£m)		
	With MA	Without MA	Impact of MA
Assets	5,282.3	5,282.3	0.0
Technical Provisions	(5,056.8)	(5,081.5)	24.6
Own Funds	**225.4**	**200.8**	**24.6**
RFF Restrictions	0.0	0.0	0.0
Eligible Own Funds	**225.4**	**200.8**	**24.6**
Solvency Capital Requirements	117.8	121.5	(3.7)
Solvency Capital Ratio (%)	**191%**	**165%**	**26%**

The application of the MA rate results in a reduction in the BEL for the MA portfolio of £24.6m, from £308.6m to £284.0m.

D.2.4 Volatility Adjustment

As at 31 December 2024, the Company did not make use of the Volatility Adjustment for the purpose of determining its Technical Provisions.

D.2.5 Transitional measures

Transitional risk-free interest rate term: structure

As at 31 December 2024, the Company did not apply the transitional risk-free interest rate term structure in the discounting of best estimate cash flows when calculating its Technical Provisions.

TMTPs (also referred to as the Transitional Deduction ["TD"])

The Transitional Measure on Technical Provisions ("TMTP") are currently set to zero.

D.3 Other Liabilities

The following section references the 'current liabilities, other than Technical Provisions' table in section D.2.

D.3.1 Insurance and intermediaries payables

This balance of £27.5m (2023: £31.4m) comprises claims outstanding relating to insurance and participating investment contracts. Death claims, maturities, annuity payments due and surrenders are recognised when due or at the earlier of the date when paid or when policy ceases to be included in the Technical Provisions (including for linked contracts).

The Company makes a provision for outstanding claims based on a realistic assessment of the likelihood of payment, which is based on experience and varies in line with the age of the debt.

D.3.2 Payables (trade, not insurance) and other liabilities

These payables of £14.1m (2023: £11.7m) comprise amounts which fall due within 12 months from the balance sheet date and are considered to be held at fair value. These payables are due to employees, suppliers, public entities and reinsurers. The £14.1m includes reinsurance payables of £0.7m (2023: £0.5m) included in second D3.5 below.

D.3.3 Deposits from reinsurers

These comprise a liability to Hannover Re of £2.6m (2023: £3.1m) under a deposit back arrangement and is valued in accordance with the agreement on a payable basis and considered as a fair approximation of the fair value under Solvency II. The Company holds an equivalent amount of assets as collateral received, which are included under Government Bonds, Corporate Bonds and Cash.

D.3.4 Pension Scheme benefit obligations

As part of the transfer of business from RMIS on 1 April 2018, the Company entered into a Flexible Apportionment Arrangement, whereby it was admitted as the principal employer to the defined benefit pension scheme ("the Scheme") and all RMIS Scheme liabilities were apportioned to the Company.

The Scheme has been closed to future accrual since June 2010.

The value of the Defined Benefit ("DB") pension scheme is recognised on the liability side of the Solvency II balance sheet and is calculated as the difference between the market value of assets backing the liabilities of the DB pension liabilities; and the DB pension liabilities calculated under the International Accounting Standard 19 ("IAS 19"), including International Financial Reporting Interpretations Committee 14 ("IFRIC 14").

The valuation allows for the full cost of pensions equalisations (being the financial impact on the Reliance Pension Scheme of benefits being provided on and from 17 May 1990 with the same normal retirement age of 60 for male and female members and on and from 30 March 1995 with the same normal retirement age of 65 for male and female members). The asset valuation is carried out by Schroder's and the value of the DB pension liabilities is calculated by Willis Tower Watson, an employee benefits consultancy.

As at 31 December 2024, the DB pension scheme was in deficit valued at £1.1m (2023: £1.4m), applicable for both UK GAAP and Solvency II purposes, as follows:

	£m
Pension Scheme assets	20.1
Pension Scheme liabilities	(21.2)
Onerous liability (effect of asset ceiling)	Nil
Deficit	**(1.1)**

During 2024 the Company entered into negotiations with the Trustee of RPS with a view to buying out the scheme's remaining liabilities. Following the successful completion of these negotiations, legal agreements were signed in February 2025 which committed both parties to working towards a full buy-out later in 2025.

D.3.5 Reinsurance payables

As at 31 December 2024, the value of the Company's reinsurance payables was £0.7m (2023: £0.5m), for both UK GAAP and Solvency II reporting.

D.3.6 Provisions other than Technical Provisions

Provisions other than technical provisions are £3.1m (2023: £0.3m) for both UK GAAP and Solvency II reporting is in respect of a provision for committed project costs of £3m of and pension mis-selling of £0.1m (2023: £0.3m).

D.3.7 Deferred taxation Liability

Differences arise between UK GAAP and Solvency II deferred tax balances due to differences in underlying valuation principles for assets and liabilities. However, recognition and valuation principles of deferred taxes under both UK GAAP and Solvency II frameworks are similar.

Deferred tax assets and liabilities emerge from temporary differences with tax values of assets and liabilities, and, when applicable, from tax losses carry forwards.

The deferred tax liability is calculated by reference to temporary difference between the values ascribed to assets and liabilities for UK GAAP and the value ascribed to those assets and liabilities under Solvency II. The deferred tax liabilities under Solvency II include additional liabilities recognised in respect of positive valuation differences between the Solvency II balance sheet and the UK GAAP statutory accounts.

Projections made for future taxable profits are broadly consistent with assumptions used for other projected cash flows. The recoverability of deferred tax assets recognised in previous periods is reassessed at each closing period.
The deferred tax assets and liabilities are netted off if the counterparty is the same tax authority and there is an ability to settle net.

A deferred tax liability, with a balance at 31 December 2024 of £34.9m (2023: £31.1m) has been disclosed separately for Solvency II reporting.

D.3.8 Valuation and Recognition of liabilities

The Company has no material liabilities arising as a result of leasing arrangements.

There are also no significant uncertainties regarding the timing or amounts of other liabilities.

There have been no changes made to the recognition and valuations bases, or estimates used, of other liabilities during the reporting period.

There are no differences between the bases, methods and main assumptions used in the valuation for solvency purposes and those used for valuation in the financial statements. Aside from assumptions used for valuation models, as noted above, there are no significant assumptions or uncertainties regarding the valuation of assets.

D.4 Alternative Methods for Valuation

D.4.1 Participation in related undertakings

ULP acquired the business of ELAS on 1 January 2020. The majority of the business of ELAS transferred to ULP under Part VII of the Financial Services and Markets Act 2000 ("FSMA"). A small amount of Euro denominated Irish and German business remains in ELAS, which became a wholly owned subsidiary of ULP on 1 January 2020. The ELAS subsidiary is treated as a strategic participation.

On a UK GAAP basis the carrying value of ELAS as a subsidiary of ULP is based on its cost less impairment. The value shown in the SII balance sheet is based on the excess of assets over liabilities (SII Own Funds).

D.4.2 Loans on policies and outstanding premiums

Loans on policies and outstanding premiums are valued for UK GAAP at amortised cost of £0.5m (2023: £0.6m), and this is not considered to be materially different to their fair value for Solvency II purposes.

D.5 Any Other Information

There is no other relevant information to add

E. CAPITAL MANAGEMENT

E.1 Own Funds

Capital is determined and monitored for the Company on the regulatory basis, as stipulated in the PRA Rulebook. This primarily focused upon the Total Available Own Funds ("TAOF") and the SCR of the Company. A Solvency Monitoring Tool is used to produce an estimation of the balance sheet on a monthly basis and to determine the sensitivity of the roll-forward position to market conditions through the year, ensuring that the capital requirements are adequately met. The Company's capital position is formally reviewed and approved on a quarterly basis by delegated authority from the Board to the management.

The TAOF for year end 31 December 2024 was £225.4m. The Company had an SCR of £117.8m at year end 2024, with a Solvency Coverage Ratio of 191%. Comparable figures for year end 31 December 2023 were a TOAF of £248.1m, an SCR of £115.0m and a Solvency Coverage Ratio of 216%.

The Capital Management Framework and risk appetite set out the Company's approach for managing Own Funds. The Company aims to maintain an appropriate buffer of capital resources over the regulatory capital requirements. Solvency and liquidity levels are monitored on a regular basis, and are used to inform the dividend capacity and requirements for any future BPA business. There have been no material changes over the reporting period to the management of Own Funds.

The Company is required to hold capital at a level of financial resources that do not fall below a minimum as determined in accordance with the PRA Regulations. For the purposes of determining its regulatory capital, the Company uses the Solvency II Standard Formula without adjustment. The appropriateness of the Standard Formula approach has been reviewed by the Risk Management and the Actuarial functions and approved by the Board. The capital of the Company comprises ordinary shares and retained earnings.

There were no changes to the capital structure of ULP during 2024.

E.1.1 Description of Own Funds

The Company's Own Funds are allocated to tiers, as set out in the Solvency II regulations (as restated and applicable to the UK).

Own Funds (£m)	Tier	31 December 2024	31 December 2023
Paid in ordinary share capital	1	100.0	100.0
Surplus funds	1	0.1	0.1
Reconciliation reserve	1	125.3	148.0
Net Deferred Tax Asset	3	0.0	1.3
Eligible Own Funds to meet the SCR		**225.4**	**248.1**
Eligible Own Funds to meet the MCR		**225.4**	**246.8**

The change in surplus funds and reconciliation reserves is set out in more detail in sections E.1.3 and E.1.4.

Ordinary share capital

The Company's issued and fully paid ordinary share capital is treated as Tier 1 unrestricted Own Funds.

With-profits funds - Surplus Funds

The PRA has set out a mandatory calculation of Surplus Funds for UK Solvency II firms to ensure consistency across the industry[1]. For these funds, Surplus Funds should be calculated as the difference between the assets in a with-profits fund (except those meeting liabilities in respect of non-profit insurance) and the value of with-profit liabilities (including the value of any other liabilities properly attributable to that with-profits fund).

With-profits Surplus Funds satisfy the characteristics of Tier 1 because they will only be distributed to policyholders in the future if it is appropriate to do so and are loss-absorbent because future distributions can be reduced if the amount of accumulated profits reduces due to future losses.

[1] https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2024/ss1315-november-2024-update.pdf

The PRA has specified that the default basis for the calculation of the value of with-profit liabilities (for the purposes of Surplus Funds) is a retrospective (i.e. asset share) approach. Where a retrospective approach is impracticable or would not lead to a fair value of the liabilities, a prospective approach can be used.

Due to the treatment of future discretionary benefits ("FDB") in the Company's with-profits funds, the PRA calculation of Surplus Funds results in a value of near zero.

E.1.2 Reconciliation reserve

The reconciliation reserve is a balancing item which ensures that the total Own Funds equal the excess of assets which are available to absorb unexpected losses over liabilities. This reserve is used to reflect the restrictions on the availability of Own Funds from ring-fencing (see below). It also includes any 'foreseeable' distributions or charges that would reduce the value of the Own Funds available to absorb losses.

E.1.3 Eligibility restrictions of Own Funds

The following table details the restrictions on the Own Funds.

Own Funds (£m)	31 December 2024	31 December 2023
With-Profits Surplus	-	-
Matching adjustment portfolio Own Funds in excess of SCR	-	(10.7)
Tier II capital restriction	-	-
Eligibility restriction	-	(10.7)

The Company's WPSFs (WPSF1, 2, 4, and 6) and MA portfolio (NPF1 MA) are all treated as ring-fenced for Pillar 1 valuation purposes. This means that Own Funds are restricted by the amount of any surplus assets in excess of the notional SCR that exists within each of these RFFs.

The value of eligibility restrictions at 31 December 2024 was £0.0m following an attribution exercise. Further details on the components of the capital requirements and potential volatility can be found in section E.2.

E.1.4 Reconciliation between UK GAAP equity and Solvency II Own Funds

The differences between the Company's UK GAAP and Solvency II valuations are quantified and explained within section D. The following tables summarise those movements and determine the difference in the Company's UK GAAP equity and Solvency II Own Funds and the sources of those differences.

SII Pillar 1 Solvency (£ millions)	31 December 2024	31 December 2023	Change
UK GAAP Equity	135.4	159.5	(24.0)
Own Funds (Unrestricted)	225.4	258.9	(33.4)

SII Pillar 1 Solvency (£m)	UK GAAP Statutory	Solvency II	Change
Valuation of Assets	5,434.9	5,365.9	69.0
Valuation of Technical Provisions	(5,142.4)	(5,056.8)	(85.5)
Funds for future appropriations	(62.2)	0.0	(62.2)
Valuation of other liabilities	(94.8)	(83.6)	(11.3)
Total Own Funds (unrestricted)	**135.4**	**225.4**	**(90.0)**
Ring-fenced Fund Restrictions	-	-	-
Loan Restriction	-	-	-
Own Funds	**135.4**	**225.4**	**(90.0)**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR calculation and results

The Company uses the Standard Formula approach to calculate its SCR. The appropriateness of the Standard Formula approach, with respect to the Company's risk profile, has been reviewed by the Risk Management and Actuarial functions and approved by the Board.

The SCR amount for the Company at 31 December 2024 has been calculated to be £117.8m.

SCR Module	SCR (£m)	
	31 December 2024	31 December 2023
Life Underwriting	92.3	91.1
Market	107.9	106.9
Counterparty Default	10.0	10.0
Diversification	(45.1)	(44.1)
Basic SCR	**165.2**	**163.8**
Operational SCR	9.2	7.4
Loss Absorbing Capacity	(56.6)	(56.2)
Total SCR	**117.8**	**115.0**

The loss-absorbing capacity of Technical Provisions of £56.6m (as shown in S.25.01) arises from the Company's WPSFs, and reflects the ability of the Company to apply management actions in these sub-funds under stress conditions. It also reflects the Company's loss absorbing capacity of deferred taxes. The loss absorbency of deferred taxes is a tax benefit, reflecting the tax relief that would be available if the company made a loss equivalent to the SCR. In the Company, it is primarily composed of the difference between the Solvency II own funds and the UK GAAP equity of the Company, together with the value of the deferred tax liability that already exists within the Company. We can also carry back losses against the previous year's profit, which is part of the tax relief that would be available to the company.

E.2.2 Simplifications used in the calculation of the SCR

For the lapse risk sub-module, the Company applies the Standard Formula stresses to persistency rates, paid-up rates and take-up rates on GAOs. The most onerous stress (out of the permanent increase and decrease to rates, and a mass lapse) is assessed at a mixture of product code level and individual policy level, rather than solely at an individual policy level for non-linked business. The Company does not consider that this simplification results in a material misstatement of the lapse risk capital.

To calculate counterparty default risk capital, the Company uses a simplification to determine the risk-mitigating effect of reinsurance, whereby the effect of removing reinsurance contracts at treaty level is considered rather than counterparty. The resulting risk mitigation effect is spread across the reinsurance counterparties in line with the base value of the reinsurance asset. The Company does not consider that this simplification will have a material impact on the level of counterparty default risk capital held.

The Company does not use Company-specific parameters[2]..

E.2.3 MCR calculation and results

The Company's MCR is calculated in line with the linear formula set out in the Solvency II Regulations (as restated and applicable to the UK).

The MCR amount for the Company as at 31 December 2024 has been calculated to be £39.1m. The table overleaf sets out the components of the MCR, to which factors are applied in calculating the MCR. Neither the MCR cap or the MCR floor bite at year end 2024. The amounts include reinsurance recoverable and liabilities.

[2] Solvency Capital Requirement - Undertaking Specific Parameters | Prudential Regulation Authority Handbook & Rulebook (prarulebook.co.uk)

Components	Value (£m)	
	31 December 2024	31 December 2023
Technical Provisions (Life, 1)	88.7	100.7
Technical Provisions (Life, 2)	64.4	66.1
Technical Provisions (Life, 3)	4,344.2	4,394.9
Technical Provisions (Life, 4)	407.5	409.4
Capital at Risk	357.0	415.7
SCR	117.8	115.0
MCR	**39.1**	**40.0**

E.3 Differences between the Standard Formula and any Internal Model used

An internal model is not used by the Company.

E.4 Non-compliance with the Minimum Capital Requirement and Non-compliance with the Solvency Capital Requirement

The SCR and the MCR were complied with at all times during the reporting period. There is no expectation of any future non-compliance by the Company.

E.5 Any Other Information

The Company entered 2025 with a strong balance sheet and with a Solvency II coverage ratio of 191% as outlined in E.1 and continues to maintain a strong position in 2025.

APPENDIX A: VALUATION BASIS

Details of assumptions which are significant for the Company for Solvency II reporting are provided below.

INTEREST RATE TERM STRUCTURE

The Company uses the unadjusted PRA term structure for the UK for all lines of business. For business which is in its Matching Adjustment MA portfolio, the PRA curve is uplifted by the appropriate MA rate, as shown in section D.2.3.

INFLATION

Inflation is a significant assumption for the Company because it impacts the value of the projected expenses as well as benefits which are linked to inflation, including inflation-linked annuities in-payment, immediate and deferred annuities and funeral plans. Inflation assumption are set based on the investment strategy of the Company. Inflation exposure on the non MA business is backed by gilts, inflation exposure on the BPA business is back by inflation swaps (due to the depth of the swap market and ease of hedging). As such, the inflation assumption used by the Company at year end 2024 for business outside the MA portfolio is an inflation curve sourced from Bank of England yield curve data, and for business in the MA portfolio an inflation curve constructed using RPI swap rates sourced from Bloomberg.

No allowance is made to reflect the difference between earnings and price inflation.

MORTALITY

Assurances

Different percentages of standard tables, NLT18-20, ELT16, and TNL16 ranging from 50% to 123% (55% to 128% of tables NLT18-20, ELT16, and TNL16 at year end 2023) are used depending upon the risk group.

Industrial Branch conventional non-profit contracts are adjusted to allow for 'gone-aways'. These arise where the policyholder is no longer aware of the policy's existence (and may have already died) and where it is not practical to trace the policyholder (or next-of-kin). All Industrial Branch conventional contracts where the policyholder is aged over 100 are excluded. Reduction factors are applied to the remaining non-profit contracts.

Annuities

For all non-BPA annuities, the gender-specific PL16 or PA16 tables are used for males and females (PL16 or PA16 at year end 2023).

Different percentages of standard tables, PL16 and PA16 ranging from 88% to 260% (85% to 260% of PL16 or PA16 at year-end 2023), are used depending upon the risk group.

For BPA annuities the latest version of the Club Vita curves are used. These are based on the gender, postcode and annuity size for each individual annuitant. The rates are derived from data collected from over 230 pension schemes cover over 3m annuitants.

The Company has adopted the CMI 2022 mortality improvement factors published by the Institute of Actuaries in 2023 for the valuation of annuity liabilities at year end 2024.

EXPENSES

The table below shows the unit cost assumptions. These unit costs are weighted depending on individual products, based on the amount of resources required to administer the particular products.

Unit Cost Assumptions £	31 December 2024	31 December 2023
Renewal Expenses – non BPA	55.98	57.63
Renewal Expenses – BPAs	54.86	n/a

The charges to WPSF1, WPSF2, WPSF4 and WPSF6 for expenses are governed by the Scheme of Arrangement, as described in the Company's PPFM.

OPTIONS AND GUARANTEES

In NPF and WPSF6 there are a number of unit-linked and with-profits pension contracts, respectively, where the unit fund may be converted to an annuity on guaranteed terms. The Company uses policyholder fund value dependent take-up rates, which vary between 10% and 50% (2023: 10% and 50%).

LAPSE ASSUMPTIONS

The Company's lapse assumptions are set using historic experience, with the lapse rates rounded to the nearest 0.1%. The rates vary by product, ranging from 0% to 5.3% (year end 2023: 0% to 5.1%) for the non-age related lapse rates. In addition, we assume some exits are related to age (particularly for pension policies), and those exit rates can range from 0% to 40%.

APPENDIX B: QUANTITATIVE REPORTING TEMPLATES

The following pages contain QRTs for the Company.

All figures are presented in thousands of pounds with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided privately to the Regulators.

The following QRTs are provided:

IR.02.01.02:	Balance sheet information.
IR.05.02.01:	Information on Premiums, claims and expenses by country.
IR.05.03.02:	Information on Life income and expenditure
IR.12.01.02:	Information on Life Technical Provisions
IR.22.01.21:	Information on the impact of long-term guarantees measures and transitionals
IR.23.01.01:	Information on Own Funds.
IR.25.04.21:	Information on the SCR, calculated using the Standard Formula.
IR.28.01.01:	Specifying information on the MCR for life insurance.

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	692,956
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	5,162
R0100	*Equities*	4,122
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	4,122
R0130	*Bonds*	591,056
R0140	*Government Bonds*	188,590
R0150	*Corporate Bonds*	402,466
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	80,997
R0190	*Derivatives*	1,552
R0200	*Deposits other than cash equivalents*	10,068
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	4,456,397
R0230	Loans and mortgages	1,169
R0240	*Loans on policies*	371
R0250	*Loans and mortgages to individuals*	148
R0260	*Other loans and mortgages*	650
R0270	Reinsurance recoverables from:	134,580
R0280	*Non-life and health similar to non-life*	0
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	131,411
R0340	*Life index-linked and unit-linked*	3,170
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	432
R0370	Reinsurance receivables	1,048
R0380	Receivables (trade, not insurance)	15,896
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	63,377
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	5,365,855

	Liabilities	Solvency II value
		C0010
R0505	Technical provisions - total	5,056,843
R0510	*Technical provisions - non-life*	0
R0515	*Technical provisions - life*	5,056,843
R0542	Best estimate - total	5,039,412
R0544	*Best estimate - non-life*	0
R0546	*Best estimate - life*	5,039,412
R0552	Risk margin - total	17,432
R0554	*Risk margin - non-life*	0
R0556	*Risk margin - life*	17,432
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	3,138
R0760	Pension benefit obligations	1,133
R0770	Deposits from reinsurers	2,635
R0780	Deferred tax liabilities	34,926
R0790	Derivatives	299
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	27,465
R0830	Reinsurance payables	709
R0840	Payables (trade, not insurance)	13,258
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basic Own Funds*	0
R0870	*Subordinated liabilities in Basic Own Funds*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	5,140,407
R1000	**Excess of assets over liabilities**	225,449

IR.05.02.01

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400			DE	IE	GG	JE		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	138,668	0	0	133	0		138,801
R1420	Reinsurers' share	17,679	0	0	8	0		17,687
R1500	Net	120,989	0	0	126	0		121,114
	Premiums earned							
R1510	Gross	138,668	0	0	133	0		138,801
R1520	Reinsurers' share	17,679	0	0	8	0		17,687
R1600	Net	120,989	0	0	126	0		121,114
	Claims incurred							
R1610	Gross	600,742	0	0	3,727	338		604,807
R1620	Reinsurers' share	28,156	0	0	168	0		28,324
R1700	Net	572,586	0	0	3,559	338		576,483
R1900	**Net expenses incurred**	28,781	0	0	293	0		29,075

IR.05.03.02

Life income and expenditure

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Premiums written							
R0010	*Gross direct business*	1,238	90,641	45,747	0	1,154	0	138,780
R0020	*Gross reinsurance accepted*	0	0	0	0	21	0	21
R0030	Gross	1,238	90,641	45,747	0	1,175	0	138,801
R0040	*Reinsurers' share*	1,163	644	15,207	0	673	0	17,687
R0050	Net	74	89,997	30,541	0	502	0	121,114
	Claims incurred							
R0110	*Gross direct business*	15,316	536,975	40,744	0	11,772	0	604,807
R0120	*Gross reinsurance accepted*	0	0	0	0	0	0	0
R0130	Gross	15,316	536,975	40,744	0	11,772	0	604,807
R0140	Reinsurers' share	-129	1,714	22,109	0	4,629	0	28,324
R0150	Net	15,445	535,261	18,635	0	7,143	0	576,483
	Expenses incurred							
R0160	*Gross direct business*	986	20,645	1,261	0	6,297	0	29,189
R0170	*Gross reinsurance accepted*	0	0	0	0	0	0	0
R0180	Gross	986	20,645	1,261	0	6,297	0	29,189
R0190	Reinsurers' share	4	98	0	0	13	0	115
R0200	Net	982	20,547	1,261	0	6,284	0	29,075
R0300	Other expenses							233
	Transfers and dividends							
R0440	Dividends paid							50,000

IR.12.01.02
Life technical provisions

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Best estimate							
R0025	Gross Best Estimate (direct business)	147,933	4,347,416	469,890		73,978		5,039,216
R0026	Gross Best Estimate (reinsurance accepted)	0	0	0		195		195
R0030	**Gross Best Estimate**	147,933	4,347,416	469,890	0	74,173	0	5,039,412
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-5,195	3,170	129,118		7,488		134,580
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	153,128	4,344,247	340,772	0	66,685	0	4,904,831
R0100	**Risk margin**	127	925	15,279		1,101		17,432
	Amount of the transitional on Technical Provisions							
R0140	TMTP - risk margin							0
R0150	TMTP - best estimate dynamic component							0
R0160	TMTP - best estimate static component							0
R0170	TMTP - amortisation adjustment							0
R0180	**Transitional Measure on Technical Provisions**	0	0	0	0	0	0	0
R0200	**Technical provisions - total**	148,059	4,348,341	485,168	0	75,275	0	5,056,843

IR.22.01.21

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	**Technical provisions**	5,056,843	0	0	0	24,613
R0020	**Basic own funds**	225,449	0	0	0	-24,613
R0050	**Eligible own funds to meet Solvency Capital Requirement**	225,449	0	0	0	-24,613
R0090	**Solvency Capital Requirement**	117,755	0	0	0	3,745
R0100	**Eligible own funds to meet Minimum Capital Requirement**	225,449	0	0	0	-24,613
R0110	**Minimum Capital Requirement**	39,147	0	0	0	517

IR.23.01.01
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	100,000	100,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	122	122			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	125,327	125,327			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0290	**Total basic own funds after deductions**	225,449	225,449	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	225,449	225,449	0	0	0
R0510	Total available own funds to meet the MCR	225,449	225,449	0	0	
R0540	Total eligible own funds to meet the SCR	225,449	225,449	0	0	0
R0550	Total eligible own funds to meet the MCR	225,449	225,449	0	0	
R0580	**SCR**	117,755				
R0600	**MCR**	39,147				
R0620	**Ratio of Eligible own funds to SCR**	191.46%				
R0640	**Ratio of Eligible own funds to MCR**	575.91%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	225,449
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0725	Deductions for participations in financial and credit institutions	0
R0730	Other basic own fund items	100,122
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	125,327

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	3,034
R0080	Equity risk	64,921
R0090	Property risk	250
R0100	Spread risk	21,526
R0110	Concentration risk	2,672
R0120	Currency risk	11,456
R0125	Other market risk	0
R0130	Diversification within market risk	-14,555
R0140	**Total Market risk**	89,304
	Counterparty default risk	
R0150	Type 1 exposures	8,907
R0160	Type 2 exposures	963
R0165	Other counterparty risk	0
R0170	Diversification within counterparty default risk	-215
R0180	**Total Counterparty default risk**	9,655
	Life underwriting risk	
R0190	Mortality risk	3,155
R0200	Longevity risk	9,790
R0210	Disability-Morbidity risk	1,611
R0220	Life-expense risk	18,524
R0230	Revision risk	0
R0240	Lapse risk	70,691
R0250	Life catastrophe risk	506
R0255	Other life underwriting risk	0
R0260	Diversification within life underwriting risk	-14,431
R0270	**Total Life underwriting risk**	89,847
	Health underwriting risk	
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	**Total Health underwriting risk**	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	
R0340	Non-life catastrophe risk	
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	
R0370	**Non-life underwriting risk**	0
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	8,474
R0424	Other risks	
R0430	**Total Operational and other risks**	8,474
R0432	**Total before all diversification**	226,481
R0434	Total before diversification between risk modules	197,279
R0436	Diversification between risk modules	-43,831
R0438	**Total after diversification**	153,448
R0440	Loss absorbing capacity of technical provisions	694
R0450	Loss absorbing capacity of deferred tax	-37,013
R0455	Other adjustments	626
R0460	**Solvency capital requirement including undisclosed capital add-on**	117,755
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	117,755
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	mass

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance		
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

		C0040
	Linear formula component for life insurance and reinsurance obligations	
R0200	MCR_L Result	39,147

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	88,685	
R0220	Obligations with profit participation - future discretionary benefits	64,443	
R0230	Index-linked and unit-linked insurance obligations	4,344,247	
R0240	Other life (re)insurance and health (re)insurance obligations	407,457	
R0250	Total capital at risk for all life (re)insurance obligations		357,000

		C0070
	Overall MCR calculation	
R0300	Linear MCR	39,147
R0310	SCR	117,755
R0320	MCR cap	52,990
R0330	MCR floor	29,439
R0340	Combined MCR	39,147
R0350	Absolute floor of the MCR	3,500
R0400	**Minimum Capital Requirement**	39,147

GLOSSARY OF TERMS

AFR	Available Financial Resources
ALCo	Asset and Liability Committee
ALM	Asset and Liability Management
AMC	Annual Management Charge
AVIF	Acquired Value In-Force
BEL	Best Estimate Liability
BPA	Bulk Purchase Annuity
Bps	Basis Points
BRV	Bonus Reserve Value
BSCR	Basic Solvency Capital Requirement
CF	Certification Function
CMS	Capital Management Strategy
DB	Defined Benefit
ECAI	External Credit Assessment Institution
EIOPA	European Insurance and Occupational Pensions Authority
EOF	Eligible Own Funds
EPIFP	Expected Profit in Future Premium
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
ExCo	Executive Committee
FCA	Financial Conduct Authority
FCOG	Fair Customer Outcomes Governance Committee
FDB	Future Discretionary Benefits
FRS	Financial Reporting Standard under UK GAAP
FVPC	Fair Value Pricing Committee
GAAP	Generally Accepted Accounting Principles
GAO	Guaranteed Annuity Option
GDPR	General Data Protection Regulation
GSAM	Goldman Sachs Asset Management
HRG	Homogeneous Risk Group
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
JPMAM	JP Morgan Asset Management
KF	Key Function
KFP	Key Function Person
KRI	Key Risk Indicator
MA	Matching Adjustment
MCR	Minimum Capital Requirement
NNED	Notified Non-Executive Director
NPF	Non-Profit Fund
OEIC	Open-Ended investment Company

ORSA	Own Risk and Solvency Assessment
OTC	Over the Counter
PPFM	Principles and Practices of Financial Management
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Template
RFF	Ring Fenced Fund
RIDCo	Regulatory and Industry Development Committee
RMIS	RMIS (RTW) Limited – formerly Reliance Mutual Life Insurance Society Limited
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SM&CR	Senior Managers and Certification Regime
SMC	Senior Management Committee
SMF	Senior Management Function
TMTP	Transitional Measure on Technical Provisions
TP	Technical Provisions
UGP	Utmost Group Plc
ULP	Utmost Life and Pensions Limited("the Company")
ULPH	Utmost Life and Pensions Holdings Limited
UNPRI	UN's Principles of Responsible Investment initiative
ULPS	Utmost Life and Pensions Services Limited
WPSF1	With Profits Sub-Fund 1
WPSF2	With Profits Sub-Fund 2
WPSF4	With Profits Sub-Fund 4
WPSF6	With Profits Sub-Fund 6