Quilter

Quilter plc Group Solvency and Financial Condition Report 2018

Solvency and Financial Condition Report ("SFCR") overview

The SFCR and the Quantitative Reporting Templates ("QRTs") provide detailed information on the consolidated insurance group when describing the Solvency II balance sheet and regulatory solvency calculations. This report also includes detailed entity-level information on each of the Group's UK insurance undertakings: Old Mutual Wealth Life & Pensions Limited ("OMWLP") and Old Mutual Wealth Life Assurance Limited ("OMWLA"). Disclosures in respect of other companies are more limited.

The structure of this SFCR is aligned with the requirements of the Solvency II rules:

A. **Business and performance:** Describes the nature of our business and legal structure as well as how the business performed during the year ended 31 December 2018, with a specific focus on insurance activities.

B. **System of governance:** Describes the governance model that has been established at Board level and how this is cascaded to key executive functions within the business. The section also describes the risk management and the system of internal controls.

C. **Risk profile:** Describes the risks faced by Quilter plc and subsidiary businesses including underwriting risks, market risks, and credit risk, with specific information provided on the profile of regulatory capital held for insurance businesses.

D. **Valuation for solvency purposes:** Describes the consolidation approach and methods used to determine the balance sheet, including the derivation of insurance technical provisions, for the consolidated insurance group.

E. **Capital management:** Describes the components of available own funds that are eligible to cover regulatory capital requirements and provides further detail on the composition of regulatory capital requirements.

Where relevant, information from the related annual QRTs has been incorporated into each section above.

Report of the external independent auditor to the Directors of Quilter plc ('the Group'), Old Mutual Wealth Life Assurance Limited and Old Mutual Wealth Life & Pensions Limited ('the Companies') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms.

Report on the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report.

Opinion

Except as stated below, we have audited the following documents prepared by the Group and the Companies as at 31 December 2018:

– *The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report as at 31 December 2018,* ***('the Narrative Disclosures subject to audit')****; and*

– *Group templates S.02.01.02, S.23.01.22, S.25.01.22, S.32.01.22 for the Group and Solo templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21, S.28.01.01 for each of the Companies* ***('the Templates subject to audit')****.*

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the **'Relevant Elements of the Group Solvency and Financial Condition Report'.**

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

– *The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;*

– *information relating to 31 December 2017 voluntarily disclosed by the Group and the Companies in the 'Valuation for solvency purposes' and 'Capital management' sections of the Group Solvency and Financial Condition Report;*

– *Group templates S.05.01.02 and S.05.02.01;*

– *Company template S.05.01.02 for each of the Companies;*

– *The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report* ***('the Responsibility Statement')****;*

– *Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations* ***('the Sectoral Information')****.*

To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of the Group and the Companies as at 31 December 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report section of our report. We are independent of the Group and the Companies in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you if:

- *the Directors' use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is not appropriate; or*
- *the Directors have not disclosed in the Group Solvency and Financial Condition Report any identified material uncertainties that may cast significant doubt about the Group's or either Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group Solvency and Financial Condition Report is authorised for issue.*

Other Information

The Directors are responsible for the Other Information.

Our opinion on the Relevant Elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Relevant Elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Relevant Elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error; assessing the Group's and each Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it they based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Our objectives are to obtain reasonable assurance about whether the Relevant Elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Relevant Elements of the Group Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the Sectoral Information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the Group and the relevant insurance Group undertakings.

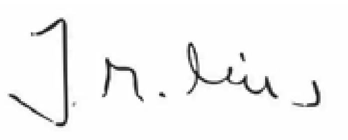
Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Group and the Companies' statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The purpose of our audit work and to whom we owe our responsibilities

This report of the external auditor is made solely to the Group's and Companies' Directors, as their governing bodies, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the Directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by Group's and Companies' Directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the Group and Companies, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the Group's and Companies' Directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company through its governing body, for our audit, for this report, or for the opinions we have formed.



Jon Mills
for and on behalf of KPMG LLP
KPMG LLP
15 Canada Square
London
E14 5GL

Date: 28 May 2019

- *The maintenance and integrity of Quilter plc's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Group Solvency and Financial Condition Report since it was initially presented on the website.*
- *Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.*

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

Group and Solo standard formula

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- *The following elements of Group template S.23.01.22*
  Rows R.0410 to R.0440 – Own funds of other financial sectors
- *The following elements of Group template S.25.01.22*
  Rows R.0500 to R.0530 – Capital requirement for other financial sectors (Non-insurance capital requirements)
- *Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.*

Quilter plc Group

Statement of Directors' responsibilities

Financial period ended 31 December 2018

We acknowledge our responsibility for preparing the Group Solvency and Financial Condition Report of Quilter plc in all material respects in accordance with the Prudential Regulation Authority ("PRA") Rulebook and the Solvency II Regulations.

The Board is satisfied that to the best of its knowledge and belief:

1. the SFCR has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and

2. we are satisfied that:

- *throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group; and*
- *it is reasonable to believe that, at the date of the publication of the SFCR, the Group and its solo insurance undertakings have continued to comply, and will continue to comply in future in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group and its solo insurance undertakings.*

The Solvency and Financial Condition Report was approved by the Board of Directors on 28 May 2019 and signed on its behalf by:

Mark Satchel
Chief Financial Officer
Date: 28 May 2019

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Summary

About Quilter

Quilter plc (the "Company"), a public limited company incorporated and domiciled in the United Kingdom ("UK"), together with its subsidiaries (collectively, the "Group") offers investment and wealth management services, life assurance and long-term savings, and financial advice through its subsidiaries and associates primarily in the UK with a presence in a number of cross-border markets.

The Company was, until 25 June 2018, a wholly owned subsidiary of Old Mutual plc, a Financial Times Stock Exchange ("FTSE") 100 listed group. The Company formed part of the Old Mutual Wealth division of Old Mutual plc, for which it acted as a holding company and delivered strategic and governance oversight. On 25 June 2018, Quilter plc was listed on the London and the Johannesburg Stock Exchanges and is no longer part of the Old Mutual plc group.

Following the listing of Quilter plc, all business within the Group will be subject to rebranding to align with the Quilter name. For the purpose of the Group Solvency and Financial Condition Report ("SFCR") all business units have been referenced by their new name. Legal entities have been referred to by their current names. Further details can be found in the Glossary to this report.

About this report

This Group SFCR has been prepared in line with the requirements of the Solvency II legislation, to help Quilter's customers and other stakeholders to understand the nature of the business, how the business is managed, and its capital position. The 2018 SFCR is the first SFCR of the Quilter plc Group.

This is a single Group SFCR that incorporates consolidated information at the level of the Group, and company-level information for the Group's UK insurance companies: Old Mutual Wealth Life Assurance Limited ("OMWLA") and Old Mutual Wealth Life & Pensions Limited ("OMWLP"). This report is prepared in accordance with a rulebook modification (Direction references: 5193092, 5193093) granted by the Prudential Regulation Authority (the "PRA"). The Group has two other insurance subsidiaries: Old Mutual International Isle of Man Ltd ("OMIIoM") and Old Mutual International Ireland dac ("OMII"). As OMIIoM is based outside the European Economic Area (EEA) it is not subject to Solvency II at company-level. OMII is subject to Solvency II at company level and will continue to publish a solo SFCR on its website: oldmutualinternational.com.

Business and performance

Section A of this report contains information on the Group's structure, operations and financial performance during 2018.

Adjusted profit reflects the Directors' view of the underlying performance of the Group and is used for management decision making and internal performance management. Adjusted profit before tax for 2018 was £233 million, 11% higher than the prior year (2017: £209 million), due to higher fee revenue, partially offset by higher costs.

The vast majority of the Group's insurance business is unit-linked. The unit-linked business of the Group has low levels of insurance risk.

System of governance

The System of Governance is the Group's overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management. The framework is set out in the Group Governance Manual ("GGM") which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

Section B of this document contains further information on Quilter's system of governance, in particular:

- *the structure of the system of governance;*
- *the role of the Quilter Board and information on the Board of Directors;*
- *the role of committees of the Board;*
- *Quilter key functions;*
- *remuneration policies;*
- *principles used in assessing fitness and propriety of key functions and the Board of Directors;*
- *overview of the risk management system;*
- *overview of the internal control system;*
- *information on the role and independence of the Internal Audit function;*
- *information on the role of the Actuarial function; and*
- *information on the Group's outsourcing policy and outsourced services.*

Risk profile

Information on the Group's risk profile is provided in Section C.

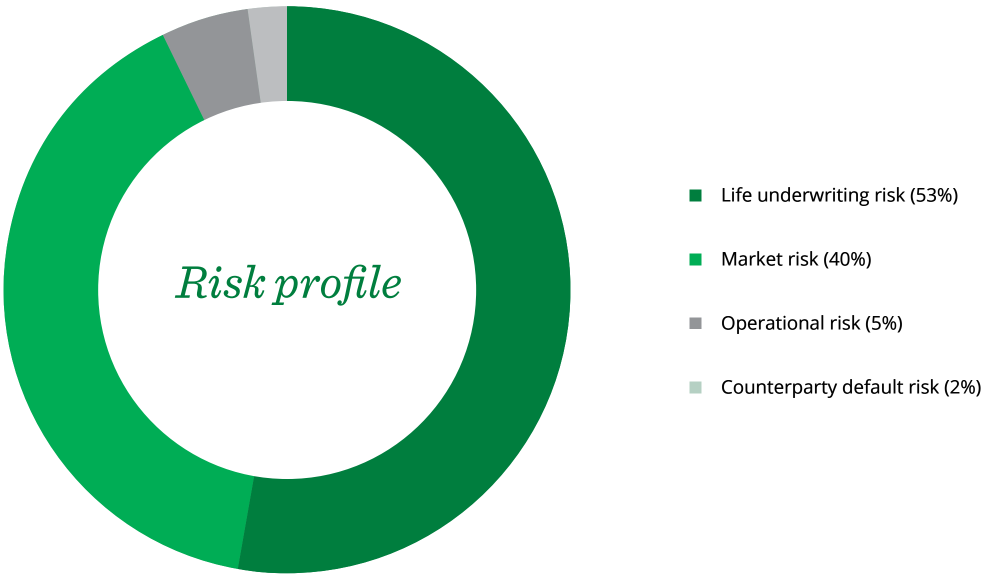
The Quilter insurance businesses are affected by a number of risks inherent in their product offerings, dominated by unit-linked life, pensions and investment business. Quilter also has an in-force book of unit linked and non-linked protection business within OMWLA. Key features of the risk exposures of the Group are as follows:

- *investment risks are largely transferred to customers through the use of unit-linked product structures;*
- *the majority of retained market risk relates to second order market risk exposures on asset-based revenues, which are driven by the value of assets under management and administration;*
- *the Quilter businesses do not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities);*
- *Quilter is generally exposed to loss of future revenues through higher than expected surrender experience;*
- *insurance risks on protection business are largely reinsured to reinsurance firms with strong credit ratings, therefore retained mortality and morbidity risks are not significant;*
- *treasury limits in respect of concentrations and credit ratings for the deposit and investment of shareholders' funds are set in order to ensure that counterparty risk exposures are not material; and*
- *Quilter entities are exposed to operational risks in relation to systems, processes, people and external events.*

Operational risks are subject to proactive management and monitoring by the businesses.

These features of risk exposures drive a significant portion of our capital requirements and earnings volatility exposure as well as requirements for cash and the liquidity buffer. Quilter has developed risk policies, standards and governance processes which set out the practices that are used to monitor and manage risks in accordance with regulatory requirements.

Quilter's principal risks and risk profile remained broadly similar throughout 2018. The chart below sets out the capital risk components for the Quilter insurance businesses including Old Mutual International Isle of Man Ltd.



Summary of Quilter risk profile 2018

Quilter's principal risks and risk profile remained broadly similar throughout 2018.

The main risk categories to which Quilter is exposed are life underwriting risk and market risk. These contribute 94% of the total risk exposure for the Group. Lapse risk, the largest component of the life underwriting risk, represents the risk of loss of own funds as a result of the higher than expected future lapse or surrender experience. It is a significant risk because most of the unit-linked investment products offered by Quilter do not levy any early encashment charges in the event of clients surrendering their policies earlier than anticipated.

Market risk is a significant risk for Quilter since the unit-linked investment business derives a large proportion of the future revenues in the form of asset-based revenues, principally as a result of product charges being levied as percentages of the market values of clients' portfolios. Large market falls would reduce the assets under management and administration and negatively impact asset-based revenues and Quilter's own funds.

Valuation for solvency purposes

At 31 December 2018, the Group had net assets on a Solvency II basis of £2.1 billion (2017: £1.3 billion).

Quilter plc uses the accounting consolidation-based method, also called method 1, to prepare the Group Solvency II balance sheet. Method 1 is the default method under the Solvency II rules. There have been no material changes in the valuation methods used by the Group during 2018.

Assets and liabilities, including those relating to insurance contracts, are valued in the Group's Solvency II Balance Sheet according to the Solvency II Directive and related laws and guidelines. The Solvency II valuation rules are based on the principle that assets and liabilities should be valued at fair value. Fair value is essentially the amount that a knowledgeable and willing third-party would be willing to pay in an arm's length transaction. The majority of the Group's assets are valued based on quoted market prices for those assets or other observable data from active markets.

Section D of this report provides further information on methods and assumptions used in the valuation of assets, technical provisions and other liabilities and an explanation of the main differences between the International Financial Reporting Standards ("IFRS") basis of valuation used to prepare the Annual Report and the Solvency II valuation rules. Section D also contains a reconciliation between net assets on an IFRS basis and net assets on a Solvency II basis.

Capital management

The Group operates a robust capital management framework to ensure the optimisation of the balance between policyholder protection and shareholder expectations. The Group Capital Management Policy is closely linked to risk management objectives. It covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing and capital monitoring and performance.

At 31 December 2018, the Group had total eligible own funds to meet the solvency capital requirement ("SCR") of £2,237 million (2017: £1,849 million). The Group SCR, which is calculated based on Solvency II Standard Formula was £1,178 million (2017: £1,198 million). The overall Group surplus position was £1,059 million (2017: £651 million), which translates to a solvency coverage ratio of 190% (2017: 154%).

In 2018, the Group issued a £200 million subordinated debt security in the form of a 10-year Tier 2 bond with a one-time issuer call option after five years.

The Group and its regulated subsidiaries complied with applicable regulatory capital requirements throughout 2018.

Section A

Business and performance

A. Business and performance

A.1 Business

A.1.1 Name and legal form

Quilter plc is a public limited company incorporated and domiciled in England and Wales (No. 06404270). The Company was, until 25 June 2018, a wholly owned subsidiary of Old Mutual plc, a Financial Times Stock Exchange 100 ("FTSE") listed group. The Company formed part of the Old Mutual Wealth division of Old Mutual plc, for which it acted as a holding company and delivered strategic and governance oversight. On 25 June 2018, Quilter plc was listed on the London and the Johannesburg Stock Exchanges and is no longer part of the Old Mutual plc group.

Following the listing of Quilter plc, all businesses are rebranding to align with the Quilter name. For the purpose of the Quilter plc Group Solvency and Financial Condition Report ("SFCR"), all business units have been referenced by their new name. Legal entities have been referred to by their current name. Appendix F.5 (Glossary) at the back of this report provides details on the previous and new business unit names.

Quilter plc's registered office is Millennium Bridge House, 2 Lambeth Hill, London EC4V 4AJ.

A.1.2 Basis of preparation

This Group SFCR covers the year to 31 December 2018. Prior to 25 June 2018, the Quilter plc Group was part of the Old Mutual plc Group and no Solvency II group reporting was required at a Quilter plc Group level. Comparatives are presented on a voluntary basis for the year to 31 December 2017. The Quilter plc Solvency II results for the year to 31 December 2017 are unaudited.

The Group's reporting currency for both International Financial Reporting Standards ("IFRS") and Solvency II is pounds sterling. The Quantitative Reporting Templates ("QRTs") in appendix F.3 of this report are presented in £000s. Figures presented in the tables contained within this report may not add up exactly to the totals and subtotals presented due to rounding.

The majority of the financial information in Sections A.2, A.3 and A.4 of this report is taken from the Quilter plc 2018 Annual Report which is prepared on an IFRS basis. Adjusted profit ("AP") is an alternative performance measure used in the Quilter plc Annual Report to measure profitability. AP reflects the Directors' view of the underlying performance of the Group. It is used for management decision making and internal performance management. Adjusted profit is an internally defined measure which adjusts the IFRS profit for specific agreed items as set out in note 7(a) to the Quilter plc 2018 Annual Report. Adjusted profit excludes significant costs or income that is non-operating or one-off in nature. A reconciliation of adjusted profit to IFRS profit after tax is presented on page 98 of the Quilter plc 2018 Annual Report.

A.1.3 Supervisory authorities

For Solvency II, the Group's supervisor is the Prudential Regulation Authority ("PRA"). The PRA is part of the Bank of England.

Address: 20 Moorgate, London, EC2R 6DA
Telephone number: +44(0)20 3461 4878

The Group is also subject to consolidated supervision by the UK Financial Conduct Authority ("FCA") under the Capital Requirements Directive ("CRD IV"). CRD IV is an EU legislative package covering prudential rules for banks, building societies and investment firms.

Address: 12 Endeavour Square, London, E20 1JN
Telephone number: +44(0)20 7066 1000

The Group's UK insurance subsidiaries (OMWLA and OMWLP) are regulated by the FCA and the PRA at solo level. OMII is supervised by the Central Bank of Ireland.

A.1.4 External auditor

The Group's external auditor is KPMG LLP. The contact details for KPMG LLP are as follows:

Address: 15 Canada Square, London, E14 5GL
Telephone number: +44(0)20 7311 1000

KPMG LLP also acts as the external auditor of OMWLA and OMWLP.

A.1.5 Qualifying holdings in the undertaking

The table below shows the qualifying holdings (10% or above) at 31 December 2018, as disclosed to Quilter plc in accordance with the FCA's Disclosure Guidance and Transparency Rules sourcebook.

Name of shareholder	Number of Quilter shares	% interest in voting rights attaching to issued shares[1]	Nature of holding notified
Coronation Asset Management (Pty) Limited[2]	210,416,957	11.06	Direct holding in Ordinary Shares

[1]The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of Disclosure Guidance and Transparency Rules sourcebook.

[2]Coronation Asset Management (Pty) Limited is a subsidiary of Coronation Fund Managers Ltd, a company incorporated in South Africa and listed on the JSE.

A.1.6 Material lines of business and geographical areas

The Group offers investment and wealth management services, life assurance and long-term savings, and financial advice through its subsidiaries and associates primarily in the UK with a presence in a number of cross-border markets.

The material lines of business of the Group's insurance undertakings and material geographical areas where the Group carried out business during 2018 are detailed below:

Insurance – lines of business	Geographical areas
Life: Index-linked and unit-linked	United Kingdom
Life: Other	Isle of Man
Life: Health SLT - direct business[1]	Republic of Ireland

[1]SLT stands for "Similar to Life Techniques". The Health SLT line of business is for health business contracts deemed to be written on a similar technical basis to life insurance.

A.1.7 Operating segments

The Group's operating segments for IFRS reporting comprise Advice and Wealth Management and Wealth Platforms, which is consistent with how the Group is managed. Head Office includes certain revenues and central costs that are not allocated to the segments.

Segment	Description
Advice and Wealth Management	This segment comprises Quilter Investors, Quilter Cheviot and Quilter Financial Planning, including Quilter Private Client Advisers ("QPCA);
Wealth Platforms	This segment comprises Quilter Wealth Solutions ("QWS") and Quilter Life Assurance ("QLA") and Quilter International cross-border businesses; and
Head office	Head Office comprises the investment return on centrally held assets, central function expenses, such as Group treasury and finance functions, along with central core structural borrowings and certain tax balances in the segmental statement of financial position.

Further information on the Group's segments is contained in note 6(a) to the Quilter plc 2018 Annual Report.

A.1.8 Scope of the Group

A complete list of the undertakings within the scope of the Group is contained in the S.32.01 QRT in Appendix F.3.3.

The scope of the Group for the Group solvency calculation under Solvency II is the same in all material respects as the scope of the Group for the purposes of the Quilter plc IFRS consolidated financial statements.

A.1.9 Material related undertakings

Quilter plc is the ultimate holding company of the Group. The principal subsidiaries of Quilter plc at 31 December 2018 are listed below.

Name	Nature of business	% held[1]
United Kingdom		
Old Mutual Wealth Holdings Limited	Holding company	100
Old Mutual Wealth UK Holding Limited	Holding company	100
Old Mutual Wealth Life Assurance Limited	Life assurance	100
Old Mutual Wealth Life & Pensions Limited	Life assurance	100
Old Mutual Wealth Limited	Savings and investments	100
Quilter Investors Limited	Multi-asset business	100
Quilter Cheviot Limited	Investment management	100
Intrinsic Financial Services Limited	Financial advice	100
Old Mutual Wealth Business Services Limited	Management services	100
Ireland		
Old Mutual International Ireland dac	Life assurance	100
Isle of Man		
Old Mutual International Holdings Limited	Holding company	100
Old Mutual International Isle of Man Ltd	Life assurance	100

[1]The percentage held reflects Quilter plc's (direct or indirect) holding in each company's capital and voting rights.

A.1.10 Branches

Branches of insurance undertakings

None of the Group's EEA insurance undertakings have foreign branches. Old Mutual International Isle of Man Ltd has branches in Hong Kong and Singapore.

Branches of investment firms

Quilter Cheviot Limited provides investment management services through branches in Jersey and the Republic of Ireland.

Branches of service companies

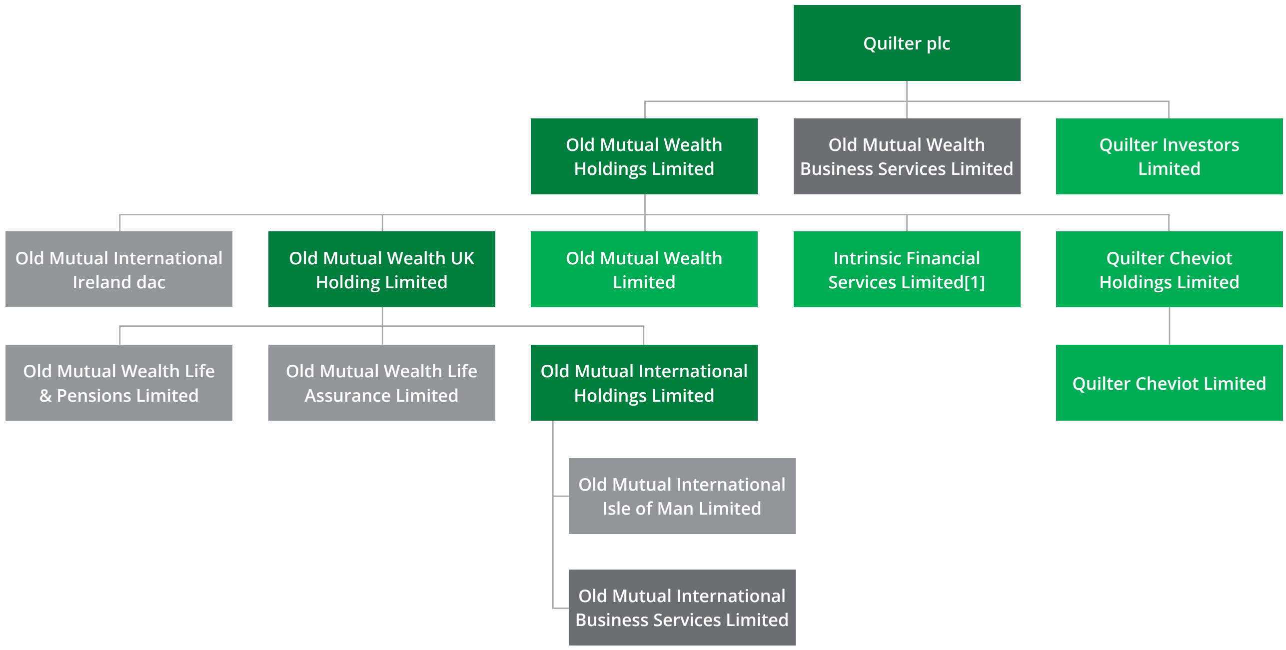
Global Edge Technologies (Pty) Ltd is a service company incorporated in South Africa, with a branch in the UK that provides IT support for the Group's Platform business services.

Other branches

The Group has no other material branches.

A.1.11 Simplified group structure

A simplified group structure chart is provided below. The chart shows Quilter plc and its main subsidiaries at 31 December 2018. For each subsidiary company shown the Group's ownership percentage is 100%.



[1] Intrinsic Financial Services Limited is the parent company for the Intrinsic business which includes Intrinsic Financial Planning Limited, Positive Solutions (Financial Services) Limited, Caerus Capital Group Limited and Quilter Private Client Advisers Limited.

Key

- Insurance holding companies/mixed financial holding companies
- Insurance companies (EEA and non-EEA)
- Asset management and advisory companies
- Service companies

A.1.12 Significant events during the reporting period

Significant events during the year to 31 December 2018 are summarised below. Further information is contained in the Quilter plc 2018 Annual Report.

Acquisition of Skandia UK Limited from Old Mutual plc

On 31 January 2018, the Group acquired the Skandia UK Limited group of entities from Old Mutual plc which comprises seven Old Mutual plc group entities with a net asset value of £591 million. The transfer was effected by the issue of one £1 share and with the balance represented by a merger reserve. No debt was taken on as a result of this transaction. The most significant asset within these entities is a £566 million receivable which corresponds to an equivalent payable within the Group's statement of financial position. The net effect of this transaction for the Group is to replace a payable due to Old Mutual plc with equity. For further information see note 27 of the 2018 Quilter plc Annual Report.

Acquisition of adviser businesses by Quilter Private Client Advisers ("QPCA") (formerly Old Mutual Wealth Private Client Advisers)

During the year, the Group continued its expansion of the QPCA business, aiming to develop a Quilter plc branded, employed adviser business focused upon servicing upper affluent and high net worth clients, offering a centrally-defined restricted advice proposition focused upon the Group's investment solutions and platform. In the year the Group completed the acquisition of 14 adviser businesses as part of the expansion of the QPCA business. The total cash consideration paid was an initial £5.3 million with additional potential deferred consideration of £6.4 million which is expected to be paid in full (discounted to net present value for this and all other acquisitions listed below), dependent upon meeting certain performance targets generally relating to funds under management.

Draw down and subsequent repayment of term loan

On 28 February 2018, the Group fully drew down on a £300 million senior unsecured term loan facility with a number of relationship banks. This term loan was fully repaid on 29 June 2018 from the proceeds of the sale of the Single Strategy asset management business.

Issue of Tier 2 subordinated debt

Also on 28 February 2018, the Group entered into a £125 million revolving credit facility, which remains undrawn, and issued a £200 million subordinated debt security. The subordinated debt security was issued in the form of a 10-year Tier 2 bond with a one-time issuer call option after five years to J.P. Morgan Securities plc, paying a semi-annual coupon of 4.478% per annum. The debt security is listed on the London Stock Exchange and has a Fitch instrument rating of BBB-. On 13 April 2018, the debt security was sold by J.P. Morgan Securities plc to traditional debt capital market investors. Including the amortisation of set-up costs, financing costs of approximately £10 million per year are incurred in respect of this security.

Listing of Quilter plc on the London and Johannesburg Stock Exchanges

The Company was, until 25 June 2018, a wholly owned subsidiary of Old Mutual plc, a FTSE 100 listed group. The Company formed part of the Old Mutual Wealth division of Old Mutual plc, for which it acted as a holding company and delivered strategic and governance oversight. On 25 June 2018, Quilter plc was listed on the London and the Johannesburg Stock Exchanges and is no longer part of the Old Mutual plc group.

Disposal of Single Strategy asset management business

On 29 June 2018, the Group completed the sale of its Single Strategy asset management business for a total consideration of £583 million, comprising cash consideration of £540 million on completion, with an additional £7 million anticipated to be payable thereafter, to be paid primarily in 2019 to 2021 as surplus capital associated with the separation from the Group is released in the business. The deferred consideration is not subject to performance conditions. The remaining proceeds of £36 million were received in cash as a pre-completion dividend on 15 June 2018. Economic ownership of the Single Strategy asset management business passed to the acquirer effective from 1 January 2018 with all profits and performance fees generated up until 31 December 2017 for the account of Quilter plc. The results of the Single Strategy business continued to be included as part of the Group up until the date of sale on 29 June 2018. The Group recognised a post-tax profit on disposal of £292 million.

A.2 Underwriting performance

The majority of the Group's insurance business is unit-linked. Our unit-linked business has low levels of insurance risk. The only insurance undertaking in the Group with significant insurance business other than unit-linked business is OMWLA. OMWLA is a life insurer based in the United Kingdom. Further information on Old Mutual Wealth Life Assurance Limited's underwriting performance is contained in Appendix F.1.

The premiums, claims and expenses Group QRTs (S.05.01 and S.05.02) in Appendix F.3 provide further information on key elements of underwriting performance.

A.3 Investment performance

A.3.1 Income and expense arising from investments

The majority of the Group's insurance business is unit-linked. Increases and decreases in the value of assets covering unit-linked liabilities are matched by corresponding changes in the unit-linked liabilities and so there is no first-order impact on profitability. Investment performance has a second-order impact on the profitability of the Group's unit linked business because higher asset values result in increased income from Asset Management Charges.

Information about the investment performance of the Group's invested assets, including assets held to cover unit-linked liabilities and shareholder assets is contained in note 8(b) of the Quilter plc 2018 Annual Report.

A.3.2 Gains and losses recognised directly in equity

The majority of the Group's financial assets and liabilities are measured at fair value through profit or loss ("FVTPL") in the Group's IFRS financial statements. Certain items, such as exchange gains on translation of foreign operations are recognised within other comprehensive income (i.e. recognised directly in equity). The following table has been extracted from the consolidated statement of comprehensive income with the Quilter plc 2018 Annual Report.

	Year ended 31 December 2018 (£m)	Year ended 31 December 2017 (£m)
Other comprehensive income:		
Exchange gains on translation of foreign operations	–	3
Items that may be reclassified subsequently to income statement	–	3
Income tax on items that will not be reclassified subsequently to income statement	–	3
Items that will not be reclassified subsequently to income statement	–	3
Total other comprehensive income, net of tax	–	6

A.3.3 Investments in securitisations

The Group did not invest in securitisations during 2018.

A.4 Performance of other activities

A.4.1 Overview of revenue

The Group is primarily engaged in the following business activities from which it generates revenue: investment and asset management, financial advice (revenue from fee income and other income from service activities), and life assurance (revenue from premium income).

The table below provides an analysis of the Group's total revenue on an IFRS basis and includes revenue related to assets backing unit-linked liabilities.

	Year ended 31 December 2018 (£m)	Year ended 31 December 2017 (£m)
Revenue		
Gross earned premiums	**148**	148
Premiums ceded to reinsurers	**(88)**	(88)
Net earned premiums	**60**	60
Fee income and other income from service activities	**1,046**	895
Investment return	**(3,482)**	5,195
Other income	**35**	13
Total revenue	**(2,341)**	6,163

Further information relating to revenue is contained in note 8 of the Quilter plc 2018 Annual Report.

A.4.2 Overview of expenditure

The Group incurred £2,346 million of total expenses on an IFRS basis for 2018 (2017: (£6,171 million)). Total expenses on an IFRS basis include expenses related to policyholder claims and fees paid to external advisers.

The table below provides an analysis of the Group's other operating and administrative expenses on an IFRS basis, as presented within note 9(b) Other operating and administrative expenses to the consolidated income statement within the Quilter plc 2018 Annual Report.

	Year ended 31 December 2018 (£m)	Year ended 31 December 2017 (£m)
Other operating and administrative expenses		
Staff costs[1]	**394**	388
Depreciation	**8**	8
Operating lease payments	**16**	14
Amortisation of purchased software	**5**	2
Amortisation of other acquired intangibles	**41**	39
Administration and other expenses[1]	**308**	365
Other operating and administrative expenses - continuing operations	**772**	816
Other operating and administrative expenses - discontinued operations	**81**	185
Total other operating and administrative expenses	**853**	1,001

[1]In the year ended 31 December 2017, £9 million of share-based payments expenses have been reclassified from administration and other expenses to staff costs.

Further information on the following categories of expenditure can be found in the notes to the consolidated income statement within the Quilter plc Annual Report:

- *fee and commission expenses and deferred acquisition costs: note 9(a);*
- *finance costs: note 10;*
- *staff costs and other employee-related costs: note 11(a); and*
- *taxation: note 13(a).*

A.4.3 Leasing arrangements

During 2018 the Group had no individually material leasing arrangements.

Finance leases

The Group had no material finance lease arrangements during 2018 either as a lessee or a lessor.

Operating leases – Quilter as lessor

The Group had no material operating lease arrangements during 2018 as lessor.

Operating leases – Quilter as lessee

The Group has entered into commercial non-cancellable leases on certain property, plant and equipment where it is not in the best interests of the Group to purchase these assets. Such leases have varying terms, escalation clauses and renewal rights. All Group leases are operating leases, being leases where the lessor retains substantially all the risks and rewards of the ownership of the leased asset.

The table below shows the future aggregate minimum lease payments under non-cancellable operating leases, as presented in note 39 of the notes to financial statements in the Quilter plc 2018 Annual Report.

	Year ended 31 December 2018 (£m)	Year ended 31 December 2017 (£m)
Outstanding commitments under non-cancellable operating leases, fall due as follows:		
Within one year	**15**	14
Between one and five years	**40**	37
After five years	**43**	42
	98	93

A.5 Any other information

There is no additional information to disclose for Section A.

Section B

System of governance

B. System of governance

B.1 General information on the system of governance

Section B.1 of this report covers the following aspects of the Quilter Group's system of governance:

- *introduction to the Quilter system of governance;*
- *structure, main roles and responsibilities of the administrative, management or supervisory body ("AMSB");*
- *main roles and responsibilities of key functions and the three lines of defence;*
- *material changes to the system of governance over the reporting period;*
- *remuneration policy;*
- *material transactions with shareholders, with persons who exercise a significant influence on the Group and with members of the AMSB; and*
- *assessment of the adequacy of the system of governance.*

Sections B.2 to B.8 provide information on:

- *fit and proper requirements;*
- *risk management system including the Own Risk and Solvency Assessment ("ORSA");*
- *internal control system;*
- *Internal Audit function;*
- *Actuarial function;*
- *outsourcing policy and arrangements; and*
- *any other information.*

B.1.1 Introduction to the Quilter system of governance

The system of governance is the overall framework of policies, standards and practices which are in place to meet the requirements of sound risk-based management and applies to Quilter and its subsidiaries. These are set out in the Group Governance Manual ("GGM") which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

The GGM explains Quilter's approach to governance and sets out the policies, standards and processes by which the Group operates, ensuring that it takes into account all relevant legal, regulatory and governance matters affecting Quilter. The GGM:

- *sets out the general principles by which the business is conducted and which also form part of the Quilter Code of Conduct;*
- *sets out which activities need prior approval and which individuals or forums must be consulted to obtain such approval;*
- *defines requirements and responsibilities in a number of Group-wide policies;*
- *links to further detailed frameworks, standards and processes and procedures specific to a Business to support compliance with Group-wide policies; and*
- *defines Quilter's corporate governance, including Quilter's Matters Reserved to the Board, Board Committee terms of reference and Quilter's approach to subsidiary governance.*

B.1.2 Structure, main roles and responsibilities of the administrative, management or supervisory body

In this section Quilter's administrative, management or supervisory body ("AMSB") has been defined by the Group as the Quilter plc Board and Board Committees, supported by management forums, including the Executive Committee.

The Quilter plc Board of Directors is responsible for establishing an appropriate system of internal control within the Group and for reviewing its effectiveness. Quilter's framework of internal governance is based on:

- *clear delegated authorities;*
- *ensuring there is appropriate Board oversight and control of important decisions; and*
- *efficient and effective management of day-to-day business.*

A summary of the Quilter plc Board and the Group's system of governance is set out below.

Role and Responsibilities of the Board

The Quilter Board is accountable for the long-term success of the Group for the benefit of its shareholders as a whole and for providing leadership within a framework of effective risk management and control. The Board is responsible for setting strategic priorities and for ensuring that the Group is suitably resourced to achieve those priorities. In doing so, the Board has regard to its responsibilities to the Group's stakeholders, including employees, shareholders, customers, suppliers and the communities in which Quilter operates. The Board may exercise all powers conferred on it by Quilter plc's Articles of Association and the Companies Act 2006.

The governance framework provides a structure to support compliance with the Group's regulatory and UK Corporate Governance Code obligations. The Group's governance framework is approved by the Board, kept under regular review and documented in key governance documents which include the Matters Reserved to the Board, the Board Committee Terms of Reference and the Board Charter. The Board Corporate Governance and Nominations Committee reviews these key governance documents annually, taking into account developments in regulatory guidance and corporate governance best practice, and recommends any changes to the Board. Details of the Quilter Governance Framework can be found on quilter.com.

Matters reserved for the Board

The Quilter Board has matters reserved for its decision. The key Board responsibilities include:

- *approval of strategy and oversight of management;*
- *structure and capital;*
- *financial reporting and controls;*
- *internal controls and risk management;*
- *material contracts;*
- *investor relations;*
- *Board membership and other appointments;*
- *Director and Senior Executive remuneration;*
- *delegation of authority; and*
- *corporate governance.*

Further information is contained in Matters Reserved to the Board which is published on the quilter.com website.

Board Membership

In accordance with the Code, at least half of the Quilter plc Board (excluding the Chair) comprises Independent Non-executive Directors ("iNEDS") who are determined by the Board (and with reference to the Code) to be independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of their judgement. The Board comprises a mix of individuals that ensures an appropriate range of skills, knowledge, views and experience. The Board Corporate Governance and Nominations Committee review this mix of skills and experience and make recommendations on Board composition as appropriate.

The Board maintains plans for succession to positions on the Board and senior management.

Further information on the roles and responsibilities of individual Board members can be found on pages 40-51 of the 2018 Quilter plc Annual Report.

Delegation by the Quilter Board

The Quilter Board has delegated authority to a number of Board Committees which assist the Board in delivering its responsibilities and ensuring that there is appropriate, independent oversight of internal control and risk management.

The Quilter Board has also delegated authority for the operational management of the Group's businesses to the Quilter Chief Executive Officer ("CEO") within certain limits for execution or further delegation by him for the effective day-to-day running and management of the Group. The Quilter CEO has delegated responsibility to certain senior executives (principally business CEOs and other members of the Quilter Executive Committee) within prescribed limits. Each business CEO has authority and is accountable for the management of that respective business to the Quilter CEO and the relevant business Oversight board.

Quilter Board Committees

The Quilter Board has established the following Committees as principal standing Committees of the Board. The following table gives information on how responsibilities are segregated between these committees:

	Roles and responsibilities	Membership	Meetings
Board Audit Committee	The Board Audit Committee oversees the principles, policies and practices adopted in the preparation of the financial statements of the Group and to assess whether the interim financial performance reports and annual financial statements of the Group comply with all statutory requirements. The Board Audit Committee assists the Quilter Board in discharging its responsibilities for the integrity of the Company's financial statements and the effectiveness of the internal controls and overseeing the effectiveness and objectivity of the internal and external auditors.	The membership of the Board Audit Committee comprises a minimum of three iNEDs, one of whom is also be a member of the Board Risk Committee. The Chair of the Board may not be a member. At least one member shall be determined by the Board to have recent and relevant financial experience as specified in the UK Corporate Governance Code, and shall meet the requirements of having competence in accounting and/or auditing as set out in the Disclosure Guidance and Transparency Rules.	The Board Audit Committee meets at least four times per year. Standing invitees include the Quilter CEO, CFO, Chief Internal Auditor and Chief Risk Officer ("CRO"). The external auditor is also invited.
Board Remuneration Committee	The purpose of the Remuneration Committee is - to consider and approve the remuneration of the Quilter CEO, the executives in the tier immediately below the Quilter CEO and such other senior executives required by the Committee's Terms of Reference; - to oversee and approve the Quilter remuneration policy and principles, ensuring their ongoing appropriateness and effectiveness for the Quilter businesses; and - to oversee compensation, incentive and benefit practices in accordance with business and risk strategy, policy and regulatory requirements.	The membership of the Board Remuneration Committee comprises a minimum of three iNEDs. The Chair of the Board may be a member as long as they were deemed to be independent on appointment.	The Board Remuneration Committee meets at least four times per year. Standing invitees include the Quilter CEO, CFO, Group Human Resources Director and Head of Reward. Individuals are never present when their own remuneration is discussed.
Board Risk Committee	The primary purpose of the Board Risk Committee is to reinforce a strong risk culture by overseeing, on behalf of the Quilter Board, management's recommendations on risk, in particular in relation to the structure and implementation of Quilter's risk framework, including the quality and effectiveness of the internal controls, risk appetite limits, risk profile and capital management processes. The Board Risk Committee also oversees the Group Own Solvency Risk Assessment (ORSA) and Internal Capital Adequacy Assessment Process (ICAAP).	The membership of the Board Risk Committee comprises a minimum of three iNEDs, at least one of whom must have recent and relevant risk experience. There is some cross-membership between the Board Risk Committee and Board Audit Committee, with typically, the Chair of one of the committees serving as a member of the other. This cross-membership facilitates an effective linkage between both Committees, ensuring that any risk assurance relevant to financial reporting is referred to the Board Risk Committee.	The Board Risk Committee meets at least four times per year. Standing invitees include the Quilter CFO, Chief Internal Auditor and CRO.
Board Corporate Governance and Nominations Committee	The purpose of the Board Corporate Governance and Nominations Committee is to assist the Board in ensuring that it maintains the appropriate balance of skills, knowledge and diversity to support the Group's strategic objectives, has a formal, rigorous and transparent appointment and re-election process and maintaining an effective framework for succession planning. The Committee also reviews the Board and Quilter governance arrangements and responsible business activities and makes recommendations to the Board.	Membership of the Committee is restricted to the independent NEDs ('iNEDs') with a minimum of three members. The Committee Chair should be either the Chair of the Quilter Board or an iNED.	The Committee meets at least three times per year. The Quilter Chief Executive Officer is closely involved in the work of the Committee and is invited to attend and contribute to meetings as required. The Group Human Resources Director is also invited to attend meetings as required. Other Quilter Board members, employees and external advisers may also attend at the invitation of the Committee as and when appropriate and necessary.
Board IT Committee	The purpose of the Board IT Committee is to provide oversight over the Quilter Group's IT strategy to ensure it supports the Company's strategy and meets the changing needs of our Businesses. The Committee also has oversight over the IT risk profile, IT resilience and strategic change programmes.	Membership of the Committee is restricted to the independent NEDs ('iNEDs') with a minimum of three members.	The Committee meets at least six times per year. Standing invitees include the Quilter CEO, CFO, COO, CIO, CRO and Chief Internal Auditor.

Management forums

Quilter has a number of management forums which are established by the Quilter CEO. The delegated authority of management forums is derived from the Chairman of the forum acting under the authority delegated to them by the CEO.

The delegated authority of business management forums is derived from the delegated authority of the Business CEO, who in turn, delegates authority to their direct reports who may be members of the relevant management forum. The authority under which each business management forum operates is documented. Even where decisions are taken collectively in a management forum the individual forum members retain personal accountability for their own contribution.

Listed below are some of the key pan-Quilter management forums, most notably the Executive Committee.

Executive Committee

The Executive Committee supports the Quilter CEO in discharging their responsibilities for the management of the Group and as at 31 December 2018 comprises the following:

- *Chief Executive Officer*
- *Chief Financial Officer*
- *Chief Financial Officer Designate*
- *Chief Executive Officer, Old Mutual International*
- *Chief Executive Officer, UK Platform and Heritage*
- *Chief Executive Officer, Quilter Cheviot*
- *Chief Executive Officer, Quilter Investors*
- *Chief Executive Officer, Intrinsic*
- *Chief Operating Officer (position was vacant from 4 October 2018 until 2 January 2019)*
- *Chief Internal Auditor*
- *Chief Risk Officer*
- *Human Resources Director*
- *Corporate Affairs Director*
- *Chief Marketing Officer*

Other members of senior management as may be appointed by the Quilter CEO from time to time.

Other pan-Quilter management forums

Other key pan-Quilter management forums in place during 2018 are set out below:

- *Executive Risk Forum*
- *Customer Outcomes Forum*
- *Responsible Business Forum*
- *Disclosure Committee*
- *Change Governance Forum*
- *Capital Management Forum*
- *Operational Risk Forum*

B.1.3 Material changes to the system of governance over the reporting period

Until 25 June 2018, the Group formed the Old Mutual Wealth division of Old Mutual plc. On 25 June 2018, Quilter plc was listed on the London and the Johannesburg Stock Exchanges and is no longer part of the Old Mutual plc group. In addition to the Managed Separation from Old Mutual plc and the Listing of the Company, the Company completed the sale of the Single Strategy asset management business, as well as successfully integrating a number of small distribution acquisitions.

The Board was further strengthened in the period with the appointment of Ruth Markland as our Senior Independent Director (from the date of Listing) and the appointments in August 2018 of Paul Matthews and Dr Suresh Kana to the Board.

At Listing, Quilter became subject to the corporate governance requirements of the UK Listing Authority's Listing Rules, and the UK Corporate Governance Code (the "Code"). In the months leading up to the Listing, much work was carried out to ensure that the Board had constituted appropriate Committees and adopted relevant policies and procedures to support the development of a robust governance structure and our compliance with the Code at Listing.

B.1.4 Main roles and responsibilities of key functions and the three lines of defence

Key functions

As required by the Solvency II Directive, the mandatory key functions for the Solvency II firms within the Group are Actuarial, Risk Management, Compliance and Internal Audit. Quilter has established these functions within the businesses. Details of the roles and responsibilities of these key functions are provided in Sections B.3.2, B.4.2, B.5 and B.6 of this report.

Three Lines of Defence

The Quilter governance model is designed to promote transparency, accountability and consistency through the clear identification of roles, the separation of business management and governance and control structures, and by tracking performance against accountabilities. The segregation of risk taking, oversight and assurance is codified in Quilter's three lines of defence model which ensures clear accountability and ownership for risk and controls.

The responsibilities of each line of defence are set out below:

First Line of Defence **Risk Origination, Ownership and Management - Business Operations**	Second Line of Defence **Risk Oversight, Challenge and Advice - Risk and Compliance Functions**	Third Line of Defence **Assurance - Internal Audit**
The primary responsibility of risk management lies with business management and all employees, who are responsible for managing risk as part of their day-to-day activities. They are responsible for identifying and evaluating the significant risks to the business, for designing and operating suitable controls and reporting risks and issues that arise in their areas.	The second line responsibilities are to provide risk frameworks and advice to the business. Risks role also includes reviewing and challenging the business on how well the frameworks, standards and regulatory requirements have been implemented and providing additional insights on the main risks being run, the controls around these and the capital held.	The third line responsibilities owned by Internal Audit (IA) are to provide independent, objective assurance. The scope of IA's activities encompass the examination and evaluation of the design adequacy and operating effectiveness of Quilter's system of internal controls and associated risk management processes.
Includes: 1. Set Risk Management Strategy 2. Set and deliver tone at the top 3. Implementation and ownership of policies 4. Implement and monitor risk appetite and risk limits 5. Ongoing management of risks 6. Implement compliant and risk aware operating practices 7. Conduct performance management	*Includes:* 1. Deliver a clear and well communicated, business-wide risk management framework 2. Provide control and monitoring systems 3. Produce second line opinions on key risks facing Quilter for stakeholders 4. Support adherence to regulation and legislation 5. Provide advice to the business 6. Escalate material issues/risks	*Includes:* 1. Internal governance structures and processes 2. The setting of and adherence to risk appetite 3. The risk and control culture of the organisation 4. The integrity of dealings with customers, interactions with relevant markets 5. Key corporate events including the information being used to support key decisions 6. Lessons learned analysis following significant adverse events
Accountable: 1. CEO/CFO/COO 2. Executive Management 3. All employees	*Accountable:* 1. CRO 2. Risk Leadership Team 3. Risk Function	*Accountable:* 1. Chief Internal Auditor 2. Internal Audit Team

B.1.5 Key functions

As required by the EU Solvency II Directive, the mandatory key functions for the Solvency II firms within the Quilter group are Actuarial, Risk Management, Compliance and Internal Audit. Quilter has established these functions within the businesses. Details of the roles and responsibilities of these key functions are provided in Sections B.3.2, B.4.2, B.5 and B.6.

Senior Managers

The Senior Managers and Certification Regime ("SMCR") applies to Old Mutual Wealth Life Assurance Limited and Old Mutual Wealth Life and Pensions Limited and will apply to all remaining UK regulated entities from December 2019. In addition, Group Executive and Non-executive Directors who have significant influence over the regulated activities of a regulated business will also be subject to the regime. Under the SMCR, firms must allocate certain prescribed responsibilities across those individuals who are deemed to be effectively running the firm, together with confirming the firm specific responsibilities they hold.

The FCA solo regulated entities are currently subject to the FCA's Approved Persons regime.

Authorised firms are required to ensure that individuals seeking to perform one or more of the FCA and PRA designated Senior Management Functions ("SMF") or FCA Significant Influence Functions ("SIF") seek PRA or FCA approval prior to taking up their position.

Quilter has identified the following groups of individuals as those who are effectively running the firm:

- *members of the Quilter Board carrying out a defined SMF or SIF role or who are responsible for a designated key function;*
- *members of the Quilter Executive Committee who are responsible for a key function or defined regulated activity (this will be replicated across the respective business units); and*
- *members of Business Oversight and other regulated Business Boards.*

From December 2019 the SMCR regime will be extended to include senior managers that perform roles in all FCA authorised firms.

B.1.6 Remuneration policy

Introduction

The Quilter governance framework includes a Remuneration Policy that all subsidiaries within the Quilter Group are required to comply with. The policy has been designed to discourage risk taking outside of the Group's risk appetite, to be supportive to the Group's strategy, objectives and values and to align the interests of employees, shareholders and customers.

The policy is overseen across the Quilter Group by the Quilter Remuneration Committee ("RemCo").

The RemCo is a committee of the Quilter Board and consists of Non-executive Directors of Quilter, which enables it to exercise independent competent judgement in remuneration matters in the context of managing risk, value and capital in line with shareholders' expectations. This includes the remuneration process, structure and operation which are actively monitored as an integral part of their oversight. The RemCo met six times during 2018.

Full details on the Group's remuneration policy are shown on pages 64 to 85 of the Quilter plc 2018 Annual Report.

Determining the bonus pool for variable pay awards

The way that the Quilter bonus pool is determined ensures that the outcome is aligned to specific, measurable and relevant business results in a transparent manner with full consideration of the risk performance of the business.

The main pool structure is designed to share a portion of the value created with employees. It is funded based on performance against IFRS profit targets (excluding amortisation of intangibles and goodwill, and policyholder tax charges or credits) derived from the Company's business plan and approved by the RemCo. Members of senior management are also subject to additional risk, customer and personal metrics that comprise an overall balanced scorecard used to determine final incentive outcomes.

The RemCo may exercise its judgement and discretion to apply a risk-based adjustment to the pool and/or individual outcome based on the effectiveness of risk culture and the risk management performance of the business. To inform the RemCo in discharging its responsibilities in this respect, an independent risk report covering both quantitative and qualitative risk measures is prepared by the Chief Risk Officer and considered by the Quilter Board Risk Committee, which provides an opinion to the RemCo.

Final senior management outcomes and the broader pool allocations are determined based on a bottom-up/target framework and reflect relative business performance where appropriate. Each business and function distributes their final allocation to employees based on relative employee performance against a balanced set of individual objectives.

Share-related awards

Share-related awards are subject to malus and clawback provisions, which may be applied if, in the opinion of the RemCo, any of the following circumstances apply:

1. *the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible are found to have been materially incorrect or misleading;*
2. *any company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible subsequently makes a loss out of business written, due in whole or in part, to a failure to observe risk management policies in effect at that time;*
3. *the participant has committed an act of gross misconduct or it is discovered that the participant's employment could have been summarily terminated;*
4. *the participant has acted in a way which has damaged, or is likely to damage the reputation of the company or any Group member, or has brought, or is likely to bring, the Company or any Group member into disrepute in any way;*
5. *any other circumstances similar in nature to those described above which the Committee justifies the application of malus; or*
6. *in the reasonable opinion of the RemCo, he or she should not have received or be entitled to receive an award.*

Share Plan rules require that awards may not be hedged in any manner (such as by the participant ceding or assigning rights to a third party). The exit conditions applied to share awards are determined by the share award scheme rules.

Supplementary pension and early retirement schemes available to Executive Directors

Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension benefits, or a combination. Contributions and/or cash alternative are paid monthly to a maximum of 10% of base salary per annum. This takes account of the pension provision for the wider workforce. Quilter's intention is to standardise provisions at this level for new hires across the wider UK workforce and develop a transition plan for existing employees.

Tim Tookey, Chief Financial Officer, who is leaving the business in 2019, is entitled to a pension contribution of 30% of base salary per annum under exceptional arrangements agreed at the time of his appointment prior to Listing. The Group did not operate any other enhanced pension or early retirement schemes for key management during the reporting period.

B.1.7 Material transactions with shareholders, with persons who exercise significant influence over the Group and with members of the AMSB

In the normal course of business, the Group enters into transactions with related parties. These are conducted on an arm's length basis and are not material to the Group's results. There were no transactions with related parties during the current and prior year which had a material effect on the results or financial position of the Group except for the repayment of intercompany indebtedness with Old Mutual plc which has been disclosed in the Quilter plc Annual Report, note 32: Borrowings. Except for these intra-group loan repayments, the nature of the related party transactions of the Group has not changed over the course of the year.

Further details of transactions with related parties including key management personnel during the year can be found in note 42 of Quilter plc's 2018 Annual Report.

B.1.8 Assessment of adequacy of the system of governance

The Board is responsible for establishing and maintaining Quilter's system of governance, and for ensuring that it remains adequate for the purpose of embedding sound risk-based management throughout the business.

To ensure there is clarity in both the roles we expect our Directors to discharge and the behaviours we expect them to exemplify we have adopted a Board Charter that is available at quilter.com. The Board is currently undertaking an independently facilitated evaluation of Board effectiveness covering the 15-month period from 1 January 2018. Board effectiveness will be assessed annually thereafter.

The Board supplements its ongoing review of the effectiveness of risk management and internal control systems with an annual assessment of the Group. The Quilter CEO is required to make a declaration that the effectiveness of risk management and internal control systems within the Group is adequate and provides reasonable assurance that (a) significant risks were appropriately managed, (b) management and financial information was reliable, (c) relevant laws and regulations have been complied with and (d) assets were safeguarded.

The Quilter CEO's assessment of the effectiveness of risk management and internal control systems is in line with the guidance set out by the Financial Reporting Council[1] and is specifically based on:

- *the Group's compliance with the requirements under the GGM which is evidenced through an assessment of compliance with the Quilter suite of policies and the Code of Conduct;*
- *the Group's performance against the strategic risk appetite principles and measures and principal risks, which is evidenced through ongoing risk reporting to the Executive Management Team and Quilter Board Risk Committee;*
- *a review of the material internal control deficiencies identified through assurance activity; and*
- *an assessment of the Group's risk culture evidenced by the half yearly risk culture assessments.*

To support this assessment, the following representations to the Quilter CEO are required:

- *representation from the Chief Risk Officer regarding the effectiveness of risk management;*
- *representation from the Chief Internal Auditor regarding the overall control environment;*
- *representation from the Chief Financial Officer regarding the effectiveness of financial reporting controls; and*
- *representations from the Businesses Chief Executive Officers regarding the effectiveness of risk management and internal control systems within the subsidiary Businesses that comprise the Quilter Group.*

The Board is satisfied that a robust governance structure is in place, which is compliant with the Code and is fit for purpose.

[1] Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, September 2014.

B.2 Fit and proper requirements

The Fit and Proper policy outlines the Group's overarching principles for assessing fitness and propriety. Compliance against the Fit and Proper policy is assessed through the annual Letter of Representation process. The fit and proper requirements set out in this report refer to the requirements applied both to key functions and to members of the Board of Directors.

B.2.1 Overview

Quilter's approach to implementing and embedding process and procedures to ensure fitness and propriety is described below.

A framework exists for ensuring compliance with the Fit and Proper policy, which is designed to help ensure that individuals are fit and proper both on recruitment and subsequently. This includes but is not limited to policies, standards and codes for personnel security, business conduct, conflicts of interest, anti-bribery and corruption, fraud prevention, information security and physical security.

The roles which are control functions (subject to regulatory approval), and those which fall within the definition of key functions, are identified and an assessment is performed to determine that each person in these roles fulfil the following requirements:

- *their professional qualifications, knowledge and experience is adequate to enable sound and prudent management (fit); and*
- *they are of good repute and integrity, have sufficient time to perform the role and are financially sound (proper).*

B.2.2 Determining an individual's fitness and propriety

The approach taken to assess an individual's fitness and propriety is as follows:

- *the selection process is designed to be robust and enable a rigorous assessment of the individual's professional competence, both managerial and technical, relative to the role*
- *where appropriate, formal independent assessment tools are used;*
- *background checks are performed on all individuals being employed or engaged in services prior to their employment/engagement being confirmed;*
- *business units transferring staff on a permanent or secondment basis provide evidence of completed background checks to the receiving business unit when requested by the business unit the individual is moving to;*
- *the minimum background checks required for all roles are the lesser of three years' (six years for regulated roles) or all employment history, validation of educational and professional qualifications disclosed, financial soundness and criminal records. Additional background checks are considered depending on the level of risk associated with the role. The checks used have been established by the Compliance function and are proportionate to the role, and the level of potential risk the role may present;*
- *further or updated background checks (excluding employment history) are made where an individual is promoted or transferred into a key function role;*
- *when reviewing the information gathered, consideration is given to the risks associated with the role in question and the wider risks for the business; and*
- *ongoing annual assessments of fitness and propriety are performed for relevant individuals.*

B.3 Risk management system including own risk and solvency assessment

B.3.1 Own risk and solvency assessment ("ORSA")

The ORSA process is carried out continually and is designed to enable management to understand and manage the key risks to the business; ensure sufficient capital is held in order to remain within risk appetite in respect of these risks; and make informed strategic decisions in response to these risks. The assessments are used to identify the level of capital that should be retained by stressing each material risk and considering risk interactions and dependencies. The assessments also consider the approach used to manage risks which are not covered by capital.

The ORSA is defined as a set of underlying risk and capital management processes. These processes include:

- *defining and monitoring adherence to the risk appetite framework;*
- *assessment, monitoring and reporting of material risks to the achievement of the business plan;*
- *assessment of the effectiveness of governance and risk management processes;*
- *determination of own solvency needs, including assessment of the appropriateness of the regulatory Standard Formula, stress and scenario testing and identification of management actions to manage solvency; and*
- *reporting of the conclusions of ORSA processes.*

Whilst these risk management processes are ongoing throughout the year, an annual ORSA Report is produced which provides an overall assessment of the current and future risk profile of the business, and demonstrates the relationship between business strategy, risk appetite, risk profile and solvency needs.

The ORSA is owned by the Quilter Board. The Board exercises oversight through a number of governance and management committees, through the process of review and challenge throughout the year and by approving the annual ORSA Report.

B.3.2 Risk function

The role and responsibilities of the Risk function are as follows:

- *Deliver a clear and well communicated, business-wide risk management framework*
- *Provide control and monitoring systems*
- *Produce second line opinions on key risks facing Quilter for stakeholders*
- *Support adherence to regulation and legislation*
- *Provide advice to the business*
- *Escalate material issues/risks*

B.3.3 Risk management system overview

Quilter defines risk as the uncertainty that the Group faces in successfully delivering upon its strategies and objectives. This includes material internal and external events, acts or omissions that have the potential to threaten the success and survival of Quilter, or the interests of other stakeholders including customers, employees and regulators.

Active and effective risk management is at the core of Quilter's business, and is regarded as a key competence by all of Quilter's stakeholders including regulators, customers, consultants, counterparties and shareholders.

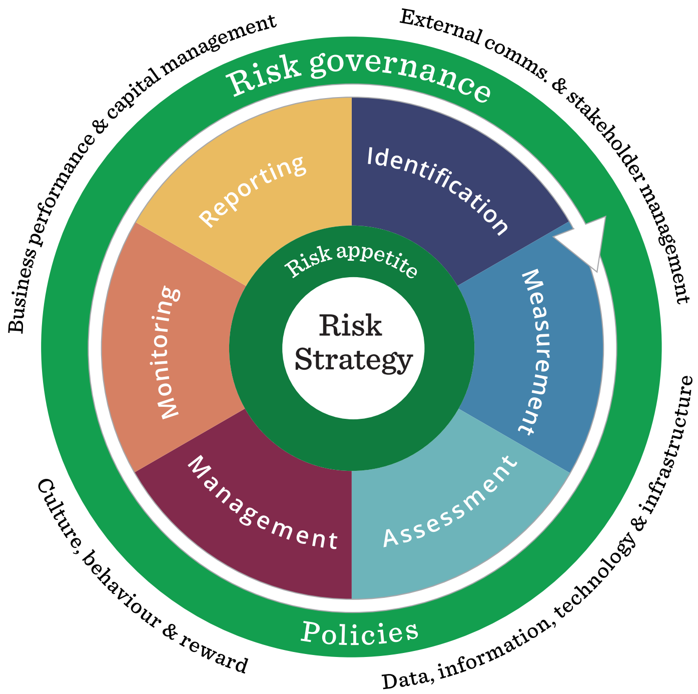
The Enterprise Risk Management Policy sets out the minimum standards in relation to implementing and maintaining an adequate and effective Group Enterprise Risk Management Framework, which applies to the entire Quilter business. The Group Enterprise Risk Management Framework encompasses a number of elements, including:

- *the corporate governance arrangements which set out the way Quilter is structured and managed;*
- *the end to end processes involved in the identification, assessment, measurement, monitoring and management of risk; and*
- *the culture and behaviour that is exhibited and the associated reward mechanism.*

Group Enterprise Risk Management Framework ("Group ERM framework")

The Group ERM framework drives consistency across Quilter's businesses and aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that Quilter's risk profile is understood and managed on a continuous basis within the approved risk appetite.

The core elements of the Group ERM framework are illustrated below:



B.3.4 Risk governance and policies

Risk management is owned by the Quilter Board. The Board exercises oversight through a number of governance and management committees and through the process of review and challenge throughout the year as set out in section B1.2.

The GGM and policies form an integral part of Quilter's governance and Group Enterprise Risk Management Framework, ensuring an appropriate system of risk management and internal control. Together they form the basis of clear delegated authorities and accountabilities, ensuring there is appropriate Board oversight and control of important decisions, and efficient and effective management of day-to-day business. The GGM and policies are approved and adopted by the Board.

B.3.5 Risk strategy and risk appetite

Risk appetite is the amount of risk Quilter is willing to take on in the pursuit of its strategic priorities and is defined by the Board. Culturally, this sets the tone regarding the Group's attitude towards risk-taking. Risk appetite also plays a central role in informing decision making across the Group; protecting and enhancing the return on capital invested. This risk appetite approach is applied consistently across the Group.

To support the strategic decision making process, Quilter applies risk preferences which provide guidelines for striking the appropriate balance of risk and reward when setting its business strategy.

Strategic risk appetite principles

A set of strategic risk appetite principles has been set by the Board. These principles, set out below, provide the top of the house guidance on our attitude toward key areas of risk for the Group and support the ongoing management and oversight of risk.

CUSTOMER	LIQUIDITY	CAPITAL	CONTROL ENVIRONMENT
"The Group will ensure fair customer outcomes"	"The Group will ensure that it has sufficient liquidity to meet its financial and funding obligations"	"The Group will hold or have access to sufficient capital to maintain own capital needs"	"The Group will at all times operate a robust control environment"

The Group's position against these principles is measured on a regular basis. These principles are communicated and applied to all businesses and functions through a series of more granular risk appetite statements and measures, policies and standards, and key risk indicators.

Risk management culture

An important element to risk management is a good culture of risk informed decision making. Quilter links risk management to employee performance and development, as well as to its remuneration and reward schemes. An open and transparent working environment which encourages all employees to embrace risk management is critical to the achievement of the Group's strategic priorities.

B.3.6 Risk identification and assessment

Risks to delivery of the strategy and the business plan are identified through the strategic target setting process and business planning process. Risks to business processes are identified through the regular refresh of the Risk and Control Self-Assessment process, designed to improve the understanding and control of operational risks.

Risks and controls are assessed bi-annually by first line management. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control.

B.3.7 Risk management, monitoring and assurance

Risks are owned and managed on a day-to-day basis by first line risk owners. The second line Risk function provides oversight and challenge to support the first line in managing risks.

Risk mitigation strategy planning is performed for some risks to ensure that risk mitigation plans are in place. An example of risk mitigation planning is the development of business continuity plans, which are defined at a functional level.

Corporate insurance is in place to mitigate some high impact, low frequency risks.

B.3.8 Risk reporting and escalation

Risk reporting is performed by all three lines of defence. Risk reports are provided to each of Old Mutual Investment Platform ("OMIP"), Old Mutual International Isle of Man, Quilter Investors, Quilter Cheviot, and Intrinsic Board Governance and Risk Committees and the Quilter Board Risk Committee at least on a quarterly basis and senior management on a monthly basis.

Risk events with a financial impact of over a defined threshold and risk events which could have a significant non-financial impact, such as impacts on customers and regulatory breaches, are recorded by the function within which the risk event arose. Risk events remain open until management actions to manage the impacts or address the events have been performed.

First line management escalate risks and risk events in line with escalation guidelines which are defined by the Risk function.

B.4 Internal control system

The Group's system of internal control has a key role in the management of risks that are significant to the fulfilment of its business objectives.

The GGM supports the Quilter Board to fulfil its internal control obligations by demonstrating the existence of, and compliance with, internal policies and other control mechanisms such as approvals processes.

B.4.1 Principles of internal control

Quilter's principles of internal control are:

- *clearly defined delegated authorities – the Group is managed in accordance with the authorities delegated by the Quilter Board;*
- *clearly defined lines of responsibility – each Business and function has clearly defined lines of responsibility and delegated authority;*
- *robust recording and reporting – transactions are appropriately recorded to permit the preparation and reporting of reliable financial statements;*
- *financial reporting control procedures and systems – the internal control system includes control procedures and systems which are regularly reviewed;*
- *protection of assets – the Group's assets are appropriately safeguarded;*
- *financial crime (fraud and money laundering) – financial crime is prevented or detected; and*
- *risk management – the risks to which the Group is exposed are identified and managed.*

The implementation and maintenance of the internal control system in each business is the responsibility of senior management within the business. At Quilter Group level, this responsibility rests with the Quilter Group function executives.

B.4.2 Compliance function

The role and responsibilities of the Compliance function are as follows:

- *to provide advice to the Board and to the first line of defence on compliance with laws and regulations;*
- *to provide advice to the Board and to the first line of defence on changes to laws and regulations and their potential impacts on Quilter;*
- *to monitor the adequacy and effectiveness of controls relating to compliance with regulatory compliance activities;*
- *to gain approval for the compliance plan, including monitoring activities in full on an annual basis, with changes recommended for approval quarterly, with the Quilter Board Risk Committee; and*
- *to report to the Board Risk Committee on a quarterly basis on the outcome of compliance monitoring reviews, in line with the compliance annual plan.*

B.5 Internal Audit function

B.5.1 Implementation of the Internal Audit function

Group Internal Audit ("IA") supports the Board and Executive Management of Quilter ("Quilter") in providing independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Quilter accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The scope of IA's activities extends to all businesses owned, controlled and governed by Quilter, including any joint ventures, in all jurisdictions.

IA, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the organisations records, physical properties and personnel pertinent to carrying out an engagement. All employees are required to assist IA in fulfilling its roles and responsibilities.

IA is responsible for determining the audit universe and performing its own assessment of risks to determine the risk-based audit plan.

B.5.2 Independence of the Internal Audit function

IA receives its authority from the Quilter Board Audit Committee, which is a committee of the Quilter plc Board established to, among other things:

- *review and approve the Quilter Group Internal Audit Charter;*
- *review and approve the annual audit plan and subsequent material revisions;*
- *review the output of audit work; and*
- *evaluate the adequacy and effectiveness of the Group's financial, operating, compliance, and risk management controls.*

To provide for the independence of IA, the Chief Internal Auditor is accountable to the Quilter Board Audit Committee Chair, reports administratively to the Quilter Chief Executive Officer and has access to the Chairman of the Quilter Board. Financial independence is provided by the Quilter Audit Committee approving a budget to allow GIA to meet the requirements of the Charter. IA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation. Where consulting services are delivered, IA will manage any perceived or actual conflict of interest.

B.6 Actuarial function

The Actuarial Function performs a second line of defence role, ensuring that the methodologies, models and assumptions used in the assessment of technical provisions and capital requirements are robust and applied consistently and in proportion to the nature, scale and complexity of the Group and the solo insurance entities. The Quilter Group Chief Actuary performs the Actuarial function role for the Quilter Group and for each of the solo insurance entities within the Group.

Responsibilities of the Actuarial function include:

- *to ensure that methodologies and models for the valuation of technical provisions and capital requirements are appropriate;*
- *to oversee the sufficiency and quality of data used in the valuation of technical provisions and capital requirements;*
- *to review and challenge experience analyses in respect of risk factors and proposed best estimate assumptions;*
- *to review and challenge the valuation of technical provisions including application of approximations;*
- *to review and challenge Solvency Capital Requirement and Minimum Capital Requirement results; and*
- *to express an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements.*

B.7 Outsourcing

B.7.1 Outsourcing policy

The Third Party Risk Management Policy and Standards suite defines the framework that Quilter and all of its subsidiaries must use to manage and monitor all outsourced services. This document suite addresses, through a series of mandated requirements, the risks inherent in the selection, transition to, and use of third parties in all outsourced activities. Specific focus is made within these documents on the outsourcing arrangements that are considered to be 'Material', 'Critical' or 'Important'. These relationships are singled out as those that have the potential and ability to materially impact the Group or subsidiary operations, its services and its obligations to its customers or its ability to meets its ongoing regulatory obligations.

By following the Group's Policies and Standards the risk of implementing inadequate service or failure of an outsourced service provider is effectively mitigated through the following controls:

- *a formalised approach, including a transparent selection and management process and due diligence process, to outsourcing services;*
- *governance and oversight structures, practices and processes, with clear roles and responsibilities for oversight, monitoring and management of risks related to all outsourced services;*
- *regular assessment whether the supplier maintains an effective internal control environment and continues to have a resilient business; and*
- *processes and practices to ensure that outsource arrangements comply with all applicable regulatory requirements.*

B.7.2 Critical or important outsourcing arrangements

The firm has assessed whether outsourced activities are 'Critical or Important' on the basis of the activities being outsourced and dependency of the Group on that service. The assessment determines whether these activities are essential to the operation of the firm and whether the Group would be able to deliver its services to policyholders and customers without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance, processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust governance structure is implemented on an ongoing basis to ensure that the service continues to adhere to the principles outlined in the Third Party Management Policy and Standards suite.

Outsourced functions and activities

Quilter outsources a range of operational functions and activities. The nature of critical or important arrangements primarily includes fund administration services, infrastructure and application maintenance, and wealth and investment transaction services. Material outsourced services are predominantly provided from the UK, South Africa and India but also include locations in other jurisdictions including Isle of Man, Dublin, Jersey, Dubai and Kuala Lumpur.

Intra-group outsourcing arrangements for the year ended 31 December 2018 primarily comprise a range of shared support services (including IT, finance and capital management and internal audit services) provided by service companies within the Group.

B.8 Any other information

No other information on Quilter's system of governance is considered sufficiently material to require disclosure in this section.

Section C

Risk profile

C. Risk profile

This section describes the material risks faced by Quilter plc and its subsidiary businesses including life underwriting, market, counterparty default, liquidity and operational risks. The commentary in this section is focused on the risks associated with Quilter plc and its insurance undertakings. The Group has provided specific information on the profile of regulatory capital held for insurance businesses, which for the consolidated insurance group is aligned to the information as reported in the "Solvency Capital Requirement" Quantitative Reporting Template ("QRT").

The Quilter insurance businesses are affected by a number of risks inherent in their product offerings, dominated by unit-linked life, pensions and investment business. Quilter also has an in-force book of unit-linked and non-linked protection business within OMWLA. Key features of the risk exposures of the Group are as follows:

- *investment risks are largely transferred to customers through the use of unit-linked product structures and consequently the majority of retained market risk relates to second order market risk exposures on asset-based revenues, which are driven by the value of assets under management;*
- *the Quilter businesses do not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities);*
- *Quilter is generally exposed to loss of future revenues through higher than expected surrender experience;*
- *insurance risks on protection business are largely reinsured to reinsurance firms with strong credit ratings, therefore retained mortality and morbidity risks are not significant;*
- *treasury limits in respect of concentrations and credit ratings for the deposit and investment of company money are set in order to ensure that counterparty risk exposures are not material; and*
- *Quilter entities are exposed to operational risks in relation to systems, processes, people and external events. Operational risks are subject to proactive management and monitoring by the businesses.*

These features of risk exposures drive a significant proportion of the Group's capital requirements and earnings volatility exposure as well as requirements for cash and the liquidity buffer. Quilter has developed risk policies, standards and governance processes which set out the practices that are used to monitor and manage risks in accordance with regulatory requirements.

Quilter's principal risks and risk profile remained broadly similar throughout 2018. The chart below sets out the risk profile for Quilter's insurance businesses.

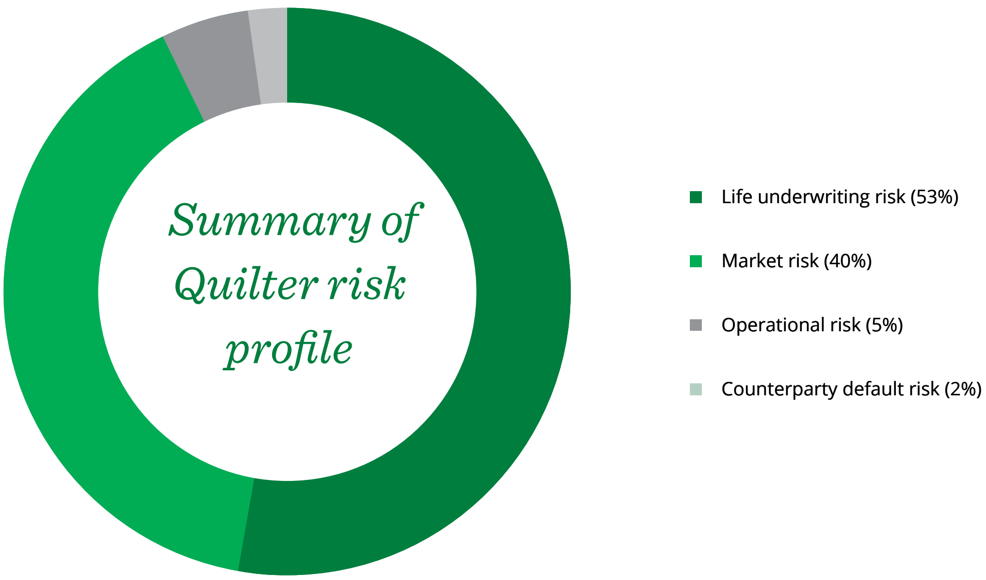


Chart C.1 – Summary of Quilter risk profile

Quilter has adopted the Standard Formula specified in Solvency II legislation to assess the risks within Quilter (both on a Group and solo basis). Quilter uses the Standard Formula to calculate the Group Solvency Capital Requirement ("SCR").

Based on the Standard Formula, Quilter had an SCR of £1,178 million at 31 December 2018. Table C.1 below shows the SCR breakdown by risk category for the overall Quilter Group.

Risk modules (£ million)	31 December 2018
Market risk	451
Counterparty default risk	26
Life underwriting risk	593
Total before diversification	**1,071**
Diversification	(232)
Basic Solvency Capital Requirement	**839**
Operational risk	52
Loss absorbing capacity of deferred taxes	(44)
Other financial sector entities	331
Group Solvency Capital Requirement	**1,178**

Table C.1 – Quilter's SCR

The main risk categories to which Quilter is exposed are life underwriting risk and market risk. These contribute 93% of the total risk exposure for the Group. Lapse risk, the largest component of the life underwriting risk, represents the risk of loss of own funds as a result of the higher than expected future lapse or surrender experience. It is a significant risk because most of the unit-linked investment products offered by Quilter do not levy any early encashment charges in the event of clients surrendering their policies earlier than anticipated.

Market risk is a significant risk for Quilter since the unit-linked investment business derives a large proportion of the future revenues in the form of asset-based revenues, principally as a result of product charges being levied as percentages of the market values of clients' portfolios. Large market falls would reduce the assets under management and negatively impact asset-based revenues and Quilter own funds.

Further details on the specific risk drivers are provided in the following sections.

C.1 Underwriting risk

Underwriting risk arises through exposure to unfavourable operating experience. It includes exposure to drivers of business performance from insurance products, such as greater than expected number of policyholders leaving or amending their policies (also known as lapse or persistency experience), greater than expected costs of administering policies and higher than expected death and disability claims experience on life assurance and critical illness products.

The underwriting module of the SCR mainly includes the following underwriting risks for Quilter:

Lapse risk

A large increase in surrender or lapse rates represents a risk to Quilter as increases in surrender rates would result in reductions in future revenues on pensions and investment business.

Expense risk

This represents the risk that future maintenance expenses and the anticipated expense inflation exceed the levels assumed within the Solvency II best estimate liabilities calculation.

Mortality and morbidity risk

Mortality and morbidity risk is the risk that death, critical illness and disability claims are higher than expected within the best estimate assumptions. Higher than expected levels of claims will either lower profits or increase losses.

C.1.1 Underwriting risk - risk profile

Quilter's life underwriting risk profile is derived from the Standard Formula 1-in-200 year 'underwriting' risk events before allowing for the impact of diversification.

As at 31 December 2018, the Quilter SCR for this module, after allowing for diversification within the module, is £593 million. The split between individual risk categories is provided below:

Life underwriting risk category (£ million)	31 December 2018
	Quilter plc
Mortality	19
Longevity	0
Disability	7
Lapse	461
Expense	202
Life catastrophe	5
Subtotal	**694**
Diversification within risk module	(101)
Life underwriting risk SCR	**593**

Table C1.1 – Quilter's Life Underwriting Risk SCR

C.1.2 Underwriting risk - risk mitigation

Quilter manages and mitigates each of the following risks as described below.

Lapse risk

Lapse risk is a feature of Quilter's business and is managed through product design, focusing on customer service and customer outcomes. Customer retention initiatives to improve customer value propositions are also implemented. Persistency statistics and customer metrics are monitored regularly and detailed persistency analyses are carried out regularly at an individual product level with management actions being triggered if statistics show significant adverse movements or emerging trends in experience.

Expense risk

Expense risk is managed through tight budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve Quilter's strategic aims.

Expense levels are monitored monthly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. These drivers are periodically reviewed to ensure they are in line with services that each legal entity is receiving.

Some products' structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels.

Mortality and morbidity risk

Mortality and morbidity risks are mainly mitigated through underwriting practices controlled by underwriting policies; regular re-pricing exercises; reviewable premium terms; and external reinsurance programmes. For unit-linked protection contracts, risk charges are applied to meet the expected costs of the insured benefits. These risk charges are reviewed regularly in the event of any changes in policyholder claims experience and reinsurer premiums experience.

Mortality and morbidity risks on protection business are largely reinsured to a number of reinsurance firms with strong credit ratings, therefore retained mortality and morbidity risks are not significant. The Group does not transact group protection business and so there are no concentrations of mortality and disability risk. The retained portion of the non-linked insurance liabilities is matched (by term and duration) using UK Government bonds.

C.1.3 Underwriting risk - risk concentration

There are no material concentrations of lapse, expense and mortality risks.

C.2 Market risk

Market risk is the risk of an adverse financial impact arising from the changes in values of financial assets or financial liabilities from changes in the value of equities, government and corporate bonds, foreign exchange rates, and property prices. The feature of the Quilter product offerings, mainly unit-linked investment business, means the main market risks are transferred to customers through the use of unit-linked product structures. The majority of retained market risk for Quilter relates to second order market risk exposures on asset-based revenues, which are driven by the value of assets under management and administration.

The market risk module of the SCR mainly includes the following risks for Quilter:

Equity risk

Equity market risk is a significant risk for Quilter since a large proportion of the policyholder linked-assets are invested in equity portfolios, from which the asset-based revenues are derived. The Group has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future revenues resulting from returns on equity assets falling below the levels assumed in the best estimate projection.

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future asset-based revenues resulting from adverse movements in currency markets which negatively impact the underlying unit-linked asset values, held through collective investments to back unit-linked liabilities. It is expected that a portion of the policyholder linked investments are denominated in currencies other than pounds sterling, e.g. US equities.

For the Quilter International business, a portion of the future premium revenues can be in currencies other than pounds sterling.

Spread risk

A portion of the policyholder linked investments is invested in corporate bonds. The capital requirement for spread risk reflects the potential loss of future asset-based revenues resulting from adverse movements in corporate bond spreads which reduce the values of the bonds and hence the underlying unit-linked asset values.

The Group has no material holdings of corporate bonds within shareholders' funds.

C.2.1 Market risk – risk profile

Quilter's market risk profile is derived from the Standard Formula market risk module before allowing for the impact of diversification. As at 31 December 2018, the Quilter SCR for this risk module allowing for diversification within the module was £451 million. The split between individual risk categories is provided below.

Market risk category (£ million)	31 December 2018
	Quilter plc
Interest rate	17
Equity	285
Property	2
Spread	48
Currency	237
Concentration	-
Subtotal	**589**
Diversification within risk module	(138)
Market risk SCR	**451**

Table C.2.1 – Quilter's Market Risk SCR.

C.2.2 Prudent person principle and investment of assets

The monitoring of market risk and financial risk management activities (including the use of derivatives) is governed by Quilter plc Market Risk Policy, Credit Risk Policy, Capital Management Policy and Financial Risk Mitigation Standard, with governance processes established to monitor and manage market risks in accordance with the local and Group regulatory requirements.

For Quilter's unit-linked investment business, while policyholders and advisers choose the investment funds, Investment Committees within the relevant businesses oversee and monitor the investment of customer funds in line with the Quilter plc Investment Risk Standard to ensure fund risks and objectives are identified and clearly communicated and that funds remain appropriate for retail platform investment.

For the small book of Quilter non-linked protection business, UK Government bonds are held to back the policyholder liabilities by nature and duration. The matching exercises are carried out on a quarterly basis to minimise any potential mismatch due to interest rate movements.

The allocation of shareholder assets is managed in line with the Treasury Statement of Practice, which sets out the permitted instruments, liquidity limits, concentration limits and counterparty credit rating limits. Quilter's shareholder assets are invested in high credit money market investments, bank deposits and UK Government bonds.

Sensitivity analysis to market movements and the economic downturn scenario are tested regularly to understand the impact on the financial strength of the Quilter plc and its subsidiaries.

C.2.3 Market risk - risk mitigation

The Quilter insurance business is dominated by unit-linked life, pensions and investment business. The direct market risks are transferred to policyholder through the use of unit-linked product structures. Quilter does not offer investment guarantees or take on complex financial insurance risks.

A portion of the future revenues for the Old Mutual International business is denominated in foreign currencies, including US dollar, Euro and Swedish krona. It is exposed to the depreciation of these foreign currencies against pound sterling. The foreign exchange risk is partly mitigated by a hedging programme utilising foreign exchange forward derivative contracts.

C.2.4 Market risk - risk concentration

The Quilter platform has over 1,000 funds for clients to invest in. This provides a well-diversified investment portfolio. The market risk concentration on policyholders' assets is immaterial.

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of permitted AAA-rated money market funds. This provides diversification for shareholder investments and therefore the market risk concentration on shareholder assets is not material.

C.3 Credit risk

Credit risk (counterparty default risk) is the risk that a party to a financial instrument will cause a financial loss to Quilter by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by Quilter relate to:

- *the risk of default by banks and other financial institutions in respect of the investment of Group assets;*
- *the risk of default by insurance intermediaries in respect of receivables and debtor items; and*
- *reinsurance counterparty default risk associated with OMWLA's non-linked protection business, where the company expects the future reinsurance claims to be greater than the reinsurance premiums payable.*

C.3.1 Credit risk – risk profile

Quilter's credit risk profile is derived from the Solvency II Standard Formula counterparty default risk module.

As at 31 December 2018, the Quilter SCR for this module was £26 million.

C.3.2 Credit risk - risk mitigation

Quilter has a credit risk framework supported by a Group Credit Risk Policy and Group Credit Risk Standard, together with appropriate risk appetite, risk reporting and oversight by the Capital Management Forum ("CMF").

The credit risk arising from exposures is mitigated by ensuring that the Group only enters into relationships with appropriately robust counterparties, adhering to the Group Credit Risk Policy. For each asset, consideration is given to:

- *the credit rating of the counterparty, which is used to derive the probability of default;*
- *the loss given default;*
- *the potential recovery which may be made in the event of default;*
- *the extent of any collateral that the Group has in respect of the exposures; and*
- *any second-order risks that may arise where the Group has collateral against the credit risk exposure.*

Credit and counterparty risks are identified and assessed through an analysis of Quilter's consolidated balance sheet. Quilter has a prudent credit risk management framework and invests shareholder funds in cash, AAA-rated money market funds and UK Government bonds. Counterparty limits are set that ensure cash is held with appropriately rated counterparties and is appropriately diversified in order to manage concentration risk.

The credit risk exposures of Quilter plc and its subsidiaries are monitored on a monthly basis through the CMF to ensure that counterparties remain creditworthy and to ensure that concentrations of exposure are kept within accepted limits. There is no direct exposure to European sovereign debt (outside of the UK) within the shareholder investments.

As part of the underwriting risk management, Quilter transfers a large portion of mortality and morbidity risk to a number of selected reinsurers. Reinsurers with high credit ratings are used to minimise the risk of default and credit concentration.

C.3.3 Credit risk - risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty and a process of diversification is employed to manage counterparty concentration risk.

C.4 Liquidity risk

C.4.1 Liquidity risk - risk profile

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the firm to trade in illiquid assets in order to maintain its Asset-Liability Matching ("ALM") profile.

Quilter is exposed to liquidity risks during the normal course of business where payments are made before related income is received from counterparties or liquidity strains that arise from technology outages. Such exposures are typically short-term in nature and minimum liquidity levels are maintained to cover any potential outflows arising from a severe but plausible liquidity stress scenario.

Quilter maintains a Contingency Funding Plan which sets out the available liquidity sources, management actions for providing liquidity to Quilter entities in the event that liquidity support is required and the roles and responsibilities of key personnel.

C.4.2 Liquidity risk - risk mitigation

Quilter manages liquidity through:

1. *maintaining sufficient high quality liquid assets and appropriate banking facilities, the level of which is informed through appropriate liquidity stress testing;*
2. *monitoring actual cash flows against forecast; and*
3. *matching the maturity profiles of financial assets and liabilities, where possible.*

Specifically, liquidity risk can arise as a result of significant switches or withdrawals of policyholder funds over a short timeframe or an individual very large switch or withdrawal. In some cases, switches and withdrawal of policyholder funds are paid by the entity before settlement is received from the market on the sale of policyholder assets. This risk is managed by maintaining high quality liquid assets to meet the value of the payments which may reasonably be expected in stressed conditions and by regularly monitoring actual cash flows against forecast.

Liquidity risk can also arise due to timing differences between policyholder claims and subsequent recovery from a reinsurer on a quarterly basis. This risk is reflected in liquidity levels held across the relevant entities.

Within certain funds available to policyholders (primarily property funds), there is a risk that in the event of a shortage of liquidity within the funds, these funds may be suspended, resulting in policyholders being unable to buy or sell units for a period of time. There are circumstances in which Quilter will honour the settlement of a population of contractual payments within OMWLA and OMWLP, resulting in a liquidity risk. Oversight of this risk is provided by the Investment Committee for OMWLA and OMWLP.

C.4.3 Liquidity risk - risk concentration

There is no significant concentration of liquidity risk in Quilter.

C.4.4 Expected profit included in future premiums ("EPIFP")

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. The EPIFP for Quilter Group as at 31 December 2018 was £56 million.

C.5 Operational risk

Operational risk is defined as: "The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency."

Quilter has exposure to a number of operational risks which could threaten Quilter's ability to meet its business objectives, the most significant being:

- ***Advice and mis-selling:*** *The risk that customers receive incomplete, inappropriate, untimely or unsuitable advice from businesses within the Group, with the potential for client detriment, which is likely to result in financial loss, damage to Quilter's reputation and/or regulatory censure and fines.*
- ***Customer proposition:*** *Failure by Quilter to offer products, services and platforms that meet customer needs and which are considered suitable could result in advisers ceasing to recommend Quilter's products or services, or recommending fewer of Quilter's products or services, and declining persistency of Quilter's products.*
- ***Information technology:*** *Quilter uses computer systems to conduct its business, which involves managing and administering assets on behalf of customers in its wealth portfolios and on its platforms. Quilter's business is highly dependent on its ability to access these systems to perform necessary business functions and to provide adviser and customer support, administer products, make changes to existing policies, file and pay claims, manage customer's investment portfolios and produce financial statements and regulatory returns. Failure to manage this risk could have a material adverse impact on Quilter's business, financial condition, results of operations and prospects, and reputation.*
- ***Data, information and cyber-threats:*** *Quilter's business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, which is highly sensitive. Quilter is subject to the risk of information security breaches from parties with criminal or malicious intent (including cyber-crime). Should Quilter's intrusion detection and anti-penetration software not anticipate, prevent or mitigate a network failure or disruption, or should an incident occur to a system for which there is no duplication, it may have a material adverse effect on Quilter's customers, business, financial condition, results of operations and prospects, and reputation.*
- ***Third party:*** *Quilter outsources and procures certain functions and services to third parties and may increase its use of outsourcing in the future. If Quilter does not effectively develop and implement its outsourcing strategies and its internal capability to manage such strategies, third party providers do not perform as anticipated, or Quilter experiences technological or other problems with a transition, it may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs and loss of business, and damage to its reputation.*

C.5.1 Operational risk - risk profile

Operational risks are internally assessed through scenario-based risk assessments utilising internal risk event data, external operational loss data, Risk and Control Self-Assessments and expert judgement provided by first line subject matter experts. Operational risk assessments are then modelled within an operational risk modelling system in order to assess the potential loss in plausible but extreme conditions. This assessment is used to support the Group's assessment of the appropriateness of the Solvency II Standard Formula.

Quilter's operational risk capital requirement is calculated on a Solvency II Standard Formula basis, which is predominantly driven by the level of maintenance expenses for the insurance businesses.

As at 31 December 2018, the Quilter SCR for the operational risk module was £52 million.

The operational risk charge is added on to the basic SCR following the Standard Formula with no allowance for diversification with other risk modules.

C.5.2 Operational risk - risk mitigation

Operational risks are managed in accordance with Quilter's Operational Risk Policy and Standards. Operational risk exposure is measured primarily through scenario assessments which use internal and external loss event data, Risk and Control Self-Assessments, and expert judgement provided by subject matter experts. Resultant exposures are evaluated against Quilter's risk appetite and this evaluation drives operational risk reporting and management action.

First line management has responsibility for the applying the operational risk framework, including the management of operational risk, and ensuring that appropriately designed controls are operating effectively. The second line Risk function provides risk oversight and challenge to the first line in their delivery of the requirements of the operational risk framework, and Quilter's Internal Audit function provides third line assurance. Quilter's governance structure is designed to ensure clarity of responsibilities and delegated authorities, segregation of duty, and clear escalation of risk issues to enable timely management action to manage risks within acceptable tolerances.

C.5.5 Operational risk - risk concentration

The Group's operations are generally well spread across a number of office locations, mitigating the risk of significant concentration of operational risk within Quilter. Some of the Group's insurance businesses share IT infrastructure and network services which creates inter-dependencies. This is mitigated by robust business continuity plans for critical functions and IT services.

C.6. Other material risks

Geopolitical risk

As a UK-based financial services firm, the implications and economic impact of several scenarios of the UK leaving the EU in relation to financial services will influence the degree to which these risks act upon Quilter, particularly with regards to strategy, market, legal and regulatory, and third party risks, including potential disruption to Quilter's business operations and supply chain. In addition, recent quarters have seen reduced levels of investor confidence and this could deteriorate further, potentially materially further, under various scenarios related to the UK leaving the EU. A Group-wide Brexit programme is in place to actively monitor these risks and a number of actions are already in place to mitigate any implications to our business and customers including for example, establishing a regulated asset management company in Ireland.

Competitive pressure

Quilter's business is conducted in a competitive environment and, if Quilter is not successful in anticipating and responding to competitive change, adviser or customer preferences or demographic trends in a timely and cost effective manner, its business, financial condition, results of operations and prospects could be materially adversely affected.

People and culture

Quilter may fail to attract and retain talented advisers, investment managers, portfolio managers, senior management and other key employees. This would present a risk to the delivery of Quilter's overall strategy, in particular during this period of significant change across the Group. Additionally this could have a material adverse effect on Quilter's business, financial and operational performance, prospects, and reputation.

C.7. Any other material information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing is performed on an annual basis to assess the resilience of the Group to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which the Group or any of its solo insurance entity could become unviable.

Sensitivity testing

The Group carries out sensitivity testing to assess the impacts on the Group solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2018 the Group's surplus capital above the SCR was £1,059 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital (£million)
Equity markets: 25% market fall	(33)
Interest rates: 1% reduction in interest rates and inflation rates	12
Interest rates: 1% increase in interest rates and inflation rates	(14)
Lapse rates: 10% mass lapse	(50)
Expenses: 10% increase in expense levels	(76)

Scenario tests

These scenarios are constructed to test the potential severe or extreme events which could arise over the business plan period that could lead to significant cash and capital strain relative to the forecast. The Group and the solo insurance entities are required to withstand these extreme events by allowing for cash and capital plans at Group and solo level and management actions which may be required to manage the potential impacts over the plan period.

One of these scenarios, the economic downturn scenario, tests an extreme but plausible deterioration in economic conditions. Although the Group would become loss-making in certain periods of the business plan, the Group and its regulated solo subsidiaries would be able to meet their regulatory capital requirement over the plan period despite the large fall in asset-based revenues following the market fall.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the strategy in order to continue as a going concern.

Section D

Valuation for solvency purposes

D. Valuation for solvency purposes

This section describes the consolidation approach and the methods used to value the assets and liabilities when preparing the Group Solvency II balance sheet. The Group Solvency II balance sheet is used as a basis for calculating Solvency II own funds and is reported in the Group balance sheet QRT (S.02.01.02).

Quilter plc and all of its direct and indirect subsidiaries are consolidated on a line-by-line basis when preparing the IFRS statement of financial position ("IFRS balance sheet"). This essentially means that each asset and liability figure disclosed on the Group balance sheet is determined as the sum of the assets or liabilities of that type across all Quilter entities after eliminating the impact of intra-group transactions. When preparing the Group Solvency II balance sheet, certain types of entities are required to be consolidated on a line-by-line basis while others are required to be included in a single line, as participations. The value of the participations figure in the Group balance sheet is based on the value of the net assets of the entities that are not consolidated on a line-by-line basis for Solvency II. The differences between the IFRS and Solvency II consolidation approach result in significant presentational differences between the Group Solvency II balance sheet and the Group IFRS balance sheet.

A reconciliation between the Group IFRS equity position and the Solvency II position is provided in Section E. The reconciliation summarises the non-presentational differences between IFRS and Solvency II which result from differences in the valuation rules. Section E also includes a detailed description of the methodology used to calculate the insurance technical provisions for the entities in the consolidated insurance group, including the methodology used to derive best estimate assumptions.

Determination of assets and liabilities for Solvency II

Solvency II assets and liabilities have been calculated in accordance with the overriding valuation principles set out in Articles 75 to 86 of the Solvency II Directive (Directive 2009/138/EC), which requires an economic market consistent approach to the valuation of assets and liabilities. The bases, methods and main assumptions used for the valuation of the Group's assets, technical provisions and liabilities other than technical provisions ('other liabilities') are consistent with the Solvency II rules and guidance.

The Group's IFRS reporting is the starting point for Solvency II reporting. Significant accounting policies applied in preparing the Group's IFRS balance sheet are disclosed on pages 106 to 119 of the Quilter plc 2018 Annual Report. The valuation of assets and other liabilities under Solvency II is based on quoted market prices in actively traded markets where available. For assets and liabilities not traded in active markets, quoted market prices for similar assets and liabilities are used where available. In cases where there are no similar assets or liabilities traded in active markets, alternative valuation methods are applied making the maximum use of observable inputs.

Assets and other liabilities that are valued at fair value in accordance with IFRS satisfy the overriding valuation principles for Solvency II. Furthermore, where the carrying amount of assets and other liabilities in the financial statements approximates their fair value, the valuation basis is deemed to be in line with the overriding valuation principles. When IFRS principles are not consistent with the overriding Solvency II valuation principles above, the valuation of assets and liabilities is adjusted to ensure the Solvency II principles are adhered to. Material types of assets and liabilities that are not valued using market prices are outlined in the sections below.

The value of the technical provisions is calculated in line with the Solvency II rules as the sum of the best estimate liability and risk margin.

Consolidation approach

The Group follows the default consolidation method when preparing the Solvency II balance sheet which is referred to as the "accounting consolidation-based method" or "Method 1". Accordingly, Quilter plc, its insurance subsidiaries (OMWLA, OMWLP, OMII and OMIIoM) and certain insurance holding companies and ancillary service companies form a consolidated insurance group that is consolidated on a line-by-line basis when preparing the Group Solvency II balance sheet.

Non-insurance entities ("other financial sector undertakings" and "other non-financial undertakings") are included as participations within the Group Solvency II balance sheet and therefore not consolidated on a line-by-line basis. Non-insurance entities comprise the Group's asset management and advisory businesses.

The balance sheet, own funds and solvency capital requirements (covered in Section E) for insurance companies are each determined on a Solvency II basis. Other financial sector undertakings are included under Method 1 as participations on the Solvency II balance sheet on a sectoral rules basis, i.e. their value is determined in accordance with CRD IV. The sectoral rules are also used to determine the contribution of those entities to Group own funds and the Group solvency capital requirement.

Type of undertaking	Quilter entities	Solvency II balance sheet	IFRS balance sheet
Consolidated insurance group	Quilter plc's insurance undertakings: OMWLA, OMWLP, OMII and OMIIoM.	Full line-by-line consolidation. Solvency II valuation basis. Investment funds included based on Quilter's ownership percentage.	Full line-by-line consolidation. Investment funds meeting IFRS 10 criteria for 'consolidation of funds' are fully consolidated – for further information see note 4(a) of the Quilter plc 2018 Annual Report.
	Quilter plc - a mixed financial holding company. Quilter's insurance holding companies. Service companies ancillary to Quilter's insurance businesses.	Full line-by-line consolidation. Solvency II valuation basis.	Full line-by-line consolidation. IFRS valuation basis.
Other financial sector undertakings	Companies in the asset management and advisory businesses.	Valued using relevant sectoral rules. Included in participations taking into account the Group's ownership percentage.	Full line-by-line consolidation.IFRS valuation basis.
Other non-financial undertakings	Other entities such as service companies that are not ancillary to Quilter's insurance business.	Valued based on the adjusted equity method. Included in participations taking into account the Group's ownership percentage.	Full line-by-line consolidation. IFRS valuation basis.

The table below sets out a comparison of the values of assets and liabilities under Solvency II and IFRS. There are significant differences for the reasons already explained above. Further details on the sources of the differences are provided in Section D.1 (Assets), D.2 (Technical provisions) and D.3 (Other liabilities).

Summary balance sheet £m	Ref.	2018 IFRS value	Consolidation of investment funds	Solvency II adjustments	2018 Solvency II value
Assets					
Goodwill and other intangible assets	D.1.1	550	-	(550)	-
Deferred acquisition costs and contract costs	D.1.2	562	-	(562)	-
Property, plant and equipment held for own use	D.1.3	17	-	(10)	7
Investments (other than assets held for index linked and unit linked contracts)[1]	D.1.4	10,099	(9,912)	1,199	1,386
Holdings in related undertakings, including participations	D.1.5	2	-	389	391
Assets held for index-linked and unit-linked contracts	D.1.6	49,168	5,287	-	54,455
Loans and mortgages	D.1.7	222	-	(27)	195
Reinsurance recoverables	D.1.8	2,162	-	(130)	2,032
Other receivables[2] and deferred tax assets	D.1.9	614	(166)	(194)	254
Cash and cash equivalents	D.1.10	2,394	(484)	(1,702)	208
Total assets		**65,790**	**(5,275)**	**(1,587)**	**58,928**
Liabilities					
Technical provisions	D.2.4	57,052	-	(1,100)	55,952
Deferred tax liabilities	D.3.1	59	-	(14)	45
Other liabilities[3]	D.3.2	1,135	(159)	(390)	586
Subordinated liabilities	D.3.3	197	-	4	201
Any other liabilities, not shown elsewhere	D.3.4	5,342	(5,116)	(226)	-
Total liabilities		**63,785**	**(5,275)**	**(1,726)**	**56,784**
Excess of assets over liabilities		**2,005**	**-**	**139**	**2,144**

[1] Excludes Holdings in related undertakings, including participations which are shown separately in the line below.

[2] Solvency II value for Other receivables includes the following lines from the Solvency II balance sheet in Appendix F.3: insurance and intermediaries receivables; reinsurances receivables and receivables (trade not insurance).

[3] Solvency II value for Other liabilities includes the following lines from the Solvency II balance sheet in Appendix F.3: provisions other than technical provisions; derivatives; insurance and intermediaries payables; reinsurance payables and payables (trade not reinsurance).

D.1 Assets

We have outlined below key valuation and classification differences between the Solvency II and IFRS balance sheets by material classes of assets, with particular attention to the consolidated insurance group. As stated above, there are significant presentational differences between the Group's IFRS and Solvency II balance sheets.

The Group has considered the nature, function, risk and materiality of assets when aggregating assets into material classes in order to describe the valuation bases that have been applied to each class.

D.1.1 Goodwill and other intangible assets

Under Solvency II, goodwill is valued at nil. The Group has no intangible assets for which a fair value can be determined from an alternative market and therefore no intangible assets are recognised in the Solvency II balance sheet.

D.1.2 Deferred acquisition costs and contract costs

Under Solvency II, deferred acquisition costs and contract costs are valued at nil. Future cash flows associated with insurance contracts are considered in the calculation of Solvency II technical provisions.

D.1.3 Property, plant and equipment held for own use

Property, plant and equipment are carried at amortised cost basis under IFRS which is deemed to be a reasonable approximation of fair value. The majority of these assets are held by other financial sector entities and included within participations under Solvency II. £7 million of the IFRS balance relates to the consolidated insurance group.

D.1.4 Investments (other than assets held for index-linked and unit-linked funds)

The majority of Investments comprise Government bonds (£170 million) and investments in Collective Investment Undertakings (£1,163 million). Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

The main difference between the IFRS and the Solvency II value of Investments (£9,912 million shown within the 'Consolidation of investment funds' column in the table above) results from the different consolidation approach with respect to investment funds which the Group controls. While under IFRS, these investment funds are fully consolidated on a line-by-line basis, under Solvency II only the relevant percentage held by the Group is included in the Solvency II balance sheet.

Further differences between IFRS and Solvency II result from difference in the definition of line items. Under Solvency II, the money market fund investments (£1,152 million) are deemed not to be accessible within 24 hours and therefore are included in the "Investment funds" line, whereas on the IFRS balance sheet these investments are classified as "Cash and cash equivalents".

Accrued income on investments and securities is reclassified from "receivables" under IFRS to "investments" under Solvency II, resulting in relatively minor presentational difference between the IFRS and Solvency II bases.

D.1.5 Holdings in related undertakings, including participations

Both in the Solvency II balance sheet and under IFRS, this heading comprises holdings in related undertakings which are not fully consolidated. In the IFRS financial statements, the Group consolidates all entities it controls on a line-by-line basis. Related undertakings totalling £2 million which do not meet the IFRS 10 criteria are included here.

Under Solvency II, due to the different consolidation approach described above, subsidiary undertakings outside the insurance consolidation group are not fully consolidated and therefore account for a larger proportion of the Group. These undertakings are shown on a separate line as 'Holdings in related undertakings' of £391 million and comprise other financial sector undertakings and other non-financial undertakings.

Other financial sector undertakings of £371 million represent Group entities that are Financial and credit institutions, Alternative investment fund managers and Non-regulated undertakings carrying out financial activities. These holdings are valued on the basis of the Group's proportional share of the undertakings' own funds calculated in accordance with the relevant sectoral rules, which for investment firms generally means CRD IV.

Other non-financial undertakings of £20 million are measured at fair value. In cases where a market price (using listed quoted prices from a recognised stock exchange) is not obtainable, the adjusted equity value is used. The adjusted equity value is calculated by multiplying Quilter's ownership percentage by the entity's net assets on a Solvency II basis.

D.1.6 Assets held for index-linked and unit-linked contracts

IFRS does not separately classify assets held to cover linked liabilities. In the Group financial statements, these assets are classified in the balance sheet under the relevant asset line (such as equities or bonds). Under Solvency II, £54.4 billion of these assets, representing linked policyholder investments held by the consolidated insurance group, are reclassified and reported in one line in the balance sheet as "Assets held for index-linked and unit-linked contracts".

Under Solvency II, assets held to cover linked liabilities are valued on the same basis as for IFRS. Valuation is largely on the basis of quoted market prices. Certain assets (£1.3 billion) are valued using alternative valuation methods. Refer to section D.4 for further details.

D.1.7 Loans and mortgages

The majority of the loans on the Solvency II balance sheet are policyholder loans. These are held at cost/amount borrowed as an approximation of fair value. The IFRS balance of £222 million was adjusted to reflect the loans and mortgages relating to the consolidated insurance group which amount to £195 million. The remainder of the balance relates to other financial sector.

D.1.8 Reinsurance recoverables

Under Solvency II, reinsurance recoverables are calculated on the same basis as gross best estimate liabilities. These are reported as assets on the balance sheet, and an adjustment is made for expected losses due to reinsurer counterparty default. For further details refer to section D.2.

D.1.9 Other receivables and deferred tax assets

Other receivables of £235 million are stated at their amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short term nature of the balances. This valuation basis applies equally to both IFRS and Solvency II. Under Solvency II, there is a subsequent minor reclassification of accrued income on investments and securities to the investments and securities category.

The majority of the £176 million Solvency II adjustment relates to removing receivables arising in the other financial sector.

Deferred tax assets in the Solvency II balance sheet amount to £19 million. Deferred tax assets are only recognised to the extent they are recoverable and are recalculated based on the difference between the Solvency II market value of assets and liabilities and the value ascribed to the same assets and liabilities for tax purposes. This revaluation adjustment resulted in a reduction of deferred tax assets of £5 million. A further adjustment of £13 million was made to remove the deferred tax asset balances relating to the entities not consolidated on a line-by-line basis.

D.1.10 Cash and cash equivalents

Cash and cash equivalents under Solvency II of £208 million are carried on an amortised cost basis under IFRS and this approximates to fair value under Solvency II. The key difference between IFRS and Solvency II reporting is that money market fund investments of £1,152 million are included in the "Investment funds" line under Solvency II, whereas under IFRS they are included in "Cash and cash equivalents".

D.2 Technical provisions

D.2.1 Technical provisions by line of business

This section mainly considers the technical provisions in the consolidated Group Solvency II balance sheet for Quilter plc (£55,952 million) which consists of the following entities included under the consolidated insurance group under Method 1:

Old Mutual Wealth Life Assurance Limited ("OMWLA")

Old Mutual Wealth Life and Pensions Limited ("OMWLP")

Old Mutual International Ireland dac ("OMI Ireland")

Old Mutual International Isle of Man Limited ("OMIIoM")

The consolidated insurance group technical provisions are divided between the following lines of business:

- ***index-linked and unit-linked insurance*** *– representing approximately 99% of the total technical provisions. This mainly includes unit-linked individual pensions, investment bonds and institutional investments products;*
- ***other life insurance*** *– including mainly the non-linked protection products, where the main risk driver is mortality; and*
- ***health insurance (similar to life insurance)*** *– including both unit-linked protection products and non-linked protection products, where the main risk driver is disability/morbidity risk.*

The value of the technical provisions corresponds to the amount that would have to be paid to transfer the insurance obligations immediately to another insurance undertaking. This value is calculated in line with Solvency II requirements as the sum of the technical provisions calculated as a whole, best estimate liabilities and risk margin.

£ million	31 December 2018				31 December 2017 UNAUDITED	
Line of business	Technical Provisions calculated as a whole	Best estimate liability	Risk margin	Total technical provisions	Total technical provisions	Change in technical provisions
Index-linked and unit-linked insurance	56,441	(1,378)	282	55,345	57,827	(2,482)
Other life insurance	-	581	17	597	500	97
Health insurance	7	(0)	3	10	15	(4)
Total Group technical provisions	**56,449**	**(798)**	**301**	**55,952**	**58,342**	**(2,389)**

The Group's Solvency II technical provisions have fallen over 2018 mainly because of the equity market fall over the period. The Solvency II technical provisions have three components:

- *technical Provisions calculated as a whole of £56,449 million. This represents the value of units credited to policyholders as at 31 December 2018. If the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender;*
- *best estimate liabilities of £(798) million; and*
- *risk margin of £301 million.*

The best estimate liabilities of £(798) million have the following components:

- ***index-linked and unit-linked business:*** *This includes all unit-linked investment business and unit-linked protection business with a death benefit. The best estimate liabilities of £(1,378) million represents the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses and future claims in excess of unit reserves, before allowing for the effect of reinsurance;*
- ***other life insurance:*** *This includes all non-linked business that pays a benefit mainly on death. The best estimate liabilities of £581 million are the value of liabilities to policyholders at 31 December 2018, before allowing for reinsurance; and*
- ***health insurance:*** *This includes all unit-linked and non-linked business that pays a benefit on critical illness or sickness but not on death. The best estimate liabilities of £(0.2) million represents the value of future non-unit liabilities from both the unit-linked and non-linked health business.*

D.2.2 Bases, methods and main assumptions used for technical provisions valuation

The assumptions and methodology for the Group's best estimate liabilities and risk margin are set out in the following sections.

D.2.2.1 Methodology applied in deriving the best estimate liabilities

The best estimate liability is calculated for all policies in-force at the valuation date. It is calculated as the prospective value of future expected cash flow on a policy-by-policy basis allowing for surrender or transfer payments, death claims, income withdrawals, maintenance expenses, fund based fees, mortality charge/protection premiums and other policy charges. The underlying assumptions are based on the best estimate of the future, which is largely based on recent business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the risk discount rates are set using the prescribed Solvency II term-dependent risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax, other than future policyholder tax. The value of shareholder tax is calculated separately but consistently with the cash flow gross of taxes and is included within the deferred tax liability line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. Unit-linked regular premium products have been modelled using short contract boundaries, i.e. by not recognising future premiums, where no material protection benefit exists and/or there are no loyalty bonus mechanisms at maturity.

For reinsurance recoverables, the same contract boundary conditions apply.

D.2.2.2 Methodology applied in deriving the risk margin

The risk margin is determined as the present value of the cost of the non-hedgeable solvency capital requirement (at 6% per annum) needed for the full run-off of the in-force liabilities, discounted using the prescribed Solvency II term dependent risk free interest rates.

All standalone non-hedgeable SCRs are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for each future projection period.

D.2.2.3 Key assumptions in deriving the best estimate liabilities

This section covers key assumptions used to derive the best estimate liabilities.

D.2.2.3.1 Relevant term-dependent risk-free rate applied in deriving the technical provisions

Quilter plc used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provisions. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

For the unit-linked business, which represents approximately 99% of total technical provisions, the best estimate liabilities are not particularly sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates and the risk discount rates have a broadly offsetting effect.

For the other life insurance business (mainly the OMWLA non-linked protection business), which includes whole of life contracts and is therefore long-term in nature, the best estimate liabilities are sensitive to the changes in risk-free rates, e.g. a downward movement of the risk-free yield curve will cause the best estimate liabilities to increase. This risk is partly mitigated through matching the backing assets (UK Government bonds) to the net of reinsurance liabilities in present values and durations on an IFRS basis.

D.2.2.3.2 Lapses

The persistency assumptions impact the expected outstanding duration of the business. Hence they are an important driver for the future expected profits within the technical provisions calculation.

Methodology

The lapse, surrender and income withdrawal assumptions are set with reference to recent experience, allowing for any emerging trends. Lapse assumptions vary by product type and policy duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2018

The persistency experience has improved for all entities over 2018. This has resulted in reduction in the surrender assumptions for most of products within Quilter. A decision was made at the end of 2017 to close the unit-linked OMWLA institutional investments business (i.e. a minor product line in terms of its contribution to profit). The business now expects to have a relatively high surrender experience over 2019 and beyond for this product line.

D.2.2.3.3 Expenses

Expenses assumptions reflect the expected cost of future maintenance of the in-force business.

Methodology

Maintenance expense assumptions are modelled on a per-policy basis and based on both actual observed experience (excluding acquisition expenses and one-off expenses) and projected expenses over the business planning period. Expense assumptions are differentiated by policy type and whether a policy is regular or single premium paying or paid up.

OMWLA is largely closed to new business and the policy counts are expected to decline over time. A portion of the OMWLA maintenance expense is fixed in the short-term and it is not expected to decline to the same extent as the policy counts. This may lead to an increase in the future per-policy maintenance expense assumption in excess of the annual inflation rate.

In the longer term, OMWLA assumes that the business will complete a strategic initiative before 2020 such that the current per-policy expense assumption would continue to apply in real terms (i.e. allowing for future anticipated inflation). Over the short term, an expense overrun provision has been set up for the unit-linked business in OMWLA to cover any expense over-run before the implementation of the strategic initiative.

Key changes to assumptions for the year ending 31 December 2018

On average, the 2018 per policy maintenance expenses have increased faster than inflation rates. This arises from a combination of a general increase in operational expenses as well as a revised expense allocation from Managed Separation (i.e. the separation of the Quilter plc Group, formerly known as Old Mutual Wealth, from Old Mutual plc Group) resulting in an overall increase in allocation to maintenance expense category. The maintenance expense assumptions have subsequently been strengthened.

As the Platform Transformation Programme (PTP) is scheduled to be implemented towards the end of 2019 for OMWLP, we have incorporated the new expense basis to reflect the future outsourcing arrangement with FNZ from this point onwards. Under the new outsourcing model, a component of the maintenance expenses will be the fees contractually payable to FNZ. In deriving the new expense basis, OMWLP has also allowed for the full amount of outstanding PTP development expenditures in its Solvency II technical provisions.

D.2.2.3.4 Expense inflation assumption

The maintenance expense assumption is projected to increase in line with anticipated inflation rates.

Methodology

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves, i.e. the difference between the fixed gilt yields and index-linked gilt yields. The expense inflation assumption is set to have a pre-determined margin above the projected RPI rates. This reflects that the main cost base is made up of salaries, which generally inflate at a slightly higher rate than the RPI rates.

Key changes to assumptions for the year ending 31 December 2018

No methodology changes have been made to the expense inflation assumption.

D.2.2.3.5 Mortality and morbidity assumptions

Mortality and morbidity assumptions are material for the unit-linked and non-linked protection business within OMWLA, but not material for unit-linked investment business in the rest of the Group after taking into account the low level of the additional sum assured and reinsurance arrangements in place.

Methodology

Assumptions for mortality and morbidity are derived from a combination of the most recent own experience investigations and adjusted industry data in the form of mortality tables, with expected trends in future demographic and medical advances taken into account (e.g. expected improvements in mortality for protection policyholders).

Adjusted industry data is used as a suitable proxy for setting mortality assumptions where there is no credible internal data for that line of business.

Key changes to assumptions for the year ending 31 December 2018

Mortality and morbidity assumptions have slightly strengthened for the unit-linked and non-linked protection business within OMWLA. New mortality and critical illness tables are used for the non-linked business following an experience review. For the linked-protection business, the new mortality tables were introduced at year-end 2017.

D.2.3 Uncertainty associated with the value of technical provisions

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well-understood and incorporated in capital and risk management of the business.

For unit-linked business, technical provisions calculated as a whole represent the value of units credited to policyholders. If the liabilities are subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender. Therefore there is little uncertainty in absolute terms for the value assigned as it does not require application of assumptions or judgment.

The best estimate liabilities component of the technical provisions represents the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven from:

- *economic uncertainty on future income from unit funds, e.g. a future market rise will increase the future asset-based revenues such as product charges which will increase the value of future profits and reduce the best estimate liabilities; assumptions and methodology used to model future cash flows (as set out in section D.2.2.3), e.g. a higher than expected future surrender experience will result in lower future asset-based revenues and lower future profits. This will cause the best estimate liabilities to increase; and*
- *other simplifications and judgements based on proportionality principle could affect the size of the best estimate liabilities, e.g. the incurred but not reported (IBNR) claim reserve for the non-linked protection business is calculated based on the average of the historic time taken from the occurrence of events to the reporting of events.*

The best estimate liabilities component of the technical provisions and its inherited risk profile also have a second order effect on the size of the risk margin.

For the non-linked protection business, the whole of life protection policies in OMWLA are sensitive to long term lapse rates. A lower long-term lapse rate will ultimately result in more policyholders claiming for the benefits than initially assumed. This will increase the technical provisions for the whole of life protection policies. The whole of life protection policies are also sensitive to the mortality assumptions on a gross of reinsurance basis. However, given the material level of reinsurance undertaken for this business, on a net of reinsurance basis this is not the situation.

D.2.4 Differences between Solvency II and IFRS bases, methods and assumptions

The tables below provide a breakdown of the technical provisions between the Solvency II and IFRS bases.

Technical provisions at 31 December 2018 (£ million)	Index linked and unit linked	Other life insurance	Health insurance	Total
Gross IFRS insurance contract liabilities	56,460	579	13	57,052
Adjustment for Solvency II	(1,397)	2	(5)	(1,400)
Gross Solvency II liabilities to policyholders	55,063	581	7	55,651
Add risk margin	282	17	3	301
Solvency II technical provisions	55,345	597	10	55,952

Quilter plc prepares its statutory accounts on an IFRS basis. The differences in the value of technical provisions when moving from an IFRS basis to Solvency II basis are as follows:

Index-linked and unit-linked business:

The IFRS value of unit-linked technical provisions is £56,460 million which is based on the value of unit reserves.

Adjustment for Solvency II – The adjustment for Solvency II reduces the technical provisions for unit-linked business by £1,397 million. This adjustment includes an allowance for future profits under Solvency II, compared to the IFRS basis. This represents the recognition of future profits net of expenses calculated on a set of best estimate assumptions gross of reinsurance.

Addition of risk margin – The addition of the risk margin under Solvency II basis increases the technical provisions by £282 million, compared to the IFRS basis. There is no risk margin on an IFRS basis.

Other life assurance:

The IFRS value of other life technical provisions is £579 million.

- ***Adjustment for Solvency II*** *– the adjustment for Solvency II increases the technical provisions for other life insurance business by £2 million. Whilst the mortality, morbidity, lapse and expense assumptions are demonstrably more prudent for IFRS than for Solvency II, there is a difference in the way that interest rates are applied which leads to a positive adjustment. IFRS uses a flat rate of return based on the expected returns on the matching portfolio of UK gilts that are held, whereas under Solvency II, the Group is required to use discount rates prescribed by EIOPA.*
- ***Addition of risk margin*** *– the addition of the risk margin under Solvency II basis increases the technical provisions by £17 million. There is no risk margin on an IFRS basis.*

Health insurance - similar to life insurance:

The IFRS value of health technical provisions is £13 million.

- ***Adjustment for Solvency II*** *– the adjustment for Solvency II reduces the technical provisions for health business by £5 million. The reason is as for index-linked and unit-linked business described above.*
- ***Addition of risk margin*** *– the addition of the risk margin under Solvency II basis increases the technical provisions by £3 million. There is no risk margin on an IFRS basis.*

D.2.5 Use of transitionals deduction, matching adjustment, volatility adjustment and transitional on interest rate

Neither the Group nor any of its insurance subsidiaries make use of the transitionals deduction, the matching adjustment, the volatility adjustment or transitional arrangements on interest rate.

D.2.6 Reinsurance recoverables

Reinsurance recoverables are calculated on the same basis and the same contract boundary conditions as the best estimate liabilities (gross of reinsurance) described above. Reinsurance recoverables are reported as an asset on the balance sheet. Reinsurance recoverables are adjusted for expected losses due to reinsurer counterparty default. The traditional reinsurance treaties cover the transfer of mortality risk and morbidity risk on the protection business.

For the Institutional Investments business, reinsurance treaties are used to provide the trustee-clients access to funds owned by the external insurers. The reinsurance recoverables for these treaties are determined as the unit reserves represented by the funds at 31 December 2018. Counterparty risk on these funds is borne by institutional customers and therefore there is no counterparty default risk capital held against this balance.

D.3 Other liabilities

The Group has considered the nature, function, risk and materiality of other liabilities when aggregating other liabilities into material classes in order to describe the valuation bases that have been applied to each class.

D.3.1 Deferred tax liabilities

The deferred tax liability in the Solvency II balance sheet represents the tax payable in future period in respect of taxable temporary differences on a Solvency II basis. Material differences between the IFRS and Solvency II values include:

- *removal of the deferred tax liability on IFRS intangible assets, deferred acquisition costs, contract costs and contract liabilities; and*
- *recognition of a deferred tax liability on future profits on the Solvency II basis which is not included in the IFRS basis (net of risk margin).*

D.3.2 Other liabilities

Differences between IFRS and Solvency II relate mostly to the consolidation approach under which only balances relating to the consolidated insurance group are recognised on this line, with other non-insurance balances included in participations within the Solvency II balance sheet.

Balances within Provisions other than technical provisions on an IFRS basis are included within technical provisions on a Solvency II basis (please refer to D.2).

There are no material differences between the bases, methods and main assumptions used for valuation for Solvency II and those used for IFRS.

D.3.3 Subordinated liabilities

Subordinated liabilities of £201 million comprise the debt security listed on the London Stock Exchange described in section E.1.

Under Solvency II, subordinated liabilities are measured at market value, after removing any increase or decrease in the value as a result of changes in own credit standing after initial recognition. Under IFRS subordinated liabilities are measured at amortised cost, with the bond set-up costs being amortised over the term of the debt.

D.3.4 Any other liabilities, not elsewhere shown

Under IFRS, this line item includes third-party interest in consolidated funds of £5,116 million and contract liabilities of £226 million, neither of which are recognised on the Solvency II balance sheet.

Funds which the Group controls are fully consolidated on a line-by-line basis when preparing the Group's IFRS balance sheet, with third-party holdings in funds recognised as liabilities. Under Solvency II, only the relevant percentage held by the Group is included in the Solvency II balance sheet, as Investments or within Assets held for unit-linked funds. The overall impact on the net assets is neutral when comparing the IFRS and Solvency II bases.

Contract liabilities relate to non-refundable front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, and is deferred through the creation of a deferred revenue liability (known as a contract liability since the implementation of IFRS 15 in 2018) on the IFRS balance sheet and released to income as the services are provided. Under Solvency II, all future cash flows on insurance contracts are considered as part of the calculation of technical provisions and hence contract liabilities are not recognised on the Solvency II balance sheet.

D.3.5 Contingent liabilities

Under Solvency II, material contingent liabilities are recognised as liabilities in the Solvency II balance sheet and are valued on a probability-weighted basis.

Please refer to page 169 of the Quilter plc 2018 Annual Report for more information on contingent liabilities. No contingent liabilities are recognised on the Group Solvency II balance sheet as at 31 December 2018.

D.3.6 Leases

There are no material finance leases (as lessee or lessor) within the consolidated insurance group assets and liabilities on the Solvency II balance sheet. Information about the Group's operating lease arrangements can be found in section A.4.3. Lease agreements mainly relate to office space and motor vehicles.

D.4 Alternative methods for valuation

In valuing financial assets and liabilities, the Group follows the fair value hierarchy referred to above. By default, assets and liabilities are therefore valued based on a quoted market price from an active market for the same asset or liability if such a price is available. Where this is not possible, we use quoted market prices in active markets for similar assets and liabilities with adjustments to reflect the differences.

For certain assets held to cover linked liabilities, alternative valuation methods, which utilise market inputs, are used. The total value of these assets of £1.3 billion represents around 2% of the assets on the Group Solvency II balance sheet.

Approach to alternative valuation methods

As noted on page 146 of the Quilter plc 2018 Annual Report, alternative fair valuation techniques ("valuation techniques using significant unobservable inputs") are used for unlisted equities and securities with significant unobservable inputs, and securities where the market is not considered sufficiently active, including certain inactive pooled investments.

Further details on the judgement as to whether a market is deemed to be active and on the valuation techniques applied to the different categories of financial instruments can be found in note 22 of the Quilter plc 2018 Annual Report: Fair value methodology, on pages 145 to 150.

All businesses have processes in place to perform reviews of the appropriateness of the valuation of assets with alternative valuation techniques.

Alternative valuation methods used for the consolidated insurance group

For the consolidated insurance group, alternative valuation methods are used for certain assets classified as assets held to cover unit-linked liabilities under Solvency II, including:

- *private equity investments - the valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. Private equity investments are valued at the value disclosed in the latest available set of audited financial statements or if more recent information is available from investment managers or professional valuation experts at the value of the underlying assets of the private equity investment;*
- *assets - which are valued using market prices but where the age of the unit price is beyond its normal pricing frequency; and*
- *fund holdings - where active trading is suspended - the valuation is based on the last published price (most suspended funds are still being regularly priced).*

Valuation uncertainty when using alternative methods

Valuation uncertainty is determined by the extent to which unobservable inputs affect the overall valuation of the asset or liability concerned. To address valuation uncertainty, sensitivities to favourable and unfavourable movements in unobservable input parameters are assessed and presented in the Quilter plc 2018 Annual Report (note 22(f), page 149).

The majority of the assets which are valued using valuation techniques where one or more significant inputs are unobservable are held within linked policyholder funds. Changes in the value of assets held within linked policyholder funds are exactly matched by corresponding changes in the value of liabilities due to policyholders and therefore have no impact on the Group's net asset value or profit or loss, except to the extent that it has an impact on management fees earned.

D.5 Any other information

There is no additional information to disclose for Section D.

Section E

Capital management

E. Capital management

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The Group operates a robust capital management framework to ensure the Group is able to provide a sufficient level of protection for the customer, and meet applicable regulatory requirements (in particular the Solvency II Directive and CRD IV and shareholder expectations. This framework covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing and capital monitoring and performance. Ultimate responsibility for the governance of solvency, capital and dividend decisions rests with the Quilter plc Board.

As a part of Managed Separation from Old Mutual plc, a Day 1 balance sheet workstream was set up to establish an appropriate group risk appetite for Quilter as a standalone group and to ensure the Group's balance sheet (in terms of capital, liquidity and leverage) was strong enough to support this risk appetite. The Day 1 balance sheet workstream also developed the dividend policy for the Group to use once listed on the London and Johannesburg Stock Exchanges.

A long-term solvency target was established for the Group, sufficient to withstand a range of extreme scenarios (such as an extreme economic downturn) while continuing to provide funding for key strategic initiatives (such as the Platform Transformation Programme) and providing capital support to keep all the regulated entities above their regulatory capital requirements. Under this extreme scenario, the Group maintains a solvency ratio above the Group risk appetite limit throughout a three-year business planning period after allowing for any management actions.

Each regulated entity has sufficient capital and liquidity resources to meet the solo regulatory capital requirements for the entity together with a capital buffer to protect against unexpected adverse events defined within the solo risk appetites. The Group has a balance sheet that is able to provide capital support to the solo entities in excess of their individual solo risk appetites. The Group-wide capital management policy ensures that surplus capital (above solo entities' internal targets) is remitted to the parent holding company which enables capital to be deployed and managed more efficiently across the Group.

Estimates of the Group and solo Solvency II ratios, projections and sensitivities are produced regularly in order to understand the impact of significant internal and external events on the solvency position and to ensure that the Group Solvency II position remains within the Group risk appetite.

Any surplus capital above the solo target capital requirement is paid as a dividend from the regulated entities to their parent companies, subject to the availability of distributable reserves, maintaining a sufficient level of liquidity and the medium-term capital requirements of the business. When assessing the medium-term capital requirements of the business, the capital and liquidity position of the Group and the individual entities are projected over a three-year period, taking into consideration future projected profits, restrictions on the movement of capital and cash, and known or anticipated changes in the capital and liquidity requirements of the business.

The actual capital and liquidity positions for the Group and the solo regulated entities are monitored monthly through the Capital Management Forum ("CMF"). On a quarterly basis, the actual solvency and liquidity positions are reported against their risk appetite to the solo Boards and the Board Risk Committees.

The CMF, acting under the delegated authority of the Chief Financial Officer, is responsible for reviewing and monitoring the adequacy of capital and liquidity within the Group and the businesses and meets on a monthly basis. Examples of areas that would typically be considered by the CMF include reviewing capital/liquidity stress testing, reviewing capital targets, monitoring credit risk exposures and reviewing capital plans. The CMF is an executive level group of senior management representatives from each of the regulated entities and the Group Finance function. The CMF will discuss, agree and make recommendations and provide management information to the Quilter Chief Financial Officer, and Chief Executive Officer in performing their responsibilities including the effective discharge of the relevant control functions and Senior Managers and Certification Regime requirements. The CMF is not a formal Board committee.

The Group will maintain a disciplined approach to capital and liquidity, in order to balance its current and anticipated liquidity, regulatory capital and investment needs, with a view to returning excess capital to shareholders as appropriate. As part of its disciplined approach to capital and liquidity, the Group has a prudent capital management and liquidity policy.

On 28 February 2018, the Group fully drew down on a £300 million senior unsecured term loan with a number of relationship banks. This term loan was fully repaid on 29 June 2018 from the proceeds of the sale of the Single Strategy asset management business.

Also on 28 February 2018, the Group issued a £200 million subordinated debt security in the form of a 10-year Tier 2 bond with a one-time issuer call option after five years to J.P. Morgan Securities plc, paying a semi-annual coupon of 4.478% per annum (the "Tier 2 Bond"). The bond was remarketed and sold to the secondary market in full on 13 April 2018. It is now listed and regulated under the terms of the London Stock Exchange. In addition, the Group entered into a £125 million revolving credit facility which remains undrawn and is being held for contingent funding purposes.

The subordinated debt security and the revolving credit facility are in place to ensure that the Group has sufficient capital and liquidity to maintain strong capital ratios and free cash balances to withstand severe but plausible stress scenarios. The full amount of the subordinated debt security remains outstanding as at 31 December 2018, representing a leverage ratio of 12% (defined as the ratio of debt to debt plus the consolidated IFRS equity after deducting the intangible assets) before the payment of the proposed final dividend.

E.1.2 Group own funds position at 31 December 2018

As at 31 December 2018, Group Solvency II own funds total £2,237 million (2017: £1,849 million) corresponding to a Group Solvency II ratio of 190% (2017: 154%). These eligible own funds have increased mainly as a result of the issuance of the £200 million subordinated liabilities which counts as Tier 2 eligible own funds (an increase of 16% in solvency ratio). The own funds was further strengthened through the sale of Single Strategy asset management business as the sale proceeds received exceeded its carrying value on the Solvency II balance sheet (an increase of 41% in solvency ratio) before allowing for the impact of the £221 million special interim dividend payment to shareholders (a reduction of 18% in solvency ratio). Note that the Group Solvency II position is presented after deducting the proposed final dividend payment to shareholders announced in March 2019 of £61 million (a reduction of 5% in solvency ratio).

E.1.3 Composition and classification of own funds

The Group applies Method 1 (accounting consolidation-based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The own funds items are classified by the regulations and split into tiers depending on factors such as quality, liquidity and timeline to availability when liabilities arise. The Group's Tier 1 own funds includes share capital, share premiums and reconciliation reserves. The Tier 2 own funds includes subordinated liabilities.

The table below shows the composition of own funds by tier as at 31 December 2018.

£ million	2018				2017[1] UNAUDITED
	Total	Tier 1	Tier 2	Tier 3	Total
Ordinary share capital	133	133	-	-	130
Share premium reserve	58	58	-	-	-
Subordinated liabilities	201	-	201	-	566
Reconciliation reserve	1,845	1,845	-	-	1,153
Total eligible own funds to meet the Group SCR	**2,237**	**2,036**	**201**	**-**	**1,849**

[1] As represented within the Annual 2017 Solvency II submission of the Old Mutual plc group, the group Quilter plc previously formed part of, to the Prudential Regulation Authority ("PRA"). Own funds include a £566 million subordinated loan from the parent company. This subordinated loan was effectively converted to equity during H1 2018, following the acquisition of the entity holding the loan. At 31 December 2017, no Solvency II reporting was required at the level of Quilter plc Group and accordingly, no tiering is presented.

Total Group Solvency II own funds consist of £2,036 million of unrestricted Tier 1 capital resources and £201 million Tier 2 capital. The Tier 2 amount consists entirely of Quilter plc subordinated liabilities and does not incorporate any instruments issued by subsidiary businesses.

The Group has ordinary share capital of £133 million and a share premium reserve of £58 million. Share capital consists of 1,902,251,098 Ordinary Shares of 7p each with an aggregated nominal value of £133,157,577 (2017: 130,000,257 ordinary shares of 100p each with an aggregated nominal value of £130,000,257). Share premium represents the amount by which the proceeds Quilter plc received for the shares issued exceeded the nominal value of the shares.

Subordinated liabilities of £201 million comprise the debt security listed on the London Stock Exchange described above.

The reconciliation reserve is calculated as the excess of assets over liabilities from the Solvency II balance sheet less other basic own funds items (ordinary share capital and share premium) less any foreseeable dividend and fungibility deductions.

There are a small number of fungibility deductions totalling £48 million relating to the restriction on the availability of the OMIIoM surplus own funds, deferred tax assets ("DTA") from UK insurance service and holding companies and the participation value of a service company domiciled in South Africa.

The Group and its insurance subsidiaries have no ancillary own funds and no Tier 3 own funds.

Intra-group transactions between entities included in the consolidated insurance group are eliminated on consolidation when preparing the Group's Solvency II balance sheet. Where entities consolidated on line-by-line basis hold investments in the Group's asset management and advisory businesses, these investments are eliminated and replaced with the own funds of the asset management and advisory entities on a sectoral basis.

The Group has not placed reliance on the use of transitional measures as set out in the Solvency II Directive and has not applied for the use of the matching adjustment or the volatility adjustment mechanism.

E.1.4 Reconciliation between Group Solvency II own funds and IFRS equity

The IFRS accounting basis is used as the starting point for our Solvency II balance sheet. The table below presents the reconciliation between IFRS equity and Solvency II own funds (post-fungibility restriction).

IFRS equity compared to Group Solvency II own funds	Dec 2018	Dec 2017[1] UNAUDITED
IFRS equity	**2,005**	**1,099**
Revaluation of technical provision (net of deferred tax)	985	1,189
Removal of goodwill and intangibles	(550)	(574)
Removal of deferred acquisition costs ("DAC"), contract costs and contract liabilities	(336)	(367)
Removal of deferred tax on intangibles, DAC and contract costs/liabilities	43	37
Removal of intangibles and DAC relating to Single Strategy business	-	(86)
Investment business adjustments	(3)	3
Solvency II net assets	**2,144**	**1,301**
Inclusion of subordinated debt	201	566
Fungibility restriction	(48)	(18)
Deduction of foreseeable dividends	(61)	-
Total Group Solvency II own funds	**2,237**	**1,849**

[1] As represented within the Annual 2017 Solvency II submission of Old Mutual plc group, the group Quilter plc previously formed part of, to the Prudential Regulation Authority (PRA).

Revaluation of technical provision (net of deferred tax)

Technical provisions are valued as the best estimate of future cash flows plus a risk margin.

Removal of goodwill and intangibles

Goodwill and intangibles are assets that are recognised under IFRS, however, they are valued at nil under Solvency II. DAC, contract costs and contract liabilities are also excluded from the Solvency II balance sheet.

Investment business adjustments

The main adjustment at 31 December 2018 is the removal of a deferred tax asset relating to tax losses brought forward.

Revaluation and reclassification of subordinated debt

Under Solvency II, Quilter plc's subordinated debt qualifies as capital.

Under IFRS, the subordinated debt is valued at amortised cost, whereas under Solvency II the debt is valued at market value (removing any increase or decrease in the value as a result of changes in the Group's own credit standing after initial recognition).

Fungibility restrictions

Fungibility restrictions increased during 2018 by £30 million. The majority of this increase relates to part of the Old Mutual International Isle of Man Ltd ("OMIIoM") surplus being restricted to reflect that under the local Isle of Man solvency regime the surplus own funds amount is lower than that on the Solvency II basis. In addition, there has been an increase of £5 million during 2018 in deferred tax assets in the central service and holding companies, which are not considered available to absorb losses.

E.1.5 Available and eligible own funds

The Group's available and eligible own funds are set out in the sections below.

E.1.5.1 Available own funds

The availability of own funds relates to the ability of capital resources located in one related entity of the Group to offset losses that arise in another Group entity. In line with Article 330 of the Delegated Regulation (EU) 2015/35, the following criteria are used when considering the availability of own funds to the Group:

- *whether the own fund item is subject to legal or regulatory requirements that restrict the ability of that item to absorb all types of losses wherever they arise in the Group;*
- *whether there are legal or regulatory requirements that restrict the transferability of assets to another entity in the Group; and*
- *whether making those own funds available for covering the Group solvency capital requirement would not be possible within a maximum of nine months.*

The Group fungibility deduction of £48 million comprises:

- *a £25 million deduction for the OMIIoM surplus to reflect that on the local Isle of Man solvency regime, the surplus own funds amount is lower than that on the Solvency II basis;*
- *a £19 million deduction for the deferred tax assets (DTA) in service and holding companies as stipulated in Article 330 (Availability at group level of the eligible own funds of related undertakings) of the Solvency II Delegated Regulations (EU) 2015/35; and*
- *a £4 million participation value in Global Edge Technologies (Pty) Ltd, a subsidiary of Quilter plc domiciled in South Africa, where there are currency controls in place.*

E.1.5.2 Eligible own funds to meet SCR

To meet the Consolidated Group SCR requirements, Article 82 (Eligibility and limits applicable to Tiers 1, 2 and 3) of the Solvency II Delegated Regulation (EU) 2015/35 requires that limits are imposed upon the eligible amounts of Tier 2 and Tier 3 items, which are as follows:

- *eligible Tier 1 items shall be at least 50% of the SCR;*
- *eligible Tier 3 items shall be no more than 15% of the SCR;*
- *the sum of eligible Tier 2 and eligible Tier 3 items shall be no more than 50% of the SCR; and*
- *within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2.*

The Group only has unrestricted Tier 1 and Tier 2 own funds items at 31 December 2018. For the SCR eligibility criteria, the eligible amounts of Tier 2 items for the Group do not exceed 50% of the Group SCR. Hence there is no eligibility restriction when calculating the ratio of eligible own funds to the Consolidated Group SCR at 31 December 2018.

31 December 2018 (£ million)	Total	Tier 1	Tier 2	Tier 3
Total eligible own funds to meet the Group SCR	2,237	2,036	201	-

E.1.5.3 Eligible own funds to meet minimum solvency capital requirements

To meet minimum consolidated group solvency capital requirement ("MCGSCR") requirements, Article 82 requires that the limits are imposed upon the eligible amounts of Tier 2 items, which are as follows:

- *eligible Tier 1 items shall be at least 80% of the MCGSCR;*
- *eligible Tier 2 items shall be no more than 20% of the MCGSCR;*
- *within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items (Note that items exceeding this limit are reclassified to Tier 2); and*
- *tier 3 items are not eligible to cover the MCGSCR.*

For the MCGSCR eligibility criteria, the eligible amount of Tier 2 shall not exceed 20% of the Group's MCGSCR of £310 million. This has resulted in a £139 million restriction on Tier 2 own funds when calculating the ratio of eligible own funds to MCGSCR at 31 December 2018.

Also by definition, the total amount of eligible own funds to meet the MCGSCR is after deductions for participations in other financial undertakings, such as the non-regulated undertakings carrying out financial activities. This participation value amounts to £372 million for the Group.

31 December 2018 (£ million)	Total	Tier 1	Tier 2	Tier 3
Basic own funds before deductions	2,237	2,036	201	-
Deduction for participations in other financial undertakings	(372)	(372)	-	-
Eligibility restriction on MCGSCR	(139)	-	(139)	-
Total eligible own funds to meet the MCGSCR	1,726	1,664	62	-

E.2 Solvency capital requirements and minimal capital requirements

This section provides information on the Group's solvency capital requirement ("SCR") and minimum consolidated group solvency capital requirement ("MCGSCR") at 31 December 2018.

E.2.1 Calculation of Group SCR

The Group applies Method 1 (the accounting consolidation based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The Group SCR is calculated by applying the Standard Formula to the consolidated data of all insurance entities and certain holding companies and service companies, allowing for diversification benefits between the risk modules and between entities.

The insurance entities included in the consolidation are:

- ***Old Mutual Wealth Life Assurance Limited*** *(OMWLA);*
- ***Old Mutual Wealth Life and Pensions Limited*** *(OMWLP);*
- ***Old Mutual International Ireland dac*** *(OMI Ireland); and*
- ***Old Mutual International Isle of Man Ltd*** *(OMIIoM).*

The capital requirements for the Quilter asset management entities are included in the Group SCR based on the sectoral rules within the EU Capital Requirements Directive.

Risk modules (£ million)	31 Dec 2018	31 Dec 2017 UNAUDITED	Change
Market risk	451	627	(176)
Counterparty default risk	26	22	5
Life underwriting risk	593	634	(41)
Total before diversification	**1,071**	**1,283**	**(212)**
Diversification	(232)	(279)	47
Basic solvency capital requirement	**839**	**1,004**	**(165)**
Operational risk	52	37	14
Loss absorbing capacity of deferred taxes	(44)	(185)	141
Other financial sector entities	331	341	(10)
Group solvency capital requirement	**1,178**	**1,198**	**(20)**

The Group SCR as at 31 December 2018 is £1,178 million (2017: £1,198 million). It has decreased by £20 million over the 2018 year. The Group calculates the SCR based on the Standard Formula which prescribes the levels of stresses applied for risks.

The SCR for the market risk module has reduced mainly due to the equity market fall over 2018, which has resulted in the following impacts:

- *the lower equity market has reduced the Standard Formula equity dampener adjustment, which has lowered the equity stresses applied under the equity risk shock;*
- *the lower equity market has resulted in lower projected future asset-based revenues that are exposed to the market risks; and*
- *the above items are partially offset by a number of tax effects that have also reduced the loss absorbing capacity of deferred taxes ("LACDT") – the business has effectively utilised a part of the LACDT under the equity market stress already experienced over 2018. The reduction in LACDT partly offsets the reduction in the market risk SCR.*

Life underwriting risk SCR has reduced mostly driven by the equity market fall, which has resulted in lower projected future asset-based revenues that are exposed to lapse risk. The reduction is partly offset by a small increase in the expense risk SCR following the strengthening of the best estimate maintenance expense per policy assumptions for certain lines of businesses.

Counterparty default risk SCR and operational risk SCR are relatively low compared to other risk modules. These have increased over 2018.

The diversification benefit within the SCR calculation is determined based on the relative sizes of the risks and the correlation assumptions between them. The Standard Formula prescribes the correlation factors within the risk modules and between the risk modules. There are two levels of diversification within the Groups SCR calculation:

- *intra-risk module diversification exists within the market risk module, the life underwriting risk module and the counterparty default risk module, e.g. within the market risk module, diversification benefit exists between the equity risk and interest rate risk. The SCR for each risk module shown in the above table is already after the deduction of this diversification. It amounts to a total of £(241) million across all three modules; and*
- *inter-risk module diversification exists between the market risk module, the life underwriting risk module and the counterparty default risk module. This amounts to £(232) million and is shown explicitly in the previous table.*

The diversification benefit has reduced over 2018 in line with the reduction in the sum of the standalone risk capital before diversification effect.

E.2.2 Calculation of Minimum Consolidated Group SCR

The MCGSCR is calculated as a floor to the Group SCR for the Method 1 consolidated insurance group. This is calculated as the sum of:

- *Solvency II Minimum Capital Requirement ("MCR") for all EEA Method 1 entities (i.e. OMWLA, OMWLP and OMI Ireland), calculated using a formulaic approach (based on items such as technical provisions and premiums), which is subject to a minimum of 25% of the solo SCR and a maximum of 45% of the solo SCR; and*
- *local capital requirements, at which the authorisation would be withdrawn, for all Method 1 entities outside of the EEA (i.e. OMIIoM). For OMIIoM, the MCR is determined as 35% of the local SCR calculated on the Isle of Man regulatory solvency basis.*

As at 31 December 2018, Quilter's MCGSCR totals £310 million (£242 million at 31 December 2017), corresponding to a coverage ratio of 556% when compared to the Group own funds eligible to meet the MCGSCR. The rise in Quilter's MCGSCR over 2018 is mainly due to the change in the Isle of Man local regulatory solvency rules to a risk-based capital assessment regime.

E.2.3 Other information on the calculation of SCR

At 31 December 2018, the Group and its EEA subsidiaries are not required to hold a capital add-on in excess of the calculated SCR position. The Group and its EEA subsidiaries do not utilise any undertaking specific parameters or any simplified calculation options when calculating the SCR.

E.3 Use of duration based equity risk sub-module in the calculation of SCR

The Group and its insurance subsidiaries have not applied the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Difference between the standard formula and any internal model used

No internal or partial internal model has been used in the calculation of the SCR for the Group and its insurance subsidiaries.

E.5 Non-compliance with the MCR and SCR

The Group has maintained own funds in excess of both the SCR and the MCGSCR throughout 2018. In addition, each of the Group's insurance subsidiaries has maintained own funds in excess of the relevant MCRs and SCRs throughout 2018.

E.6 Any other information

Further details on the insurance entities in the Group can be found in the relevant appendices.

Appendix F.1

Old Mutual Wealth Life Assurance Limited

Appendix F.1 Old Mutual Wealth Life Assurance Limited ("OMWLA") solo SFCR disclosures

Solo SFCR disclosures

This appendix provides further information relating to OMWLA to supplement the information contained in the body of the Group SFCR. The appendix is structured based on the standard headings and subheadings used in the body of the Group SFCR. Subsections are omitted where there is no further information to disclose.

Contents:

- *Business and performance*
- *System of governance*
- *Risk profile*
- *Valuation for solvency purposes*
- *Capital management*

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Old Mutual Wealth Life Assurance Limited ("OMWLA")

OMWLA is a private limited company within the Quilter Group.

A.1.2 Name and contact details of the supervisory authorities

Details of the supervisory authorities for OMWLA and its ultimate holding company, Quilter plc, are detailed the Quilter SFCR.

A.1.3 Qualifying holdings in the undertaking

OMWLA's intermediate parent companies are shown in the Group structure chart in A.1.11 of the body of the Group SFCR. For details of qualifying holdings in the Group please refer to Section A.1.5 of the body of the Group SFCR.

A.1.4 Solvency II reporting currency

OMWLA reports on a Solvency II basis in pounds sterling.

A.1.5 OMWLA's position within the legal structure of the Group

The legal structure of the Group can be found in the Quilter SFCR.

The location of the immediate parent undertaking is as follows:

Old Mutual Wealth UK Holding Limited
Old Mutual House
Portland Terrace
Southampton
SO14 7EJ

A.1.6 OMWLA lines of business

OMWLA offers a range of pension, investment and protection products, a summary of which is set out in the sections below. The majority of OMWLA's business was sold in the home country (UK). The entity also historically sold critical illness business into Germany, unit-linked endowment business into Norway and unit linked endowment, protection and investment bond business into Sweden, through 'freedom to provide services'. The foreign branches are now closed.

A.1.6.1 Individual pensions

The OMWLA in-force business includes a range of unit-linked pension products covering personal pensions, executive pensions, free standing additional voluntary contribution schemes, trustee investment schemes and drawdown. Three of these products are currently open to new business with the remainder accepting increments and single premiums from existing in-force policies.

A.1.6.2 Institutional pensions

The Institutional Investment Plan (IIP) is designed for institutional pension schemes. The Institutional Investment Platform was closed to new business in 2017.

A.1.6.3 Investments and bonds

The OMWLA in-force business includes a range of single premium unit-linked bonds and regular premium unit-linked endowment products. All of these products are now closed to new business.

A.1.6.4 Unit-linked protection

The unit-linked protection category is now closed to new business. However, increments continue to be accepted on existing policies.

A.1.6.5 Non-linked protection

OMWLA has two non-linked protection products. Protect and the Critical Illness Plan.

Protect

Protect is a pure protection contract available only to UK residents. The policyholder may choose to insure against death, critical illness or the earlier of death and critical illness and is available on a single or joint life basis. This product remains open to new business.

German Critical Illness Plan (CIP)

The German Critical Illness Plan is a regular premium renewable term assurance product and it was offered only in Germany through a German branch of OMWLA. The product is closed to new business. The sum assured is payable either in the event of a critical illness or on the earlier of critical illness or death, depending on the nature of cover selected.

A.1.6.6 Overseas unit-linked business

The overseas business consists of unit-linked endowment assurance business written in Norway through a Norwegian branch. These products are closed to new business.

A.1.7 Any significant business or other events over the reporting period

A.1.7.1 Product range changes

New products

No new products were launched during 2018.

Product design changes

There were no product design changes introduced in 2018.

A.1.7.2 Company structure and changes

OMWLA forms part of the Quilter Life Assurance business unit. Quilter plc (formerly Old Mutual Wealth Management Limited up until March 2018) is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's ordinary shares are listed on the London and Johannesburg stock exchanges. The Group's businesses are being re-branded to Quilter over a period of approximately two years.

A.2 Underwriting performance

The internal measure of profit is IFRS adjusted profit (IFRS AP). IFRS AP reflects the directors' view of the underlying performance of OMWLA and is a measure of profitability which adjusts the standard IFRS profit measure to remove specific non-operating items. AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLA. These items are analysed in Section A.4.

The underwriting performance of OMWLA is included within the table below. The data in this table combined with the 'Investment Performance' table (Section A.3.1 of this appendix) comprises IFRS pre-tax AP.

£000	31 Dec 2018				31 Dec 2017			
	Health insurance: direct business	Index-linked and unit-linked life insurance	Other life insurance	Total	Health insurance: direct business	Index-linked and unit-linked life insurance	Other life insurance	Total
Premiums earned								
Gross	10,684	68,038	67,496	146,218	11,100	70,821	64,800	146,720
Reinsurers' share	(8,122)	(34,351)	(44,209)	(86,682)	(8,365)	(35,184)	(42,410)	(85,959)
Net	2,562	33,687	23,287	59,536	2,735	35,636	22,390	60,761
Claims incurred								
Gross	(8,945)	(45,680)	(31,008)	(85,633)	(8,513)	(41,485)	(25,446)	(75,444)
Reinsurers' share	7,105	26,166	26,051	59,321	7,176	25,188	21,691	54,055
Net	(1,840)	(19,514)	(4,958)	(26,312)	(1,338)	(16,297)	(3,754)	(21,389)
Movement in technical provisions								
Gross	(171)	(634)	(107,974)	(108,779)	986	288	(79,505)	(78,230)
Reinsurers' share	211	1,529	101,301	103,042	(436)	189	85,175	84,928
Net	40	895	(6,672)	(5,738)	550	477	5,671	6,698
Movement in assets backing technical provisions	-	-	(1,422)	(1,422)	-	-	(287)	(287)
Allocated expenses	(2,008)	(12,834)	(14,186)	(29,027)	(2,366)	(14,211)	(22,530)	(39,106)
Underwriting performance	(1,246)	2,234	(3,950)	(2,963)	(419)	5,605	1,490	6,676

Underwriting performance arises on OMWLA's Life, Critical illness and Protect products.

The 'Health Insurance' and 'Unit-linked Insurance' products are closed to new business and as a result premium levels are down on the prior year. Claims, both in terms of volume and value have increased during 2018. The Protect product, classified as 'Other Life Assurance' is actively open to new business and there has been growth in this product.

A number of risk reinsurance arrangements are in place to limit underwriting risk exposure to levels that are acceptable to OMWLA.

The movement in 'Other Life Insurance' technical provisions is impacted by movements in the discount rate over the course of the year. IFRS uses a flat rate of return based on the expected returns on the matching portfolio of UK Gilts held. The movement in technical provision is therefore largely offset by the gains or losses incurred on the gilt portfolio held to back these insurance liabilities. Changes to demographic assumptions in 2018 have had an adverse impact on the 'Other Life Insurance' result for the year.

A.3 Investment performance

A.3.1 Income and expenses arising from investments over the reporting period

The investment income and expenses of OMWLA are shown in the table below:

£000	31 December 2018	31 December 2017
Investment for the benefit of policyholders		
Fee income	119,116	123,036
Change in contract liabilities	10,807	12,841
Total policyholders	129,923	135,877
Investing activities		
Interest received	3,067	1,640
Gains and losses	2,388	2,781
Total shareholders	5,456	4,421
Total income	135,379	140,298
Allocated expenses	(75,090)	(82,122)
Income less expenses	**60,289**	**58,176**

Fee income

Fees charged for managing investment contracts comprise fees taken both on inception and throughout the life of the contract. All fee income is recognised as revenue in line with the provision of investment management services. Fee income is expected to reduce as the book runs off.

Change in contract liabilities

Fee income, comprising fees received at inception or receivable over an initial period of the policy are not reported in the income statement immediately. Instead they are deferred through the creation of a contract liability on the statement of financial position and released to income as services are provided over the term of the policy. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred fees are amortised on a linear basis over the expected life of the contract. The contract liability principally comprises fee income already received in cash which will be recovered from policyholder plans over their estimated lives. This is an accounting adjustment required under IFRS which ensures that income received is recognised in the income statement in line with provision of services to the policyholder. The contract liability is reducing in line with the run off of the in-force book of business to which these charges were applied.

Shareholder income

Shareholder income represents interest received on cash and cash equivalents, and gains/losses on fixed income government securities.

Allocated expenses

Administration expenses are allocated between investment products and insurance products based on appropriate allocation drivers such as number of policies in-force.

A.3.2 Gains and losses recognised directly in equity over the reporting period.

There were no gains and losses recognised directly in equity over the reporting period.

A.3.3 Investments in securitisation over the reporting period

OMWLA has no exposure to investments in securitisation.

A.4 Performance of other activities

The 2018 IFRS AP result consists of OMWLA's underwriting and investment performance as described above - there were no other activities undertaken by OMWLA. However, as discussed in section A.2, AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLA. The reconciliation between AP and IFRS profit before tax is as follows:

£000	31 December 2018	31 December 2017
Pre-tax Adjusted Profit	**57,326**	**64,935**
Platform transformation spend	-	(20,254)
Voluntary client remediation action	-	(68,600)
Investment return smoothing	-	208
Income tax attributable to policyholders	(97,387)	15,380
Policyholder tax smoothing adjustment	36,558	19,137
Pre-tax IFRS profit	**(3,503)**	**10,805**

Platform transformation spend - OMWLA was taken out of scope of the Platform Transformation Programme in 2017 therefore has borne none of the costs in the current year. This expenditure was regarded as one-off and transformational, and therefore excluded from IFRS AP results.

Voluntary client remediation - the provision for the voluntary client remediation actions raised in 2017 was excluded from AP because of the significant and historical nature of the cost, and secondly, because it did not reflect the underlying performance of OMWLA during 2017.

Policyholder tax smoothing adjustment - represents adjustments to policyholder tax to remove distortions arising from market volatility and other non-operating items that can in turn lead to volatility in policyholder tax between periods.

Income tax attributable to policyholders - is reported as a pre-tax item within adjusted profit but as a post-tax item under IFRS. The variance to prior year is primarily a result of market losses in 2018 compared with market gains in 2017.

A.5 Any other information

OMWLA continues to make good progress under the previously announced voluntary remediation programme for customers who were subject to the terms of the FCA's thematic review into the treatment of customers in closed-book products sold by the life insurance sector. Of the £68.6 million provision raised in 2017, £27.3 million has been disbursed in remediation payments and programme costs. During the year, the FCA closed their investigation and concluded that the conduct of OMWLA did not warrant enforcement action. OMWLA is confident that the existing provision will be sufficient to meet the costs of redress that have been identified through the thematic review process.

Section B. System of governance

B.1 General information on the system of governance

For the system of governance for OMWLA please see Section B of the body of the Quilter plc Group SFCR.

B.1.1 Board of Directors

Members of the OMWLA Board who served during the year ended 31 December 2018 were as follows:

Name	Role	Date of joining/leaving board
Steven Levin	Chief Executive	–
Steven Braudo	Executive Director	Resigned 5 October 2018
John Gill	Non-executive Director	Joined 10 July 2018
Scott Goodsir	Executive Director	–
George Reid	Non-executive Director	–
David Still	Executive Director	Joined 12 October 2018
Simon Wood	Executive Director	–

B.1.2 Roles and duties of the OMWLA Board

The roles and duties of the OMWLA Board are as follows:

- *the OMWLA Board will act independently in delivering the business strategy and objectives. Directors are expected to add real value to the business through their knowledge and experience of the business and have the ability to identify risks and provide robust challenge. The Quilter Board will place reliance on the assurance provided by the subsidiary board;*
- *the OMWLA Board is required to hold executives to account in respect of business performance, the identification and mitigation of key risks, regulatory responsibility and customer outcomes and to support the delivery of the business strategy within the context of the overall Quilter strategy;*
- *in the rare occasion where the interests of Quilter and its subsidiary diverge, the Quilter Board is committed to being respectful of the OMWLA Board and to working constructively with them to find appropriate solutions and to ensure that Quilter does not exert undue influence over the decision of the business subsidiary; and*
- *the OMWLA Board is also required to identify potential conflicts of interest with the parent and ensure that these are appropriately managed particularly if this is likely to impact the safety and soundness of the subsidiary. With the exception of these areas the OMWLA Board is expected to demonstrate an independent approach whilst supporting the execution of the agreed Group strategy.*

B.1.3 Key functions

In identifying the key functions within OMWLA, consideration was given to those functions whose operation, if not properly managed and overseen could, depending on the nature and complexity of the business, potentially lead to significant losses being incurred, or to a failure in the ongoing ability of the firm to meet its obligations to policyholders, together with those that are mandatory for dual regulated firms.

The mandatory key functions are Actuarial, Risk Management, Compliance and Internal Audit.

In addition, OMWLA has assessed the additional key functions that either effectively run the business or functions which are of specific importance to the sound and prudent management of the company including all Senior Management Functions ("SMF") . The key functions of OMWLA and the responsibilities of the key functions are set out in the following table, along with the regulatory control functions performed by the individuals, where relevant.

Key function	Responsibility	Role	Name	SIMR Control Function (1)	SMCR Senior Management Function (1)
Chief Executive	Has delegated authority from the Board for the day-to-day management of the whole of the business of the firm.	Chief Executive Officer (CEO)	Steven Levin	SIMF1	SMF1
Finance	For the sound and prudent management of the business by managing the financial resources and capital and liquidity positions.	Chief Financial Officer (CFO)	Simon Wood	SIMF2	SMF2
Marketing	This function includes design and production of marketing materials, branding and financial promotions within its remit.	Chief Marketing Officer	Michelle Andrews	Not applicable	Not applicable
Risk Management	A description of the risk management system is provided in Section B.3 of the body of the Group SFCR.	Chief Risk Officer (CRO)	John Wilkinson	SIMF4	SMF4
Actuarial	The responsibilities of the Actuarial Function are set out in Section B.7.1 of the body of the Group SFCR.	Group Risk and Actuarial Director	Andrew Tuddenham	SIMF20	SMF20
Compliance	The responsibilities of the Compliance Function are set out in Section B.5.2 of the body of the Group SFCR.	Chief Risk Officer (CRO)	John Wilkinson	CF10	SMF16
Operations	Overall responsibility for the day to day operations of the firm in relation to Customer Services.	Operations Director UK Platform	Lynzi Harrison (2)	Not applicable	SMF24 (2)
IT & Change	Key Function Holder for Information Technology and Change within the firm delivered by Group Technology Solutions ("GTS"). Leading the Technology and IT Change functions across Old Mutual Investment Platform, ensuring IT service provision and change delivery is fully aligned to enable and deliver the Quilter business strategy and meet business as usual service demands.	UK Platform & Heritage Chief Information Officer	Adam Warwick	Not applicable	SMF24
Human Resources	For fitness and propriety, recruitment and performance management.	Human Resources Director	Paul Hucknall	Not applicable	SMF18
Financial Crime	The identification of the key financial crime risks applicable to the firm and development of effective and proportionate controls to mitigate these risks.	Money Laundering Reporting Officer (MLRO)	Matthew Whitmarsh	CF11	SMF17
Internal Audit	The responsibilities of the Internal Audit Function are set out in Section B.6.1 of the body of the Group SFCR.	Chief Internal Auditor	Matthew Burton (3)	SIMF5	SMF5
Underwriting	For effective operation and control of underwriting risk and implementing underwriting and claims practices in line with regulatory requirements and Quilter Underwriting and Claims Standards	Managing Director, Heritage	David Still (from 7 June 2018)(9)	Not applicable	Not applicable
Chair of Governing Body	Chairing and overseeing the performance of the governing body	Chair of OMIP Board	George Reid	SIMF9	SMF9

Appendix F.1 Old Mutual Wealth Life Assurance Limited solo SFCR disclosures

Key function	Responsibility	Role	Name	SIMR Control Function (1)	SMCR Senior Management Function (1)
Chair of the Risk Committee	Chairing and overseeing the performance of the Risk Committee responsible for the oversight of the risk management system	Chair of the Governance, Audit and Risk Committee	John Gill (from 10 July 2018)	SIMF10	SMF10
Chair of the Audit Committee	Chairing and overseeing the performance of the Audit Committee responsible for the oversight of the internal audit function	Chair of the Governance, Audit and Risk Committee	George Reid (4)	SIMF11	SMF11
Executive Director	Representing the business interests of the Board of the regulated entity	Managing Director, UK Distribution Managing Director, Heritage	Scott Goodsir David Still (from 7 June 2018)	Not applicable	SMF3
Chairman	Responsibility for chairing and overseeing the performance of the Quilter plc governing body	Chair of the Quilter plc Board	Glyn Jones	SIMF7	SMF7
Group Chief Executive	Has delegated authority from the Quilter plc Board for the overall management of the businesses in the Group.	Quilter Chief Executive Officer (CEO)	Paul Feeney	SIMF7	SMF7
Group Operations	This function provides strategic direction to business operational teams to discharge their responsibilities.	Quilter Chief Operating Officer (COO)	Steven Braudo (until 4 October 2018) Vacant (5)	SIMF7	SMF7
Group Risk	A description of the risk management system is provided in Section B.3 of the body of the Group SFCR.	Quilter Chief Risk Officer (CRO)	Iain Wright (6)	SIMF7	SMF7
Group Finance	For the sound and prudent management of the Group by managing the financial resources and capital and liquidity positions.	Quilter Chief Financial Officer (CFO)	Tim Tookey (7)	SIMF7	SMF7
Group Finance	This function includes capital and liquidity management, merger and acquisition activity, Quilter corporate treasury activity.	Corporate Finance Director	Mark Satchel (8)	SIMF7	SMF7
Chair of the Remuneration Committee	Responsibility for overseeing the development of, and implementation of, the firms remuneration policies and practices	Chair of the Quilter plc Remuneration Committee	Cathy Turner	SIMF12	SMF12
Chair of the Board Corporate Governance and Nominations Committee	Chairing and overseeing the performance of the Nomination Committee of the firm	Chairman	Glyn Jones	Not applicable	SMF13

1. The Senior Insurance Managers Regime (SIMR) was replaced by the Senior Managers and Certification Regime (SMCR) on 10 December 2018.

2. Lynzi Harrison left the role on 6 February 2019 and was replaced by Simon Wood subject to regulatory approval David Still was assigned responsibility for OMWLA Operations in his role as MD Heritage from 27 February 2019 (pending regulatory approval).

3. Nicholas Sacre-Hardy from 2 1 May 2019 (pending regulatory approval).

4. John Gill from 1 February 2019

5. Position vacant until filled by Karin Cook from 2 January 2019.

6. Matthew Burton from 1 May 2019 (pending regulatory approval).

7. Mark Satchel until 13 March 2019.

8. Position ceased to exist from 13 March 2019.

9. David Still was assigned responsibility for OMWLA Operations in his role as MD Heritage from 27 February 2019 (pending regulatory approval).

B.7 Outsourcing

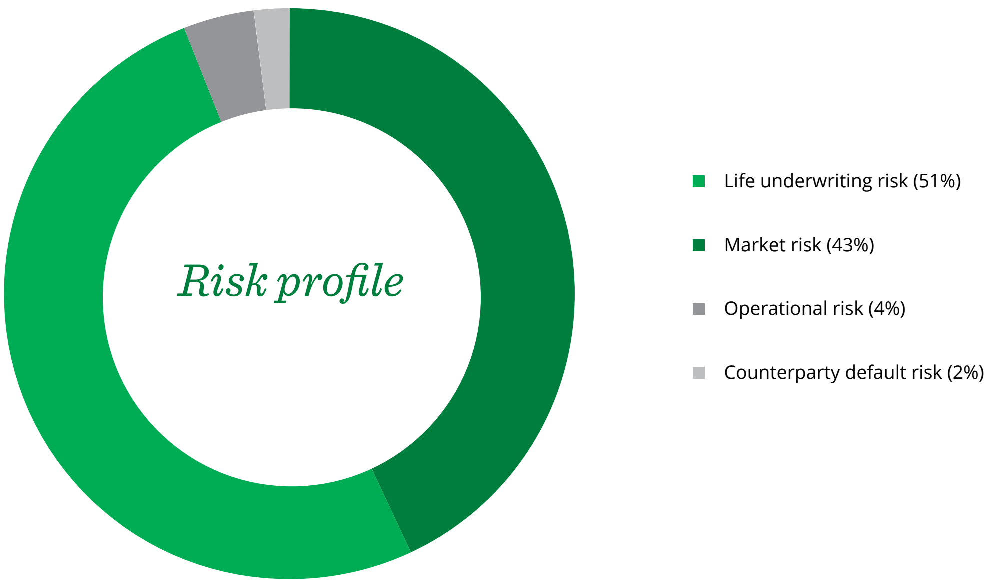
B.7.1 Critical or important outsourcing arrangements

The firm has assessed whether outsourced activities are ‘Critical’ or ‘Important’ on the basis of the activities being outsourced and dependency on these arrangements for that service. The nature of critical or important arrangements primarily includes infrastructure and application maintenance including development testing services. Material outsourced services are predominantly provided from the UK, South Africa and India. The assessment reviews whether these activities are essential to the operation of the firm and whether it would be able to deliver its services to policyholders without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust ongoing governance structure is implemented to ensure that the service continues to adhere to the principles outlined in the Third-Party Management Policy and Standards suite.

Section C. Risk profile

The pie chart below sets out the risk profile based on the SCR, determined using the Solvency II Standard Formula, with each of the key risks covered in the following sections.



Risk profile drivers

The main risk categories to which OMWLA is exposed are market risk and life underwriting risks. These represent 92% of OMWLA's risk exposure.

Market risk is a significant risk for OMWLA, since the majority of in-force business is investment business and a large part of the OMWLA's revenues are related to the asset values.

Lapse risk is the most significant component of life underwriting risk (see C.2.1). This is because the unit-linked investment business relies on persistency of policies to generate future revenues.

Further details on the specific risk drivers are provided in following sections.

Measures used to assess risks

Based on the Standard Formula, OMWLA has a SCR of £272 million at 31 December 2018.

Change in the risk profile over the period to 31 December 2018

The table below provides details of OMWLA's risk profile in terms of SCR capital. It also highlights the change in the risk profile over the valuation period.

£000	Capital Requirement Based on Diversified Risk*		Change in SCR
	31 December 2018	31 December 2017	
Market risk SCR module	166,359	290,815	(124,456)
Life underwriting risk SCR module	168,670	211,420	(42,751)
Operational risk SCR module	18,875	15,294	3,581
Counterparty default risk SCR module	10,228	6,560	3,669
Diversification (Inter-module)	(76,980)	(106,670)	29,690
Allowance for DTL (loss absorbing capacity of deferred tax) Offset	(14,857)	(106,410)	91,553
Solvency capital requirement	**272,295**	**311,008**	**(38,713)**
Diversification benefit	**21%**	**20%**	**–**

*After intra-module diversification applied

The key reasons for the decrease in SCR since 31 December 2017 were:

- *as this business is largely closed to new business, the SCR can be expected to reduce as the book runs off, resulting in lower impacts when the book is subjected to the prescribed stresses; and*
- *changes to the EIOPA symmetric adjustment which applies to equity shocks have reduced the SCR.*

OMWLA does not expect material change in its risk profile each year. The main driver to the change in the size of SCR usually relates to the movement in non-institutional AuA, which is primarily driven by the NCCF and the market performance over the year.

The SCR of £272 million at 31 December 2018 is after the adjustment for diversification and allowance for deferred taxes offset.

Before allowing for the diversification effect and deferred taxes offset, the sum of the standalone risk SCR at 31 December 2018 is £448 million. The relative contribution of each risk is determined before allowing for the impact of diversification between risks.

The allowance for DTL offset (loss absorbency of deferred tax) represents the change in the deferred tax liabilities between the Solvency II base balance sheet and the stressed balance sheet under the Solvency II 1-in-200 year scenario. This effectively means that should the 1-in-200 year loss occur, the deferred tax liabilities for OMWLA will also reduce, hence reducing the net impact of such a loss.

C.1 Market risk

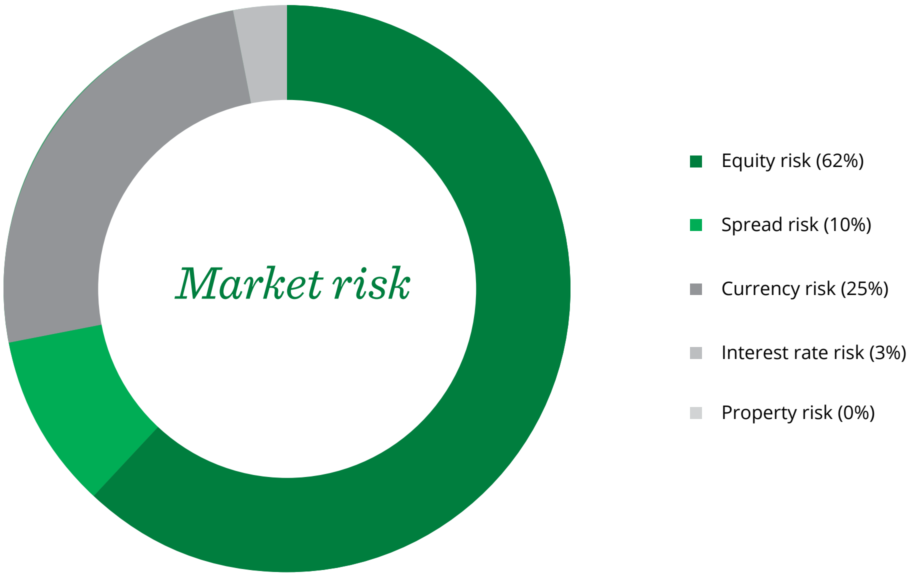
C.1.1 Market risk at 31 December 2018

OMWLA's market risk profile is derived from the Standard Formula 1-in-200 year market shocks **before allowing** for the impact of diversification.

As at 31 December 2018, the exposure for this module is £166 million after intra-module diversification of 21% (i.e. allowance for diversification between market risks).

The pie chart below sets out the drivers of the £166 million market risk:

- *most of the exposure is from equities risk. This accounts for 62% of the exposure in this module; and*
- *currency risk is the second largest exposure for within this module.*



C.1.2 Change in the market risk over the period to 31 December 2018

The table below considers the change in the market risk over the period.

£000	Market Risk Capital Requirement Based on Diversified Risk*		Change in SCR
	31 December 2018	31 December 2017	
Interest rate risk	4,530	5,246	(716)
Equity risk	102,958	193,642	(90,684)
Property risk	228	243	(14)
Spread risk	17,188	20,473	(3,284)
Currency risk	41,454	71,212	(29,757)
Market Risk SCR	**166,359**	**290,815**	**(124,456)**

*After intra-module diversification applied

Equity risk

Equity market risk is a significant risk since the majority of in-force business is investment business and a large part of OMWLA's revenues are related to asset values.

The capital requirement for equity risk reflects the potential loss of future revenue resulting from returns on equity assets falling below the levels assumed in the best estimate projection. Equity assets are all held indirectly through collective investments held to back unit-linked liabilities.

Losses of future revenue would arise from changes in the anticipated future value of fund based management fees and charges.

The impact of loss of future revenue under a 1-in-200 year equity stress for OMWLA is £103 million at 31 December 2018. This is based on a full measure equity stress of 39% plus symmetric adjustment for type 1 equities and a 49% plus symmetric adjustment for type 2 equities (i.e. not allowing for any equity transitional arrangements).

The equity risk has decreased over 2018:

- *there has been a significant reduction in AuA;*
- *the equity market fall over 2018 has generated tax credits to policyholders. This has reduced future tax credits payable if markets reduce further, contributing to a reduction in the market risk SCR; and*
- *changes to the symmetric adjustment over the year, from 1.9% to -6.8%, have also contributed to this decrease.*

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future revenue resulting from adverse movement in currency markets which reduce underlying unit linked asset values, held indirectly through collective investments held to back unit-linked liabilities.

The currency risk has decreased over 2018:

- *there has been a significant reduction in AuA;*
- *equity market fall in 2018 has reduced the AUA for foreign equities; and*
- *tax credits already given to policyholders will reduce future tax credits payable to policyholders under the SF currency shock.*

Following an investigation, it was concluded that assets within collective investments where details of the currency are not available have the same likelihood of being in an overseas currency as the other known-currency assets within those collective investments. Previously, it had been assumed that all these assets were in overseas currencies and subject to currency risk stress based on prudence. This change in approach has further reduced the value of the currency risk.

Spread risk

Similar to equity risk, the capital requirement for spread risk reflects the potential loss of future revenue resulting from adverse movements in corporate bond markets which reduce underlying unit-linked asset values, held indirectly through collective investments held to back unit-linked liabilities.

The AuA contain corporate bonds. When the spread on these bonds widen, the value of these bonds fall, decreasing the fund based future revenue. The vast majority of shareholder funds are invested in money market funds and bank deposits with a notice period; these assets are also included in the calculation of spread risk.
Spread risk has reduced because there has been a reduction in the proportion of assets that are held in these asset classes.

C.1.3 Prudent person principle and investment of assets

OMWLA complies with the Solvency II requirements relating to the Prudent Person Principle.

C.1.4 Risk mitigation

OMWLA seeks secondary market risk through asset-based fees, and mitigates it through diversity and breadth of proposition designed to cater for a wide range of economic conditions.

C.1.5 Risk concentration

The OMWLA platform has over 750 funds for clients to invest in. This provides a well-diversified investment portfolio. The market risk concentration on policyholders' assets is therefore minimal.
Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and permitted money market funds. The market risk concentration on shareholders asset is therefore minimal.

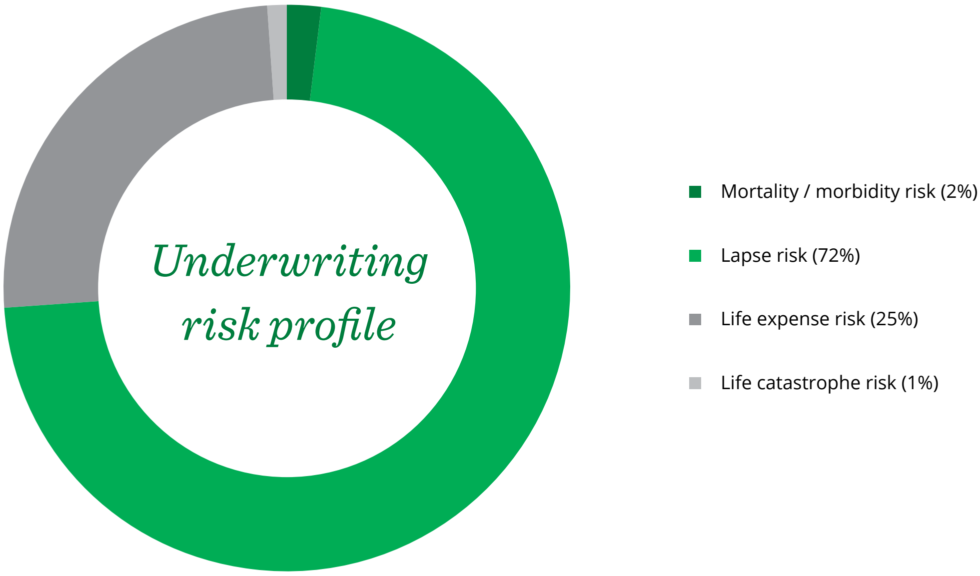
C.2 Underwriting risk

C.2.1 Underwriting risk at 31 December 2018

As at 31 December 2018, the exposure for this module is £169 million, with intra-module diversification of 19.0% (i.e. allowance for diversification between underwriting risks).

The pie chart below sets out the drivers of the £169 million underwriting risk:

Most of the exposure is from lapse risk, accounting for 72% of the exposure in this module. Life expense risk is the second largest exposure for within this module.



C.2.2 Change in the underwriting risk over the period

The table below considers the change in the underwriting risk over the period.

£000	Life underwriting risk capital requirement based on diversified risk*		Change in the SCR
	31 December 2018	31 December 2017	
Mortality risk	1,908	2,462	(554)
Longevity risk	93	96	(3)
Disability-morbidity risk	1,664	1,447	217
Lapse risk	120,696	159,272	(38,576)
Life expense risk	42,983	46,692	(3,709)
Life catastrophe risk	1,326	1,452	(126)
Life underwriting risk SCR	**168,670**	**211,420**	**(42,751)**

*After intra-module diversification applied

The life underwriting risk SCR has reduced over the year. The main change in the risk profile is as follows:

Reduction in persistency (lapse) risk due to a reduction in the value of future profits, partly due to the largely closed book of business running off and partly due to the fall in AuA following a fall in equity prices over the year.

C.2.3 Risk mitigation

OMWLA manages/mitigates each of the following risks as described below:

Lapse risk

Lapse risk is a feature of OMWLA's business and is managed through focus on customer service, conduct and reputation.

Life expense risk

Expense risk is managed through tight budget control and discipline, balanced against the need to ensure sufficient resources to achieve OMWLA's strategic aims.

Expense levels are monitored monthly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. These drivers are periodically reviewed to ensure they are in line with the services that each legal entity is receiving.

Some product structures include maintenance charges. These charges are reviewed annually in response to changes in maintenance expense levels and as a result this may result in changes to the maintenance cost allocations.

Mortality and morbidity risk

For unit linked contracts a risk charge is applied to meet the expected cost of the insured benefit. This risk charge may be altered in the event of significant changes to future claims experience expectations. OMWLA does not transact group protection business and so there are no concentrations of mortality and morbidity risk.

OMWLA manages mortality risks through its underwriting policy and external reinsurance arrangements, where its policy is to retain certain types of insurance risks within specified maximum single event loss limits. Exposures above accepted limits are transferred to reinsurance counterparties. As part of its mortality risk management, OMWLA transfers a large proportion of mortality risk to a selection of reinsurers with strong credit ratings.

C.2.4 Risk concentration

There are no material concentrations of lapse, expense and mortality risks.

C.3 Credit risk

OMWLA is subject to a range of minor credit risk exposures. The most material exposures relate to the risk of default by banks and other financial institutions in respect of OMWLA deposits. The material risks relate to:

- *the risk of default by banks and other financial institutions in respect of OMWLA deposits;*
- *reinsurance counterparty default risk associated with the protection business, where OMWLA expects the future reinsurance claims to be greater than the reinsurance premiums payable; and*
- *trade net debtors, including outstanding settlements with fund managers.*

C.3.1 Credit risk at 31 December 2018

OMWLA's credit risk profile is derived from the Standard Formula 1-in-200 year credit event.

As at 31 December 2018, the SCR for this module has increased to £10 million.

C.3.2 Change in the credit risk over the period

Credit risk has increased by £4 million compared to 31 December 2017 due to the allowance for credit risk on trade net debtors.

OMWLA has a low risk tolerance for credit and counterparty risk and aims to limit it by investing OMWLA assets only in UK Government bonds and deposits with an appropriately diversified set of institutions with strong credit ratings.

C.3.3 Prudent person principle and investment of assets

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits, permitted money market funds and UK Government bonds. 88% of shareholder funds are held in money market funds and bank deposits with a notice period, of which 93.5% are AAA rated and 6.5% are A-rated. The remaining 12% of shareholder funds are cash at banks with the percentage exposure by credit rating shown in the table below.

Rating	% Exposure (cash at bank)
AA	17%
A	84%

C.3.4 Risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty.

C.4 Liquidity risk

The OMIP Investment Forum oversees and monitors the investment of customer funds to ensure fund risks and objectives are identified and clearly communicated and that funds remain appropriate for retail platform investment.

C.4.1 Risk mitigation and risk concentration

On certain funds available to policyholders (primarily property funds), there is a risk that in the event of a shortage of liquidity within the funds, these funds may be suspended, resulting in policyholders being unable to buy or sell units for a period of time. This risk is borne by policyholders, except for mortality/morbidity claims and maturities where the risk reverts to OWMLA. Oversight of this risk is provided by the OMWLA Investment Forum.

C.4.2 Expected profit included in future premiums

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. OMWLA has concluded that long contract boundary conditions apply to products which have material protection benefits. Short contract boundary conditions apply to all unit-linked regular premium pension products and most unit-linked regular premium life savings contracts., where short contract boundary conditions applies. On this basis, the total EPIFP for OMWLA is £45 million.

C.5 Operational Risk

C.5.1 Treatment of operational risks within the capital assessment

As at 31 December 2018, the exposure for this module is £19 million. This has increased by £4 million from the year ending 31 December 2017 and is due to renewal commission now being included in the value of the maintenance expenses incurred over the last 12 months for unit-linked business following the clarification by the European Insurance and Occupational Pensions Authority ("EIOPA") Questions & Answers.

C.6 Risk Sensitivity Analysis

Scenario testing and sensitivity testing is performed on an annual basis to assess the resilience of OMWLA to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which OMWLA could become unviable.

Sensitivity testing

OMWLA carries out sensitivity testing to assess the impacts on the solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2018 surplus capital above the SCR was £121 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital (£million)
Equity markets: 25% market fall	(1)
Interest rates: 1% reduction in interest rates and inflation rates	(6)
Interest rates: 1% increase in interest rates and inflation rates	5
Lapse rates: 10% mass lapse	(1)
Expenses: 10% increase in expense levels	(23)

Scenario tests

Scenarios are constructed to test the potential severe or extreme events which could arise over the business plan period that could lead to significant cash and capital strain relative to the forecast. Scenarios tested include a severe economic downturn and severe reputational damage leading to reduced new business volumes and increased withdrawals. Allowance is made within scenario testing results for management action to reduce expense levels following stresses.
Under each of the quantitative scenarios tested OMWLA maintains a solvency position above its long-term target solvency ratio.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the business strategy in order to continue as a going concern.

Section D. Valuation for solvency purposes

Solvency II assets and liabilities have been calculated in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC.

Summary balance sheet £000	Solvency II	IFRS	Difference
Assets			
Investments (other than assets held for index-linked and unit-linked funds):			
Government bonds	126,798	125,897	901
Collective investment undertakings	439,933	5,736	434,197
Deposits other than cash equivalents	30,061	-	30,061
Assets held for index-linked and unit-linked funds	9,554,057	9,554,057	-
Deferred acquisition costs/contract costs	-	63,279	(63,279)
Reinsurance recoverables	2,051,062	2,161,537	(110,475)
Insurance/reinsurance receivables	33,562	21,081	12,481
Receivables (trade, not insurance)	30,999	32,261	(1,262)
Cash and cash equivalents	50,132	514,029	(463,896)
Total assets	**12,316,603**	**12,477,875**	**(161,273)**
Liabilities			
Policyholder liabilities/technical provisions	11,637,786	11,841,002	203,216
Contract liabilities	-	31,065	31,065
Provisions other than technical provisions	-	38,792	38,792
Deferred tax liabilities	14,857	18,762	3,904
Insurance and intermediaries payables	154,258	140,405	(13,853)
Payables (trade, not insurance)	18,318	18,318	-
Reinsurance payables	7,632	7,632	-
Total liabilities	**11,832,852**	**12,095,976**	**263,124**
Excess of assets over liabilities	**483,751**	**381,900**	**101,851**

The bases, methods and main assumptions used for the valuation of OMWLA's assets, technical provisions and other liabilities are consistent with the Solvency II rules and guidance. They are also consistent with those used in the prior year.

D.1 Assets

D.1.1 Investments (other than assets held for index-linked and unit-linked funds)

This includes UK Government fixed interest bonds and investments in Collective Investment Undertakings. Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

There are allocation differences between Solvency II and IFRS caused by differences in the definition of line items. Under Solvency II, money market fund investments (£434 million) are included in the "Investment funds" line, whereas on the IFRS balance sheet these are included in "Cash and cash equivalents". This reclassification is based on maturity. Under Solvency II, any funds that are not accessible within 24 hours are classed as Investments rather than cash and cash equivalents.

Under Solvency II, accrued income on investments and securities (£1 million) is reclassified from receivables to investments and securities resulting in a small difference in the "Government bonds" line between Solvency II and IFRS.

D.1.2 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds represent policyholder investments. In the same way that 'Investments and securities' are valued, under both Solvency II and IFRS, these assets are valued largely on the basis of quoted market prices, within active markets, with any resultant gain or loss recognised in the income statement.

However, £0.5 million is invested in suspended funds. Due to the price of these funds not being current, the assets are valued using method (ii) as described in section D1 of the Group SFCR.

D.1.3 Receivables (trade, not insurance)

Receivables (trade, not insurance) are non-interest bearing and are stated at amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short term nature of the balances.

The valuation basis applies equally to both IFRS and Solvency II, although under Solvency II there is a subsequent reclassification of accrued income (£1 million) from investments and securities to the investments and securities category.

D.1.4 Reinsurance recoverables

Contracts with reinsurers are classified as either ceded reinsurance or financial assets and liabilities. Ceded reinsurance contracts include arrangements where regular risk premiums are paid by OMWLA to the reinsurer and an agreed share of claims are paid by the reinsurer to the OMWLA; these arrangements are in respect of underlying policies that are classified under Solvency II as insurance contracts.

The value of the benefits that OMWLA is entitled to under the ceded reinsurance arrangements are reported as "Reinsurance Recoverables" under Solvency II. The bases, methods and main assumptions used for the valuation of reinsurance recoverables is the same as that used for valuation of technical provisions described in this report. In addition, best estimate reinsurers default rates and recovery rates are used to adjust the reinsurance inflows and outflows.

An adjustment is made between 'Reinsurance Recoverables' and 'Receivables' as described above. The key difference between the IFRS and Solvency II balances, is that the former, represents the amount due at the reported date whereas under the Solvency II, the balance also includes future anticipated reinsurance receipts and payments.

A breakdown of reinsurance recoverables by line of business is as follows:

£000 Reinsurance recoverables	Solvency II	IFRS	Difference
Health similar to life	(6,082)	-	(6,082)
Life excluding health and index-linked and unit-linked	483,229	490,154	(6,925)
Life index-linked and unit-linked	1,573,914	1,671,382	(97,468)

D.2 Technical provisions

OMWLA's technical provisions are divided between the following lines of business:

- *index-linked and unit-linked insurance, representing 95% of OMWLA's best estimate liabilities plus technical provisions as a whole. This includes unit-linked institutional investments, individual pensions, investment bonds and endowment products;*
- *other life insurance – includes non-linked protection products and a small amount of pension annuities, where the main risk driver is death/survival; and*
- *health insurance (similar to life insurance) - includes both unit-linked protection products and non-linked protection products, where the main risk driver is disability/morbidity risk.*

£000	Solvency II value 31 December 2018
Liabilities	
Technical provisions - index-linked and unit-linked	**11,030,298**
Technical provisions as a whole (a)	11,230,695
Best estimate (b)	(265,419)
Risk margin (c)	65,023
Technical provisions - other life insurance	**597,169**
Technical provisions as a whole (d)	0
Best estimate (e)	580,565
Risk margin (f)	16,604
Technical provisions - health insurance - similar to life insurance	**10,318**
Technical provisions as a whole (g)	7,385
Best estimate (h)	(225)
Risk margin (i)	3,158
Technical provisions – total	**11,637,786**
Technical provisions as a whole (j)	11,238,080
Best estimate (k)	314,921
Risk margin (l)	84,786
Total technical provisions	**11,637,786**

The Solvency II technical provisions for OMWLA have three components:

- *technical provisions as a whole of £11.2 billion;*
- *best estimate liabilities of £315 million; and*
- *risk margin of £85 million.*

The technical provisions as a whole plus best estimate liabilities sum to £11.6 billion and are split between the following lines of business:

Index-linked and unit-linked business: This includes all unit-linked protection business with a death benefit:

- *at the end of 2017, the PRA expressed a preference for firms to report unit liabilities as technical provisions as a whole. As a result, OMWLA has updated the approach and its technical provisions as a whole describes the value on unit related liabilities. This has a value of £11.6 billion and represents the value of units credited to policyholders as at 31 December 2018. If the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender; and*
- *best estimate liabilities of £(265 million). This represents the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves.*

Other life assurance: This includes all non-linked business that pays a benefit on either death or survival. The best estimate liability of £581 million is the value of liabilities to policyholders at 31 December 2018.

Health assurance: This includes all unit-linked and non-linked business that pays a benefit on critical illness or sickness but not on death. The best estimate liability can be split as follows:

- *technical provisions as a whole of £7 million. This represents the value of units credited to policyholders as at 31 December 2018. If the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender; and*
- *non-unit best estimate liabilities of (£0.2 million). This represents the value of future non-unit liabilities from both the unit-linked and non-linked business.*

The risk margin is determined as the present value of the cost of non-hedgeable capital (at 6% p.a.) needed for the full run-off of the liabilities, discounted using the prescribed Solvency II term-dependent risk-free rates.

D.2.1 Bases, methods and main assumptions used for technical provisions valuation

D.2.1.1 Methodology applied in deriving the technical provisions

Best estimate valuation methodology

OMWLA calculates the best estimate liability for all policies in-force at the valuation date. Hence the best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for surrender or transfer payments, death claim, income withdrawal, maintenance expenses, fund based fees, mortality charge/protection premiums and other policy charges. The underlying assumptions are based on the best estimate for the future, which is largely based on the current business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the risk discount rates are set at the prescribed Solvency II risk-free interest rates. OMWLA is in the process of carrying out a voluntary customer remediation activity which has an expected remaining cost of £38 million to OMWLA. This provision has been classified under 'technical provisions' and includes the provision for both in-force and expired policies, on the basis that OMWLA is recognising a liability to policyholders which has yet to be extinguished, cancelled, discharged or expired.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax, other than policyholder tax. The value of shareholder tax is calculated separately but consistently with the cash flow gross of taxes and is included within the deferred tax liability line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. OMWLA has concluded that long contract boundary conditions apply to products which have additional sum assured of at least 1%. Short contract boundary conditions apply to products with no additional sum assured.

For reinsurance recoverables, the same contract boundary conditions apply.

D.2.1.2 Key assumptions in deriving the technical provisions

Relevant risk-free rate applied in deriving the technical provisions

OMWLA used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31 December 2018. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

For unit linked pensions, life bonds and endowments, the best estimate liabilities are not particularly sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates and the risk discount rates have a broadly offsetting effect.

For the non-linked protection business, which has whole of life contracts and is therefore long term in nature, the best estimate liability and the reinsurance recoverable are highly sensitive to the changes in risk free yield curves. This risk is partially mitigated through matching the backing assets (UK Government bonds) to the net of reinsurance liabilities in terms of amount and durations.

Lapses

The persistency assumptions determine how long the business is expected to remain on the book. Hence it is an important driver for the future expected profits within the technical provision calculation.

The lapse, surrender and income withdrawal assumptions are set with reference to experience, allowing for any emerging trends since the introduction of UK Pensions Freedom in 2015. Lapse assumptions vary by product type and duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2018

OMWLA institutional investment business (i.e. a relatively minor product line in terms of its contribution to profit) closed at the end of 2017 and information from the pension fund managers that have invested in these funds indicates that this book is likely to run off very quickly.

Expenses

Expenses reflect the cost of administering the in-force business. For the unit-linked business which is a closed book business and has reducing policy counts, the per-policy expense assumption has increased more than the inflation rate. For the protection business, which is open to new business and has seen growth, the per-policy expense assumption has increased at a rate lower than the anticipated inflation rate.

An expense overrun provision is also set up for the unit-linked business by comparing the modelled expenses to the projected expenses over the business planning period. This is to ensure there is no material expense over-run or under-run over the planning period.
In the longer term, we have assumed that the business will carry out a strategic initiative before the end of 2020 such that the current per-policy expense assumption would continue to apply in real terms (i.e. allow for future anticipated inflation).

Expense inflation assumption

The expense per-policy assumption is projected to increase in line with anticipated inflation rates for OMWLA business.

The expense inflation assumption is set to a percentage addition to projected RPI rates. The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves. This reflects the fact that the main cost base of OMWLA is made up of salaries, which generally inflate at a slightly higher rate than the RPI rates. This percentage addition has remained unchanged.

Mortality and morbidity assumptions

The OMWLA unit-linked protection business has reviewable mortality and morbidity charges. Future changes to mortality and morbidity experience will also lead to changes to these charges, so that improvements to experience will result in lower charges and worsening experience will lead to higher charges.

For the non-linked protection business, a comprehensive review of the mortality assumptions was carried out over 2018. Our own experience data is now being fitted to more recent tables of industry data and our basis has been strengthened as a result.

Assumptions for mortality and morbidity are derived from a combination of the most recent own experience investigations and adjusted industry data. Expected trends in future demographic and medical advances are taken into account when assessing the appropriate level best estimate assumption. In particular, this applies where mortality and morbidity is a material risk factor. An example of this is the allowance for expected improvements in mortality for protection policyholders.

Adjusted industry data is used as a suitable proxy for setting mortality assumptions where there is no credible internal data for that line of business.

D.2.2 Uncertainty associated with the value of technical provisions

For the unit-linked business there is, in absolute terms, little uncertainty regarding the value assigned to the unit-linked liability as it does not require application of assumptions or judgement.

The value of own funds for OMWLA (£394 million at 31 December 2018) is largely dependent on the best estimate assumptions used to calculate the best estimate liability. This component of technical provisions therefore carries greater uncertainty, principally driven from:

- *economic uncertainty on future income from unit funds; and*
- *assumptions used to model future cash flows (as set out in section D.2.2). These assumptions are set based on current experience on a best estimate basis.*

The valuation uncertainty will mainly affect the non-linked best estimate element of technical provisions with a second order effect on the risk margin.

Non-linked protection business: For the whole of life protection policies, OMWLA is sensitive to long-term lapse rates.

Although, for the protection business, OMWLA is sensitive to the mortality assumptions on a gross of reinsurance basis, on a net of reinsurance basis this is not the case, because the protection business is heavily reinsured and therefore most of the mortality risk is passed on to the reinsurers.

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in capital and risk management of the business.

D.2.3 Differences between Solvency II and IFRS bases, methods and assumptions

The table below provides a breakdown of the technical provisions between the Solvency II and IFRS bases.

£000 Liabilities	Index-linked and unit-linked	Other life insurance	Health insurance - similar to life	Total
Gross IFRS insurance contract liabilities	**11,249,842**	**578,536**	**12,624**	**11,841,002**
Adjustment for Solvency II	(284,567)	2,029	(5,464)	(288,001)
Gross BEL plus technical provisions as a whole (Solvency II liabilities to policyholders)	**10,965,275**	**580,565**	**7,160**	**11,553,001**
Add risk margin	65,023	16,604	3,158	84,786
Solvency II technical provisions	**11,030,298**	**597,169**	**10,318**	**11,637,786**

OMWLA uses IFRS as its statutory accounts basis. The differences in value of technical provisions when moving from an IFRS basis to Solvency II basis are as follows:

Index-linked and unit-linked business:

The IFRS value of unit-linked technical provisions is £11 billion which is based on the value of unit reserves.

Adjustment for Solvency II – The adjustment for Solvency II reduces the technical provisions for unit-linked business by £285 million. This adjustment includes an allowance for future profits under Solvency II, compared to the IFRS basis and represents the recognition of future profits net of expenses calculated on a set of best estimate assumptions gross of reinsurance. The adjustment also includes the remaining voluntary customer remediation provision of £38 million detailed in A.1.9.1 of the body of the Group SFCR. This provision has been classified as an 'other provision' under IFRS, but is treated as a technical provision under Solvency II.

Addition of risk margin - The addition of the risk margin under the Solvency II basis increases the technical provisions by £65 million, compared to under IFRS.

Other life assurance:

The IFRS value of other life technical provisions is £579 million.

Adjustment for Solvency II – the adjustment for Solvency II increases the technical provisions for other life assurance business by £2 million. Whilst the mortality, morbidity, lapse and expense assumptions are demonstrably more prudent for IFRS than for Solvency II, there is a fundamental difference in the way that interest rates are applied which leads to a positive adjustment. IFRS uses a flat rate of return based on the expected returns on the matching portfolio of UK Gilts that are held, whereas under Solvency II, OMWLA is required to use discount rates as prescribed by EIOPA.

Addition of risk margin - the addition of risk margin under the Solvency II basis increases the technical provisions by £17 million, compared to under IFRS.

Health insurance - similar to life insurance:

The IFRS value of health technical provisions is £13 million.

Adjustment for Solvency II – the adjustment for Solvency II reduces the technical provisions for health business by £5.5 million. The reason is as for index-linked and unit-linked business.

Addition of risk margin - the addition of the risk margin under the Solvency II basis increases the technical provisions by £3 million, compared to under IFRS.

D.2.4 Reinsurance recoverables

Reinsurance recoverables are calculated on the same basis as gross best estimate liabilities described above. Reinsurance recoverables are reported as an asset on the balance sheet. This is adjusted for any reinsurer counterparty default.
Traditional reinsurance treaties cover mortality risk and morbidity risk on the protection business.

For the institutional business, reinsurance treaties are used to provide the trustee-clients access to funds owned by the external insurers. The reinsurance recoverables for these treaties are determined as the unit reserves represented by the funds at 31 December 2018. There is no counterparty default risk for this business and therefore no adjustment is made for reinsurer counterparty default.

D.3 Other liabilities

£000	Solvency II value	IFRS value	Difference
Liabilities			
Provisions other than technical provisions	-	38,792	(38,792)
Insurance and intermediaries payables	154,258	140,405	13,853
Payables (trade, not insurance)	18,318	18,318	-
Contract liabilities	-	31,065	(31,065)
Reinsurance payables	7,632	7,632	-
Total other liabilities	**180,208**	**236,212**	**(56,004)**

The table above sets out the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for solvency valuation purposes compared to the approach taken in their valuation in the financial statements.

D.3.1 Specific items

The majority of liabilities that are not technical provisions are valued in accordance with IFRS in both the Solvency II balance sheet and the financial statements.

- *'Insurance and intermediaries payables', 'Reinsurance payables' and 'Payables (trade, not insurance)' are non-interest bearing and are stated at their amortised cost. This is not materially different to cost, and approximates to fair value for both IFRS and Solvency II, due to the short-term nature of the balances. As a result, no deviation risk has been applied. A £14 million presentation adjustment is made to reclassify outstanding current claims from technical provisions to insurance and intermediaries payables.*

There are two items of other liabilities where the treatment differs between the bases:

- *£39 million of 'Provisions other than technical provisions'. This includes the provision for voluntary customer remediation. These provisions are included within Technical Provisions on a Solvency II basis; and*
- *£31 million allowed in the IFRS Financial Statements for Contract liabilities. Under IFRS, front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, is deferred through the creation of a Contract liability on the statement of financial position and released to income as the services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred fees are amortised on a linear basis over the expected life of the contract, adjusted for expected persistency. The Contract liability principally comprises fee income already received in cash. Under Solvency II, all cash flows on insurance contracts are recognised through the technical provision.*

D.3.2 Deferred tax

£000	Solvency II value	IFRS value	Difference
Deferred tax liabilities			
Deferred tax liabilities	14,857	18,762	(3,905)

The deferred tax liability (DTL) in the Solvency II balance sheet represents the tax due from future surplus emerging on the Solvency II basis, over the run-off of the business. This is calculated by computing the tax impact of the items bridging between IFRS net assets and Solvency II own funds and then applying this impact to the DTL as reported in the IFRS Financial Statements.

Material items that need to be allowed for/removed in stepping between IFRS and Solvency II include:

- *removal of the DTL on the IFRS Contract assets/DAC;*
- *removal of deferred tax asset on the IFRS Contract liabilities;*
- *the recognition of a DTL on future profits on the Solvency II basis which is not relevant to the IFRS basis; and*
- *the recognition of a DTA on the risk margin as this is a Solvency II requirement and not relevant for IFRS.*

Section E. Capital management

E.1 Own funds

E.1.1 Management of capital over the reporting period

OMWLA Capital Management Strategy

The target solvency range for OMWLA is set to be sufficient to ensure that the company remains solvent under a number of selected stress scenarios over the three year planning period (after allowing for any management actions).

It has been agreed that OMWLA will pay a dividend of £90 million to its parent company, Old Mutual Wealth UK Holding Limited in 2019. This dividend is deducted from the value of the own funds as at 31 December 2018 wherever it is stated within this document.
The actual capital position for OMWLA is monitored through the Capital Management Forum ("CMF") on a monthly basis and also by the OMWLA Board and the Quilter plc Board Risk Committee ("BRC").

E.1.2 Analysis of change (Own funds, SCR and MCR)

The table below summarises the change by tier, of the own funds, SCR and MCR for OMWLA.

£000	31 December 2018		31 December 2017		Change	
	Solvency II	IFRS	Solvency II	IFRS	Solvency II	IFRS
Assets	12,316,603	12,477,875	15,456,680	15,659,801	(3,140,077)	(3,181,926)
Liabilities	11,832,852	12,095,976	15,002,668	15,362,861	(3,169,816)	(3,266,885)
Excess assets over liabilities	**483,751**	**381,900**	**454,012**	**296,940**	**29,739**	**84,959**
Basic own funds	393,751	-	454,012	-	(60,261)	-
Basic own funds adjustments	-	-	-	-	-	-
Ancillary own funds	-	-	-	-	-	-
Available own funds	**393,751**	**-**	**454,012**	**-**	**(60,261)**	**-**
Classified own funds						
Tier 1	393,751	-	454,012	-	(60,261)	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Solvency capital requirement	**272,295**	**-**	**311,008**	**-**	**(38,713)**	**-**
Eligible own funds	**393,751**	**-**	**454,012**	**-**	**(60,261)**	**-**
Classified own funds						
Tier 1	393,751	-	454,012	-	(60,261)	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Surplus (deficit)	**121,456**	**-**	**143,004**	**-**	**(21,548)**	**-**
Eligible own funds as % of SCR	**145%**	**-**	**146%**	**-**	**-**	**-**
MCR	**70,030**	**-**	**86,624**	**-**	**(16,595)**	**-**
Eligible own funds as % of MCR	**562%**	**-**	**524%**	**-**	**-**	**-**

Solvency II own funds for year-end 2018 are £394 million, made up of share capital £64million and the Reconciliation Reserve of £329 million, both of which are Unrestricted Tier 1 funds. The own funds has decreased over 2018 mainly due to the deduction for the £90 million foreseeable dividend, partially offset by the release of risk margin associated with the run-off of the book and a one off tax effect.

The SCR at 31 December 2018 is £272 million compared to £311 million at 31 December 2017. At 31 December 2018, OMWLA has a solvency coverage ratio of 145% which is 1% lower than the solvency coverage ratio of 146% in the prior year.

OMWLA has retained sufficient capital to cover both the MCR and SCR over the period analysed and is therefore compliant with SCR and MCR requirements. The opening and closing coverage ratios are given in the table above.

E.1.2.1 Analysis of change from IFRS equity to basic own funds

£000s	31 December 2018
IFRS equity	**381,900**
Revaluation of technical provisions (net of deferred tax)	130,161
Removal of DAC, contract costs and contract liabilities	(32,214)
Removal of deferred tax on DAC and contract costs/liabilities	3,904
Solvency II net assets	**483,751**
Foreseeable dividend	(90,000)
Total own funds	**393,751**

The table covers the quantitative differences between equity as shown in OMWLA's financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Specifically these adjustments are:

- *the addition of future anticipated profits under the Solvency II basis not included under IFRS, together with the addition of the risk margin as this is a Solvency II requirement and not relevant to IFRS;*
- *deferred tax arising from differences in the timing of profit recognition between IFRS and Solvency II;*
- *contract costs/DAC and Contract liabilities are not included within Solvency II basic own funds; and*
- *dividends that are foreseeable at the reporting date are deducted from Tier 1 own funds. The EIOPA Guidelines on classification of own funds provide that a dividend is foreseeable "at the latest when it is declared or approved by the board regardless of any requirement for approval at the annual general meeting". Management is permitted to deduct a planned dividend from own funds prior to board approval, in cases where it is likely that approval will be granted. Based on discussions with management, and in order to avoid temporary fluctuations in OMWLA's solvency position, eligible own funds have been reduced by the amount of the final dividend of £90 million paid during March 2019.*

E.1.2.2 Reconciliation reserve

The table below shows own funds are made up of Share Capital of £64 million and a reconciliation reserve of £329 million.

£000s	31 December 2018	31 December 2017
Available own funds		
Share capital	64,456	64,456
Reconciliation reserve	329,295	389,556
Available own funds	**393,751**	**454,012**

The reconciliation reserve equals the total excess of assets over liabilities, net of Share Capital.

E.2 Solvency capital requirement and minimum capital requirement

This section provides information on SCR and MCR over the reporting period.

E.2.1 Detail on the capital requirements for OMWLA

£000	Standard Formula or Internal Model	31 December 2018	31 December 2017	Change
Available own funds	-	**393,751**	**454,012**	**(60,261)**
Solvency capital requirement	-	**272,295**	**311,008**	**(38,713)**
*Market risk SCR module **	*Standard Formula*	166,359	290,815	(124,456)
*Life underwriting risk SCR module **	*Standard Formula*	168,670	211,420	(42,751)
*Operational risk SCR module **	*Standard Formula*	18,875	15,294	3,581
*Counterparty default risk SCR module **	*Standard Formula*	10,228	6,560	3,669
Diversification	-	(76,980)	(106,670)	29,690
Allowance for DTL (loss absorbing capacity of deferred tax) offset	-	(14,857)	(106,410)	91,553
Surplus	-	**121,456**	**143,004**	**(21,548)**
Eligible own funds as % of SCR	-	**145%**	**146%**	**-**
Minimum capital requirement	-	**70,030**	**86,624**	**(16,595)**
Eligible own funds as % of MCR	-	**562%**	**524%**	**-**

*After intra-module diversification applied

OMWLA calculates the SCR using the Standard Formula.

Health underwriting risk is immaterial compared to the other risks; hence its SCR is included within life underwriting risk.

OMWLA is not using any undertaking specific parameters to calculate the SCR and is not required to hold capital add-ons in excess of SCR.

E.2.2 Calculation of MCR

The MCR is calculated using a formulaic approach subject to an overall minimum of the higher of EUR3.7 million and 25% of the SCR and a maximum of 45% of SCR.

E.2.3 Explanation for material changes to SCR and MCR

Changes to MCR

During 2018, the MCR decreased by £17 million.

For OMWLA, the MCR is currently equal to the linear formula component, so it is expected to move broadly in line with changes to technical provisions.

Changes to SCR

During 2018, the SCR decreased by £39 million.

The market risk component of SCR (after intra-module diversification is applied) has decreased by £124.5 million This is due to the 'Equity Risk' component of market risk, details of which are contained in Section C.1.2 of this appendix.

Equity risk has decreased over 2018:

- *there has been a significant reduction in AuA;*
- *the equity market fall over 2018 has generated tax credits to policyholders. This has reduced future tax credits payable if markets reduce further. This has contributed to a reduction in the market risk SCR; and*
- *changes to the symmetric adjustment over the year from 1.9% to -6.8% have also contributed to this decrease.*

The life underwriting risk component of the SCR (after intra-module diversification is applied) has decreased by £43 million over 2018. This is due to a reduction in persistency (lapse) risk due to a fall in the value of future profits, partly due to the largely closed book of business running off and partly due to the fall in AuA following a fall in equity prices over the year. Further information on underwriting risk can be found in section C.2.2.

E.5 Non-compliance with the MCR and SCR

The company is compliant with the SCR MCR requirements.

Appendix F.2

Old Mutual Wealth Life & Pensions Limited

Appendix F.2 Old Mutual Wealth Life & Pensions Limited ("OMWLP") solo SFCR disclosures

Solo SFCR disclosures

This appendix provides further information relating to OMWLP to supplement the information contained in the body of the Group SFCR. The appendix is structured based on the standard headings and subheadings used in the body of the Group SFCR. Subsections are omitted where there is no further information to disclose.

Contents:

- *Business and performance*
- *System of governance*
- *Risk profile*
- *Valuation for solvency purposes*
- *Capital management*

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Old Mutual Wealth Life & Pensions Limited ("OMWLP")
OMWLP is a private limited company within the Quilter plc Group.

A.1.2 Name and contact details of the supervisory authorities

Details of the supervisory authorities for OMWLP and its ultimate holding company Quilter plc are detailed in Section A of the Group SFCR.

A.1.3 Qualifying holdings in the undertaking

For details of qualifying Holdings in the Group please refer to Section A.1.5 of the body of the Group SFCR.

A.1.4 Solvency II reporting currency

OMWLP reports on a Solvency II basis in GBP

A.1.5 OMWLP position within the legal structure of the group

The legal structure of the Quilter Group can be found in Section A.1.11.of the body of the Group SFCR

The location of the immediate parent undertaking is as follows:

Old Mutual Wealth UK Holding Ltd
Old Mutual House
Portland Terrace
Southampton
SO14 7EJ

A.1.6 OMWLP lines of business

OMWLP offers two products which are sold 100% into the UK, the CRA (platform pension product) and the Collective Investment Bond (CIB) (platform UK bond product). The following table provides a summary of the in-force business for OMWLP, as at 31 December 2018.

Product Category	No of plans in force	Unit reserves (£000)
Collective Retirement Account	180,602	23,203,494
Collective Investment Bond	30,390	3,608,585
Total	**210,992**	**26,812,079**

A.1.6.1 Collective Retirement Account (CRA)

The CRA is a flexible unit-linked pension product which accepts single and regular premiums and can be used by the policyholder to provide regular and ad hoc drawdown income during their retirement.

A.1.6.2 Collective Investment Bond (CIB)

The CIB is a single premium unit-linked whole of life assurance contract available on a single life or joint life, last death basis. Customers can select a capital protected death benefit. In this case the payment on death of the life assured is the higher of the total premiums paid less any withdrawals made and 101% of the bond value.

A.1.7 Significant changes over the reporting period

A.1.7.1 Product range changes

New products

No new products were launched during 2018.

Product design changes

There were no product design changes introduced in 2018.

A.1.7.2 Company structure and changes

OMWLP forms part of the Quilter Wealth Solutions business unit within the group. Quilter plc (formerly Old Mutual Wealth Management Limited up until March 2018) is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. The Group's businesses are being re-branded to Quilter over a period of approximately two years.

A.2 Underwriting performance

A.2.1 Underwriting performance over the period

The internal measure of profit is the International Financial Reporting Standards ("IFRS") adjusted profit (IFRS AP). IFRS AP reflects the directors' view of the underlying performance of OMWLP and is a measure of profitability which adjusts the standard IFRS profit measure to remove specific non-operating items. AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLP. These items are analysed in Section A.4 of this appendix.

The underwriting performance of OMWLP in relation to unit-linked insurance business is included within the table below. The data in this table combined with the 'Investment Performance' table (Section A.3.1 of this appendix) comprises IFRS pre-tax AP.

£000	31 December 2018	31 December 2017
Premiums earned		
Gross	7	6
Reinsurers' share	(4)	(4)
Net	**3**	**2**
Claims incurred		
Gross	(381)	(253)
Reinsurers' share	0	4
Net	**(381)**	**(249)**
Underwriting performance	**(378)**	**(247)**

Underwriting performance arises on OMWLP's CIB product. All business is transacted within the United Kingdom.

In the context of the business carried out by OMWLP, the premiums and claims transactions on insurance business recorded within the IFRS income statement are immaterial. Premiums relate to life cover and are charged only in the event of the bond value falling below the initial investment value. This arrangement is an option for those policyholders that wish to guarantee that the value of their bonds do not fall below initial investment value. Net premium variances on prior period are impacted by timing differences relating to the recording of reinsurance payables.

Claims include the 1% life assurance benefit on this product (which is not reinsured), for which OMWLP does not charge a direct premium, consequently there is an apparent disparity between premiums and claims in the above table.

A.3 Investment performance

A.3.1 Income and expenses arising from investments over the reporting period

The investment income and expenses of OMWLP are shown in the table below:

£000	31 December 2018	31 December 2017
Investments for the benefit of policyholders		
Fee income	103,549	93,651
Change in contract liabilities	151	5,190
Total policyholders	**103,700**	**98,841**
Investing activities		
Interest received	2,836	1,856
Gains and losses	-859	940
Total shareholders	1,977	2,796
Expenses	**(68,084)**	**(70,909)**
Income less expenses	**37,593**	**30,728**

Fee income

Fees charged for managing investment contracts comprise fees taken both on inception and throughout the life of the contract. All fee income is recognised as revenue in line with the provision of investment management services. Fee income is higher in 2018 due to the increase in AuA attributable to policyholders.

Change in contract liabilities

Fee income, comprising fees received at inception or receivable over an initial period of the policy are not reported in the income statement immediately. Instead they are deferred through the creation of a contract liability on the statement of financial position and released to income as services are provided over the term of the policy. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred fees are amortised on a linear basis over the expected life of the contract. The contract liability principally comprises fee income already received in cash which will be recovered from policyholder plans over their estimated lives. This is an accounting adjustment required under IFRS which ensures that income received is recognised in the income statement in line with provision of services to the policyholder. The contract liability is reducing in line with the run off of the in-force book of business.

Shareholder income

Shareholder income represents interest received on cash and cash equivalents, and gains/losses on fixed income government securities.

Allocated expenses

Administration expenses are allocated between investment products and insurance products based on appropriate allocation drivers such as number of policies in-force.

A.3.2 Gains and losses recognised directly in equity over the reporting period.

There were no gains and losses recognised directly in equity over the reporting period.

A.3.3 Investments in securitisation over the reporting period.

OMWLP has no exposure to investments in securitisation.

A.4 Performance of other activities

The 2018 IFRS AP result consists of OMWLP's underwriting and investment performance as described above - there were no other activities undertaken by OMWLP. However, as discussed in Section A.2, AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of OMWLP. The reconciliation between AP and IFRS profit before tax is as follows:

£000	31 December 2018	31 December 2017
Pre-tax Adjusted Profit	**37,215**	**30,481**
Platform transformation spend[1]	(28,436)	(23,377)
Investment return smoothing	-	(2,200)
Income tax attributable to policyholders	(60,856)	33,370
Policyholder tax smoothing adjustment	65,028	(1,800)
Pre-tax IFRS Profit	**12,951**	**36,474**

[1]The 2017 figure ncludes £10million incurred under the FNZ contract.

Policyholder tax smoothing adjustment represents adjustments to policyholder tax to remove distortions arising from market volatility and other non-operating items that can in turn lead to volatility in policyholder tax between periods.

Income tax attributable to policyholders is reported as a pre-tax item within adjusted profit but as a post-tax item under IFRS. The variance to prior year is primarily a result of significant market losses in 2018 compared with market gains in 2017.

A.5 Any other information

The Quilter Wealth Solutions division is currently implementing the Platform Transformation Programme. The new platform is intended to enrich the division's proposition, support advisers and customers and enhance service levels. The new platform will offer a wider product and investment range to customers, adding greater functionality and accessibility.

Testing of the new platform is underway and the soft launch phase commenced in February 2019. This phase is deliberately structured to be on a limited basis and is being used to verify core system functionality, processes and controls in a live environment. This will be followed by a phased controlled migration of the existing book. It is expected an initial 10% of assets under administration will be migrated, representing the assets from around 100 adviser firms. Once a suitable time has been allowed to learn lessons from this process and there is confidence that the system is working as planned, the remainder of the book will be migrated.

Maintaining high quality delivery is of utmost importance and management are enhancing detailed plans to ensure customers and advisers remain well supported throughout the transition.

Section B. System of governance

For the system of governance for OMWLP, please see Section B of the Group SFCR.

B.1.1 OMIP Board of Directors

Members of the OMIP Board who served during the year ended 31 December 2018 were as follows:

Name	Role	Date of joining/leaving board
Steven Levin	Chief Executive	–
Steven Braudo	Executive Director	Resigned 5 October 2018
John Gill	Non-executive Director	Joined 10 July 2018
Scott Goodsir	Executive Director	–
George Reid	Non-executive Director	–
David Still	Executive Director	Joined 12 October 2018
Simon Wood	Executive Director	–

B.1.2 Roles and duties of the OMWLP Board

- *The roles and duties of the OMWLP Board are as follows: the OMWLP Board will act independently in delivering the business strategy and objectives. Directors are expected to add real value to the businesses, through their knowledge and experience of the business of each subsidiary and to have the ability to identify risks and provide robust challenge. The Quilter Board will place reliance on the assurance provided by the subsidiary board;*
- *the OMWLP Board is required to hold executives to account in respect of business performance, the identification and mitigation of key risks, regulatory responsibility and customer outcomes and to support the delivery of the business' strategy within the context of the overall Quilter strategy;*
- *on the rare occasion when the interests of Quilter and its subsidiary diverge, the Quilter plc Board is committed to being respectful of the OMWLP Board and to working constructively with them to find an appropriate solution and to ensure that Quilter does not exert undue influence over the decision of the business subsidiaries; and*
- *the OMWLP Board is also required to identify potential conflicts of interest with the parent and ensure that these are appropriately managed particularly if this is likely to impact the safety and soundness of the subsidiary. With the exception of these areas, the OMWLP Board is expected to demonstrate an independent approach whilst supporting the agreed Group strategy.*

Whilst strategy is set by the Quilter Board and reliance is placed on business boards to oversee delivery of the strategy, input from each business board is sought on the business level strategy. Each business board should promote strategic developments that puts customers at the heart of the business and promotes long-term sustainable value creation.

B.1.3 Key functions

In identifying the key functions within OMWLP, consideration was given to those functions whose operation, if not properly managed and overseen could, depending on the nature and complexity of the business, potentially lead to significant losses being incurred, or to a failure in the ongoing ability of the firm to meet its obligations to policyholders, together with those that are mandatory for dual regulated firms.

The mandatory key functions are Actuarial, Risk Management, Compliance and Internal Audit.

In addition, OMWLP has assessed the additional Key functions that either effectively run the business or functions which are of specific importance to the sound and prudent management of the company, including all Senior Management Functions ("SMF"). The key functions of OMWLP and the responsibilities of the key functions are set out in the following table, along with the regulatory control functions performed by the individuals, where relevant.

Appendix F.2 Old Mutual Wealth Life & Pensions Limited solo SFCR disclosures

Key Function	Responsibility	Role	Name	SIMR Control Function (1)	SMCR Senior Management Function (1)
Chief Executive	Has delegated authority from the Board for the day to day management of the whole of the business of the firm.	Chief Executive Officer (CEO)	Steven Levin	SIMF1	SMF1
Finance	For the sound and prudent management of the business by managing the financial resources and capital and liquidity positions.	Chief Financial Officer (CFO)	Simon Wood	SIMF2	SMF2
Marketing	This function includes design and production of marketing materials, branding and financial promotions within its remit.	Chief Marketing Officer	Michelle Andrews	Not applicable	Not applicable
Risk Management	A description of the risk management system is provided in Section B.3 of the body of the Group SFCR.	Chief Risk Officer (CRO)	John Wilkinson	SIMF4	SMF4
Actuarial	The responsibilities of the Actuarial Function are set out in Section B.7.1 of the body of the Group SFCR.	Group Risk and Actuarial Director	Andrew Tuddenham	SIMF20	SMF20
Compliance	The responsibilities of the Compliance Function are set out in section B.5.2 of the body of the Group SFCR.	Chief Risk Officer (CRO)	John Wilkinson	CF10	SMF16
Operations	Overall responsibility for the day-to-day operations of the firm in relation to Customer Services.	Operations Director UK Platform	Lynzi Harrison (2)	Not applicable	SMF24 (2)
IT & Change	Key Function Holder for Information Technology and Change within the firm, delivered by Group Technology Solutions ("GTS"). Leading the Technology and IT Change functions across Old Mutual Investment Platform, ensuring IT service provision and change delivery is fully aligned to enable and deliver the Quilter business strategy and meet business as usual service demands.	UK Platform & Heritage Chief Information Officer	Adam Warwick	Not applicable	SMF24
Human Resources	For Fitness and Propriety, recruitment and performance management.	Human Resources Director	Paul Hucknall	Not applicable	SMF18
Financial Crime	The identification of the key financial crime risks applicable to the firm and development of effective and proportionate controls to mitigate these risks.	Money Laundering Reporting Officer (MLRO)	Matthew Whitmarsh	CF11	SMF17
Internal Audit	The responsibilities of the Internal Audit Function are set out in Section B.6.1 of the body of the Group SFCR.	Chief Internal Auditor	Matthew Burton (3)	SIMF5	SMF5
Underwriting	For effective operation and control and underwriting risk and implementing underwriting and claims practices in line with regulatory requirements and Quilter Underwriting and Claims Standards.	Managing Director, Heritage	David Still (from 7 June 2018)	Not applicable	Not applicable
Chair of Governing Body	Chairing and overseeing the performance of the governing body.	Chair of OMIP Board	George Reid	SIMF9	SMF9

Key Function	Responsibility	Role	Name	SIMR Control Function (1)	SMCR Senior Management Function (1)
Chair of the Risk Committee	Chairing and overseeing the performance of the Risk Committee responsible for the oversight of the risk management system	Chair of the Governance, Audit and Risk Committee	John Gill (from 10 July 2018)	SIMF10	SMF10
Chair of the Audit Committee	Chairing and overseeing the performance of the Audit Committee responsible for the oversight of the internal audit function	Chair of the Governance, Audit and Risk Committee	George Reid (4)	SIMF11	SMF11
Executive Director	Representing the business interests of the Board of the regulated entity	Managing Director, UK Distribution Managing Director, Heritage	Scott Goodsir David Still (from 7 June 2018)	Not applicable	SMF3
Chairman	Responsibility for chairing and overseeing the performance of the Quilter plc governing body	Chair of the Quilter plc Board	Glyn Jones	SIMF7	SMF7
Group Chief Executive	Has delegated authority from the Quilter plc Board for the overall management of the businesses in the Group.	Quilter Chief Executive Officer (CEO)	Paul Feeney	SIMF7	SMF7
Group Operations	This function provides strategic direction to business operational teams to discharge their responsibilities.	Quilter Chief Operating Officer (COO)	Steven Braudo (until 4 October 2018) Vacant (5)	SIMF7	SMF7
Group Risk	A description of the risk management system is provided in Section B.3 of the body of the Group SFCR.	Quilter Chief Risk Officer (CRO)	Iain Wright (6)	SIMF7	SMF7
Group Finance	For the sound and prudent management of the Group by managing the financial resources and capital and liquidity positions.	Quilter Chief Financial Officer (CFO)	Tim Tookey (7)	SIMF7	SMF7
Group Finance	This function includes capital and liquidity management, merger and acquisition activity, Quilter corporate treasury activity.	Corporate Finance Director	Mark Satchel (8)	SIMF7	SMF7
Chair of the Remuneration Committee	Responsibility for overseeing the development of, and implementation of, the firm's remuneration policies and practices.	Chair of the Quilter plc Remuneration Committee	Cathy Turner	SIMF12	SMF12
Chair of the Board Corporate Governance and Nominations Committee	Chairing and overseeing the performance of the Nomination Committee of the firm.	Chairman	Glyn Jones	Not applicable	SMF13

1. The Senior Insurance Managers Regime (SIMR) was replaced by the Senior Managers and Certification Regime (SMCR) on 10 December 2018.

2. Lynzi Harrison left the role on 6 February 2019 before regulatory approval was obtained.

3. David Still was assigned responsibility for OMWLP operations in his role as Managing Director of Heritage from 27 February 2019 (pending regulatory approval). Nicholas Sacre-Hardy from 2 April 2019 (pending regulatory approval).

4. John Gill from 1 February 2019

5. Position vacant until filled by Karin Cook from 2 January 2019.

6. Matthew Burton from May 2019 (pending regulatory approval).

7. Mark Satchel until 13 March 2019. Position ceased to exist from 13 March 2019.

8. Position ceased to exist from 13 March 2019

B.1.4 Material Transactions for holdings in OMWLP over the period

During 2018, OMWLP issued £18 million of share capital to fund the ongoing costs of the Platform Transformation Programme.

B.7 Outsourcing

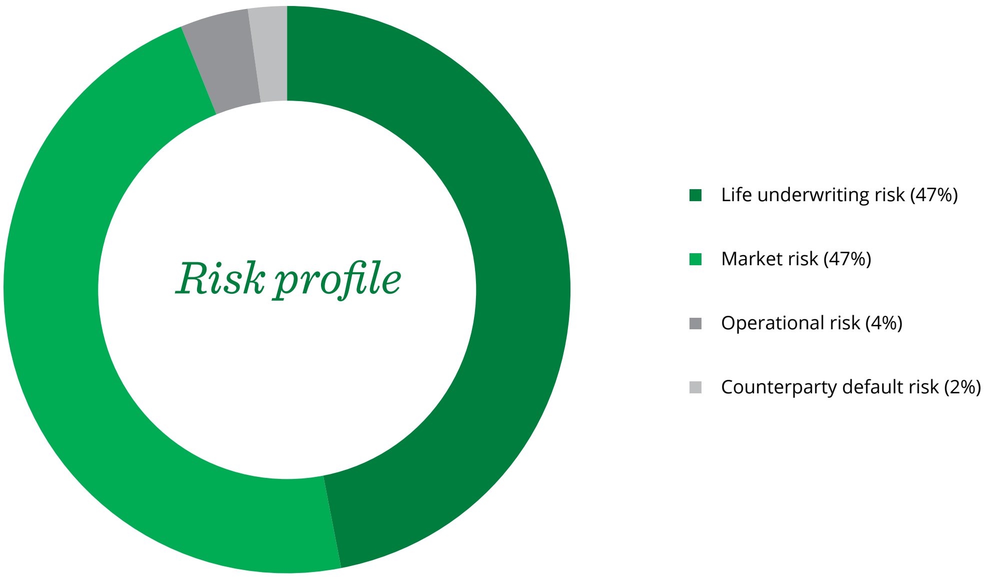
B.7.1 Critical or important outsourcing arrangements

The firm has assessed whether outsourced activities are 'Critical or Important' on the basis of the activities being outsourced and dependency on these arrangements for that service. The nature of critical or important arrangements primarily includes infrastructure and application maintenance including development testing services. Material outsourced services are predominantly provided from the UK, South Africa and India. The assessment reviews whether these activities are essential to the operation of the firm and whether it would be able to deliver its services to policyholders without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust ongoing governance structure is implemented to ensure that the service continues to adhere to the principles outlined in the Third-Party Management Policy and Standards suite.

Section C. Risk profile

The pie chart below sets out the risk profile based on the SCR, determined using the Solvency II Standard Formula, with each of the key risks covered in the following sections.



Risk profile drivers

The main risk categories to which OMWLP is exposed are market risk and life underwriting risk. These represent 94% of OMWLP's risk exposure. Market risk is a significant risk for OMWLP, since the majority of in-force business is investment business and a large part of OMWLP's revenues are related to asset values.

Lapse risk is the most significant component of life underwriting risk (see C.2.1). This is because the unit linked investment business relies on persistency of policies to generate future revenues.

Further details on the specific risk drivers are provided in the following sections.

Measures used to assess risks

Based on the Standard Formula, OMWLP has a SCR of £282 million as at 31 December 2018.

Change in the risk profile over the period to 31 December 2018

The table below provides details of OMWLP's risk profile in terms of SCR capital. It also highlights the change in the risk profile for over the valuation period.

£000	Capital requirement based on diversified risk*		Change in SCR
	31 December 2018	31 December 2017	
Market risk SCR module	166,798	196,504	(29,706)
Life underwriting risk SCR module	200,938	190,303	10,635
Operational risk SCR module	17,144	11,837	5,307
Counterparty default risk SCR module	7,780	2,319	5,461
Diversification (Inter-module)	(81,498)	(82,563)	1,066
Allowance for DTL (loss absorbing capacity of deferred tax) offset	(29,294)	(84,769)	55,475
Solvency capital requirement	**281,868**	**233,630**	**48,238**
Diversification benefit	**21%**	**21%**	**-**

*After intra-module diversification applied

OMWLP does not expect material change in its risk profile each year. The main driver to the change in the size of SCR relates to the movement in AuA, which is primarily driven by the volume of new business added each year and also market performance over the year.

The SCR of £282 million is after the adjustment for diversification and allowance for deferred taxes offset.

Before allowing for the diversification effect and deferred taxes offset, the sum of the standalone risk SCR at 31 December 2018 is £462 million. The relative contribution of each risk is determined before allowing for the impact of diversification between risks.

The allowance for DTL offset (loss absorbency of deferred tax) represents the change in the deferred tax liabilities between the Solvency II base balance sheet and the stressed balance sheet under the Solvency II 1 in 200 year scenario. This effectively means that should the 1 in 200 year loss occur, the deferred tax liabilities for OMWLP will also reduce, hence reducing the net impact of such a loss.

C.1 Market risk

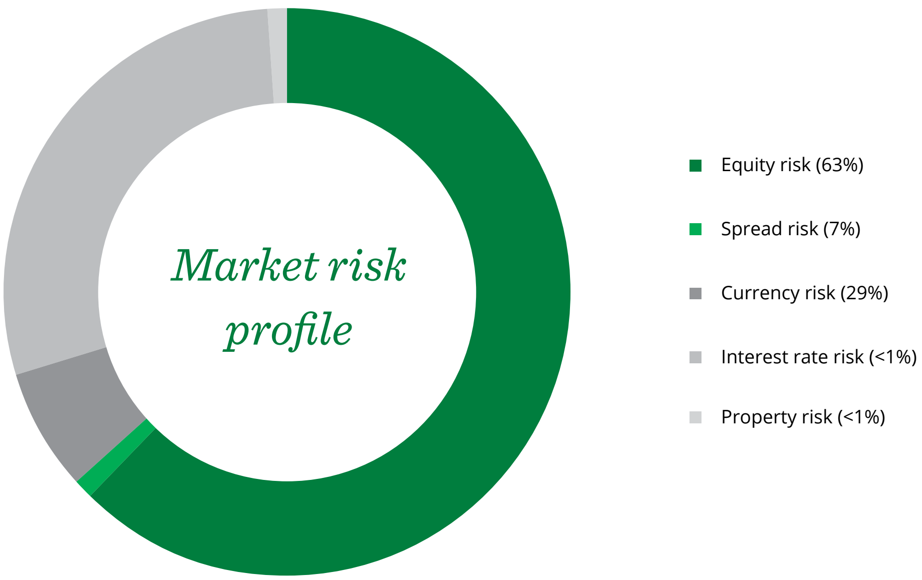
C.1.1 Market risk as at 31 December 2018

OMWLP's market risk profile is derived from the Standard Formula 1-in-200 case market stresses before allowing for the impact of diversification.

The exposure for this module is £167 million after intra-module diversification of 21% (i.e. allowance for diversification between market risks).

The pie chart below sets out the drivers of the £167 million market risk for OMWLP:

Most of the exposure is from equities risk. This accounts for 63% of the exposure in this module; and Currency is the second largest exposure within this module.



C.1.2 Change in the market risk over the period to 31 December 2018

The table below considers the change in the market risk over the period.

£000	Market risk capital requirement based on diversified risk*		Change in SCR
	31 December 2018	31 December 2017	
Interest rate risk	372	856	(484)
Equity risk	105,411	129,815	(24,403)
Property risk	1,073	877	196
Spread risk	11,258	12,483	(1,226)
Currency risk	48,684	52,472	(3,788)
Market risk SCR	**166,798**	**196,504**	**(29,706)**

Table C.1.2 - Market Risk SCR - 2018 v/s 2017*After intra-module diversification applied

Equity risk

Equity market risk is a significant risk for OMWLP, since the majority of in-force business is investment business and a large part of the company's revenues are related to asset values.

The capital requirement for equity risk reflects the potential loss of future revenue resulting from returns on equity assets falling below the levels assumed in the best estimate projection. Equity assets are all held indirectly through collective investments held to back all unit-linked liabilities.

The impact of loss of future revenue under a 1-in-200 year equity stress for OMWLP is based on a full measure prescribed equity stress of 39% plus symmetric adjustment for type 1 equities and a 49% plus symmetric adjustment for type 2 equities (i.e. not allowing for any equity transitional arrangements).

Despite the growth in AuA, equity risk has mainly decreased due to the significant reduction in the symmetric adjustment. The movement in the symmetric adjustment from +1.90% to -6.34% reduced the equity shock by 8.24%. The newly introduced asset-based expense assumption, to replace part of the policy-based expense assumption, has also slightly reduced the equity risk because of the reduction in expense cash flow under the equity shock. Further information on the asset-based expense assumption can be found in section D.2.1.3.

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future revenue resulting from adverse movements in currency markets which reduce underlying unit-linked asset values, held indirectly through collective investments held to back unit-linked liabilities.

Following an investigation, it was concluded that assets within collective investments where details of the currency are not available have the same likelihood of being in an overseas currency as the other known-currency assets within those collective investments. Previously, it had been assumed that all these assets were in overseas currencies and subject to currency risk stress based on prudence. This change in approach has reduced the value of the currency risk.

Spread risk

Similar to equity risk, the capital requirement for spread risk reflects the potential loss of future revenue resulting from adverse movement in corporate bond markets which reduce underlying unit linked asset values, held indirectly through collective investments held to back policyholder unit-linked liabilities.

The AuA contain corporate bonds. When the spread on these bonds widen, the value of these bonds fall, decreasing the fund based future revenue.

In addition to policyholder funds, the vast majority of shareholder funds are invested in money market funds and bank deposits with a notice period; these assets are also included in the calculation of spread risk. Shareholder assets contain no directly invested corporate bonds.

Spread risk has fallen due to a reduction in the average duration/exposure of the bonds.

C.1.3 Risk mitigation

OMWLP seeks secondary market risk through asset-based fees, and mitigates it through diversity and breadth of proposition designed to cater for a wide range of economic conditions.

C.1.4 Risk concentration

The OMWLP platform has over 1,000 funds for clients to invest in. This provides a well-diversified investment portfolio. The market risk concentration on policyholders' assets is therefore minimal.

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and permitted money market funds. The market risk concentration on shareholders asset is therefore minimal.

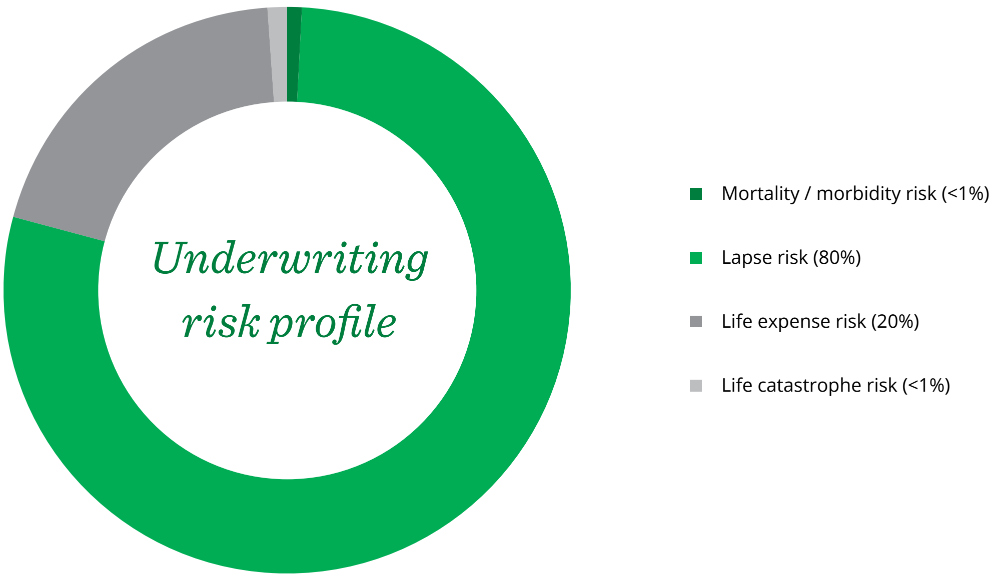
C.2 Underwriting risk

C.2.1 Underwriting risk at 31 December 2018

As at 31 December 2018, the exposure for this module is £201 million with intra-module diversification of 12% (i.e. allowance for diversification between underwriting risks).

The pie chart below sets out the drivers of the £201 million underwriting risk:

- *most of the exposure to underwriting risk is from lapse risk. This accounts for 80% of the exposure in this module;*
- *life expense risk is the second largest exposure within this module.*



C.2.2 Change in underwriting risk over the period

The table below considers the change in the underwriting risk over the period.

£000	Life underwriting risk capital requirement based on diversified risk*		Change in the SCR
	31 December 2018	31 December 2017	
Mortality risk	346	275	71
Longevity risk	-	-	-
Disability-morbidity risk	-	-	-
Lapse risk	159,900	153,162	6,738
Life expense risk	40,539	36,717	3,821
Life catastrophe risk	153	148	5
Life underwriting risk SCR	**200,938**	**190,303**	**10,635**

*After intra-module diversification applied

The life underwriting risk SCR has increased over the year. The main changes in the risk profile for the underwriting risk module are as follows:

- *increase in persistency (lapse) risk; and*
- *increase in life expense risk.*

The main driver for these is the growth in the in-force book.

C.2.3 Risk mitigation

OMWLP manages/mitigates each of the following risks as described below:

Lapse risk

Lapse risk is a feature of OMWLP's business and is managed through focus on customer service, conduct and reputation.

Life expense risk

Expense risk is managed through tight budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve OMWLP's strategic aims.

Expense levels are monitored monthly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. These drivers are periodically reviewed to ensure they are in line with the services that each legal entity is receiving.

Some product structures include maintenance charges. These charges are reviewed annually in response to changes in maintenance expense levels and as a result this may result in changes to the maintenance cost allocations.

C.2.4 Risk concentration

There are no material concentrations of lapse, expense, and mortality risks.

C.3 Credit risk

OMWLP is subject to a range of minor credit risk exposures. The most material exposures relate to the risk of default by banks and other financial institutions in respect of OMWLP deposits. The material risks relate to:

– *the risk of default by banks and other financial institutions in respect of OMWLP deposits; and*

– *trade net debtors, including outstanding settlements with fund managers.*

C.3.1 Credit risk at 31 December 2018

OMWLP's credit risk profile is derived from the Standard Formula 1-in-200 year credit event.

As 31 December 2018, the exposure for this module is £8 million.

C.3.2 Change in credit risk over the period

Credit risk has increased by £5.5 million compared to 31 December 2017, due to the allowance for credit risk on trade net debtors.

OMWLP has a low risk tolerance for credit and counterparty risk and aims to limit it by investing OMWLP assets only in UK Government bonds and deposits with an appropriately diversified set of institutions with strong credit ratings.

Shareholders' funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits, permitted money market funds and UK government bonds. 83.1% of shareholder funds are held in AAA-rated money market funds and bank deposits with a notice period. The risk of default for these counterparties has been implicitly captured within the spread risk assessment (within the market risk module). The remaining 16.9% of shareholder funds are cash at banks with the % exposure by credit rating shown in the table below.

Rating	% Exposure (cash at bank)
AA	16.3%
A	83.7%

C.3.3 Prudent person principle and investment of assets

C.3.3.1 Risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty.

C.4 Liquidity risk

On certain funds available to policyholders (primarily property funds), there is a risk that in the event of a shortage of liquidity within the funds, these funds may be suspended, resulting in policyholders being unable to buy or sell units for a period of time. This risk is borne by policyholders, except for mortality claims where the risk reverts to OMWLP. Oversight of this risk is provided by the OMIP Investment Forum.

C.4.1 Expected profit included in future premiums (“EPIFP”)

Most of OMWLP’s business consists of single premium business. OMWLP’s regular premium business is subject to short contract boundary conditions and so expected profit included in future premiums is nil.

C.5 Operational risk

C.5.1 Treatment of operational risks within the capital assessment

As at 31 December 2018, the exposure for this module is £17 million. This has increased by £5.3 million from the year ending 31 December 2017 and is due to renewal commission now being included in the value of the maintenance expenses incurred over the last 12 months for unit-linked business following the clarification by the EIOPA questions and answers.

C.6 Risk sensitivity

Scenario testing and sensitivity testing is performed on an annual basis to assess the resilience of OMWLP to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which OMWLP could become unviable.

Sensitivity testing

OMWLP carries out sensitivity testing to assess the impacts on the solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2018 surplus capital above the SCR was £116 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital (£million)
Equity markets: 25% market fall	(12)
Interest rates: 1% reduction in interest rates and inflation rates	(4)
Interest rates: 1% increase in interest rates and inflation rates	3
Lapse rates: 10% mass lapse	(18)
Expenses: 10% increase in expense levels	(21)

Scenario tests

Scenarios are constructed to test the potential severe or extreme events which could arise over the business plan period that could lead to significant cash and capital strain relative to the forecast. Scenarios tested include a severe economic downturn and severe reputational damage leading to reduced new business volumes and increased withdrawals. Allowance is made within scenario testing results for management action to reduce expense levels following stresses.

Under each of the quantitative scenarios tested OMWLP continues to meet its regulatory solvency requirements and does not require any unplanned capital support from its parent holding company.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the business strategy in order to continue as a going concern.

D. Valuation for solvency purposes

Solvency II assets and liabilities have been calculated in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC.

Summary balance sheet £000	Solvency II	IFRS	Difference
Assets			
Investments (other than assets held for index-linked and unit-linked funds):			
Government bonds	41,022	40,651	372
Collective investment undertakings	268,830	3,426	265,404
Assets held for index linked and unit linked funds	26,789,325	26,789,325	-
Contract costs	-	4,086	(4,086)
Deferred tax asset	-	5,426	(5,426)
Receivables (trade, not insurance)	111,665	112,037	(372)
Cash and cash equivalents	54,086	319,490	(265,404)
Total assets	**27,264,930**	**27,274,441**	**(9,512)**
Liabilities			
Policyholder liabilities/technical provisions	26,568,326	26,812,079	(243,753)
Contract liabilities	-	511	(511)
Provisions other than technical provisions	-	2,041	(2,041)
Deferred tax liabilities	29,294	-	29,294
Insurance and intermediaries payables	234,837	234,837	-
Reinsurance payables	-	-	-
Payables (trade, not insurance)	20,413	20,413	-
Total liabilities	**26,852,870**	**27,069,881**	**(217,011)**
Excess of assets over liabilities	**412,060**	**204,560**	**207,499**

The bases, methods and main assumptions used for the valuation of OMWLP's assets, technical provisions and other liabilities are consistent with the Solvency II rules and guidance. They are also consistent with those used in the prior year.

D.1 Assets

D.1.1 Contract costs

Under IFRS, the acquisition costs arising from the sale of investment and insurance contracts are spread over the period of the contract. Recoverability of these costs, against future income streams, is regularly assessed and where these costs are deemed to be irrecoverable, they are immediately expensed through the IFRS income statement. This is an IFRS specific accounting item which is not admissible under Solvency II.

D.1.2 Deferred tax asset

Refer to D.3.2 of this Appendix.

D.1.3 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds represent policyholder investments. In the same way that 'Investments and securities' are valued, under both Solvency II and IFRS, these assets are valued largely on the basis of quoted market prices, within active markets, with any resultant gain or loss recognised in the income statement.

However, £3.0 million is invested in suspended funds. Due to the price of these funds not being current, the assets are valued using method (ii) as described in D.1 of the body of the Group SFCR.

D.1.4 Investments (other than assets held for index-linked and unit linked-funds)

This includes UK Government fixed interest bonds and investments in Collective Investment Undertakings. Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

There are allocation differences between Solvency II and IFRS caused by differences in the definition of line items. Under Solvency II, the money market fund investments (£265.4 million) are included in the "Investment funds" line, whereas on the IFRS balance sheet these are included in "Cash and cash equivalents". This reclassification is based on maturity. Under Solvency II any funds that are not accessible within 24 hours are classed as Investments rather than cash and cash equivalents.

Under Solvency II, accrued income on investments and securities (£0.4 million) is reclassified from receivables to investments and securities resulting in a small difference in the "Government bonds" line between the Solvency II and IFRS bases.

D.1.5 Cash and cash equivalents

Cash and cash equivalents are carried on an amortised cost basis under both IFRS and SII and this approximates to fair value. The key difference between IFRS and SII reporting is that money market fund investments are included in the "Investment funds" line under Solvency II, whereas under IFRS they are included in "Cash and cash equivalents".

D.1.6 Receivables (trade, not insurance)

Other receivables are non-interest bearing and are stated at their amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short term nature of the balances.

The valuation basis applies equally to both IFRS and Solvency II, although under Solvency II there is a subsequent reclassification (£0.4 million) of accrued income on investments and securities to the investments and securities category.

D.2 Technical provisions

OMWLP only has unit-linked business which is categorised as 'Index-linked and unit-linked insurance' under Solvency II.

£000	Solvency II value
Technical provisions	**31 December 2018**
Technical provisions as a whole	26,812,079
Best estimate	(343,135)
Risk margin	99,382
Total technical provisions	**26,568,326**

The Solvency II technical provisions for OMWLP, of £27 billion, have three components:

- *technical provisions as a whole of £27 billion;*
- *best estimate liabilities of £(343)million; and*
- *risk margin of £99 million.*

At the end of 2017, the PRA expressed a preference for firms to report unit liabilities as technical provisions as a whole. As a result, OMWLP has updated the approach and its technical provisions as a whole represent the value of units credited to policyholders as at 31 December 2018. Where the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender.

The best estimate liabilities, excluding the unit part of future benefits, represent the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model. This is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves.

The risk margin is determined as the present value of the cost of non-hedgeable capital (at 6% p.a.) needed for the full run-off of the liabilities, discounted using the prescribed term-dependent Solvency II risk-free rates.

D.2.1 Methodology applied in deriving the technical provisions

Best estimate valuation methodology

OMWLP calculates the best estimate liability for all policies in-force at the valuation date. Hence the best estimate liability is calculated as the prospective value of future expected cash-flows on a policy-by-policy basis allowing for surrender or transfer payments, income withdrawal, maintenance expenses, fund based fees and other policy charges. The underlying assumptions are based on the best estimate for the future, which is largely based on the current business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the risk discount rates are set at the prescribed Solvency II risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax other than policyholder tax. The value of shareholder tax is calculated separately but consistently with the cash flow gross of taxes and is included within the deferred tax liability line.

The CRA product (refer to Section A.1.8.1 for details) is the only product which accepts regular premiums. For this product, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II 'boundary of the contract'. OMWLP has concluded that short contract boundary conditions apply and therefore these policies have been modelled as if they were to become immediately paid-up with no allowance for future expected premiums.

OMWLP has no material reinsurance recoverables.

D.2.2 Key assumptions in deriving the technical provisions

Relevant risk-free rate applied in deriving the technical provisions

OMWLP used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31 December 2018. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

The best estimate liabilities are not particularly sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates and the risk discount rates have a broadly offsetting effect.

Lapses

The persistency assumptions determine how long the business is expected to remain on the book. Hence it is an important driver for the future expected profits within the technical provision calculation.

The lapse, surrender and income withdrawal assumptions are set with reference to experience, allowing for any emerging trends since the introduction of UK Pensions Freedom in 2015. Lapse assumptions vary by product type and duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2018:

Significant changes in UK pension regulations relating to Pension Freedoms have been in-force since April 2015. OMWLP has observed the following:

- ***Full Surrender**s – experience on OMWLP pensions has improved consistently since the UK Pension freedoms was introduced in 2015. This is because less business is lost to annuity providers. The continued improvement in surrender experience over 2018 has reduced surrender assumption.*
- ***Partial withdrawals and pension payments** – the level of income withdrawal has reduced over 2018 and therefore the overall assumption has been reduced. The level of withdrawals continues to display seasonality as policyholders withdraw more around tax year-end.*

Expenses

Expenses reflect the cost of administering the in-force business. At 31 December 2018, the per-policy maintenance expense assumptions have increased due to spend over the year being above expectation.

The 2019 expense assumptions are based on actual observed experience (excluding acquisition expenses and one-off expenses), averaged over the number of policies. This per-policy expense assumption is validated by comparing to projected expenses over the business planning period. This is to ensure there is no material expense over-run or under-run expected.

As the Platform Transformation Programme (PTP) is scheduled to be implemented at the end of 2019, management has incorporated the new expense basis from the start of 2020 in the calculation of technical provisions, to reflect the future outsourcing arrangement with FNZ. As a result of the anticipated PTP implementation, additional expense will be incurred due to ongoing fees payable to FNZ, and retained function costs will reduce due to the reduction in spend on the existing IT systems and operations.

Under the new basis, from 2020 onwards, the existing per policy expense assumption will be replaced by a combination of a revised per policy expense assumption for the retained function costs and a new asset-based expense assumption to reflect the fees contractually payable to FNZ under the outsourcing model.

In capturing the future FNZ expense basis, outstanding PTP development expenditure cash flows have been included, for consistency reasons, within the Solvency II technical provisions calculation.

Expense inflation assumption

The expense per policy assumption is projected to increase in line with anticipated inflation rates for OMWLP business. The anticipated future inflation rates have fallen at 31 December 2018 because of the reduction in the projected Retail Price Index (RPI) rates for the UK economy.

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves. The main cost base of OMWLP is made up of salaries, which generally inflate at a slightly higher rate than the RPI rates. Therefore the business expense inflation assumption is set to a percentage addition to the projected RPI rates. This percentage addition has remained unchanged.

D.2.3 Uncertainty associated with the value of technical provisions

OMWLP is a unit-linked business and as such there is, in absolute terms, little uncertainty regarding the value assigned to the unit-linked liability as it does not require application of assumptions or judgement.
The value of own funds (£392 million at 31 December 2018) is largely dependent on the best estimate assumptions used to calculate the best estimate liability. This component of technical provisions therefore carries greater uncertainty, principally driven from:

- *economic uncertainty on future income from unit funds; and*
- *assumptions used to model future cash flows (as set out in section D.2 of this appendix). These assumptions are set based on current experience on a best estimate basis.*

The valuation uncertainty will mainly affect the best estimate element of technical provisions with a small second order effect on risk margin.

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in capital and risk management of the business.

D.2.4 Differences between Solvency II and IFRS bases, methods and assumptions

The table below provides a breakdown of the technical provisions between the Solvency II and IFRS bases.

£000 Liabilities	31 December 2018
Gross IFRS insurance contract liabilities	26,812,079
Adjustment for Solvency II	(343,135)
Gross BEL (Solvency II liabilities to policyholders)	**26,468,944**
Add risk margin	99,382
Solvency II technical provisions	**26,568,326**

OMWLP uses IFRS as its statutory accounts basis. The IFRS value of technical provisions is £27 billion which is based on the value of unit reserves.

The differences in the value of technical provisions when moving from an IFRS basis to a Solvency II basis is as follows:

- ***Adjustment for Solvency II*** *- the 'adjustment for Solvency II' includes allowance for future profits on unit linked business, and this reduces the technical provisions by £343 million. This negative adjustment represents the recognition of future profits net of expenses calculated on a set of best estimate assumptions gross of reinsurance.*
- ***Addition of risk margin*** *- the addition of the risk margin under Solvency II, increases the technical provisions by £99 million, compared to the IFRS basis*

D.3 Other liabilities

£000	Solvency II	IFRS	Difference
Liabilities			
Provisions other than technical provisions	-	2,041	(2,041)
Insurance and intermediaries payables	234,837	234,837	-
Payables (trade, not insurance)	20,413	20,413	-
Contract liabilities	0	511	(511)
Total other liabilities	**255,250**	**257,802**	**(2,552)**

The table above shows the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for solvency valuation purposes compared to the approach taken in their valuation in the financial statements.

D.3.1 Specific items

The majority of liabilities that are not technical provisions are valued in accordance with IFRS in both the Solvency II balance sheet and the financial statements.

'Insurance and intermediaries payables' and 'Payables (trade, not insurance)' are non-interest bearing and are stated at their amortised cost. This is not materially different to cost, and approximates to fair value for both IFRS and Solvency II, due to the short term nature of the balances. As a result, no deviation risk has been applied. No adjustments or judgements are made for valuation purposes.

There are two items of other liabilities where the treatment differs between the bases:

- *£2 million of 'Provisions other than technical provisions'. This represents provisions for client rectifications which are included within technical provisions on a Solvency II basis; and*
- *£0.5 million allowed in the IFRS financial statements for 'Contract liabilities', not recognised on the Solvency II balance sheet. Under IFRS, front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, is deferred through the creation of a Contract liability on the statement of financial position and released to income as services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the Contract liability is amortised on a linear basis over the expected life of the contract. The deferred fee income liability principally comprises fee income already received in cash. Under Solvency II, all cash flows on insurance contracts are recognised through the technical provision.*

D.3.2 Deferred tax

During 2018, a deferred tax asset was recognised under IFRS primarily due to capital losses made during the year.

£000 Deferred tax liabilities	Solvency II Value	IFRS Value	Difference
Deferred tax liabilities	29,294	-	29,294

Section E. Capital management

E.1 Own funds

E.1.1 Management of capital over the reporting period

OMWLP Capital Management Strategy

Quilter Group operates a robust capital management framework to ensure the Group is able to provide a sufficient level of protection for the customer, and meet applicable regulatory requirements and shareholder expectations. Under the Group capital management framework, OMWLP has set its solo solvency target to withstand a severe but plausible instantaneous loss event with all risks taking place at the same time and still meeting the solo regulatory capital requirements. The level of severity of the event corresponds to the solo risk appetite.

Following completion of the managed separation from Old Mutual plc at the end of June 2018 and the treatment of outstanding PTP development expenditures on a Solvency II basis at year-end 2018 (refer to expense assumption Section in D.2 of this appendix), OMWLP is able to operate closer to its long term solvency target compared to year-end 2017. As a result, it has been agreed that OMWLP will pay a dividend of £20 million to its parent company, Old Mutual Wealth UK Holding Limited, in 2019. This dividend is reflected in the value of the own funds as at 31 December 2018 wherever it is stated within this document.

The actual capital position for OMWLP is monitored through the CMF on a monthly basis and the OMWLP Board and the Quilter plc Board Risk Committee (BRC).

The capital position of OMWLP is also monitored on a monthly basis within the Finance department. The capital position is based on a combination of actual and estimated information (based on appropriate drivers such as market levels and new business volumes). This provides an early warning system that will detect any unexpected deterioration in the solvency position of the entity.

E.1.2 Analysis of change (own funds, SCR and MCR)

The table below summarises the change, by tier, of own funds, SCR and MCR for OMWLP.

£000	31 December 2018		31 December 2017		Change	
	Solvency II	IFRS	Solvency II	IFRS	Solvency II	IFRS
Assets	27,264,930	27,274,441	25,832,677	25,837,294	1,432,252	1,437,148
Liabilities	26,852,870	27,069,881	25,469,071	25,716,371	1,383,799	1,353,510
Excess Funds	**412,060**	**204,560**	**363,607**	**120,922**	**48,453**	**83,638**
Basic own funds	392,060	-	363,607	-	28,453	-
Basic own funds adjustments	-	-	-	-	-	-
Ancillary own funds	-	-	-	-	-	-
Available own funds	**392,060**	**-**	**363,607**	**-**	**28,453**	**-**
Classified own funds						
Tier 1	392,060	-	363,607	-	28,453	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Solvency capital requirement	**281,868**	**-**	**233,630**	**-**	**48,238**	**-**
Eligible own funds	**392,060**	**-**	**363,607**	**-**	**28,453**	**-**
Classified own funds						
Tier 1	392,060	-	363,607	-	28,453	-
Tier 2	-	-	-	-	-	-
Tier 3	-	-	-	-	-	-
Surplus (deficit)	**110,191**	**-**	**129,977**	**-**	**(19,785)**	**-**
Eligible own funds as % of SCR	**139%**	**-**	**156%**	**-**	**-**	**-**
MCR	**126,841**	**-**	**105,134**	**-**	**21,707**	**-**
Eligible own funds as % of MCR	**309%**	**-**	**346%**	**-**	**-**	**-**

The Solvency II own funds for year-end 2018 are £392 million, made up of £62 million of share capital and £330 million of reconciliation reserve, both of which are Unrestricted Tier 1 own funds.

Own Funds increased by £28 million during the year (2018: £392 million vs. 2017: £364 million). This increase is as a result of an increase in AuA, due to positive NCCF, and a one-off £55 million reduction in Deferred Tax Liabilities due to the market falls over 2018. Additionally, £18 million of Unrestricted Tier 1 share capital was issued during 2018 to cover the regulatory solvency impact and associated risks from strategic developments in respect of PTP. The Own Funds increase is net of the £20 million foreseeable dividend payment.

The SCR at 31 December 2018 is £282 million, compared to £234 million in the prior year. The solvency coverage ratio reduced by 17% in the year with the aim of managing the solvency more closely to the long-term solvency target (2018: 139% vs. 2017: 156%).

OMWLP has retained sufficient capital to cover both the MCR and SCR over the period analysed and is therefore compliant with the SCR and MCR requirements. The opening and closing coverage ratios are given in the table E.1.

E.1.2.1 Analysis of change from IFRS equity to basic own funds

£000	31 December 2018
IFRS equity	**204,560**
Revaluation of technical provisions (net of deferred tax)	243,753
Removal of DAC, contract costs and contract liabilities	(9,001)
Removal of deferred tax on DAC and contract costs/liabilities	(29,294)
Other	2,041
Solvency II net assets	**412,060**
Foreseeable dividend	(20,000)
Total own funds	**392,060**

The table above covers the quantitative differences between equity as shown in the financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Specifically these adjustments are:

- *the addition of future anticipated profits under the Solvency II basis, not included under IFRS, together with the addition of the risk margin as this is a Solvency II requirement and not relevant for IFRS;*
- *contract costs and Contract liabilities are not included within Solvency II basic own funds;*
- *deferred tax arising from differences in the timing of profit recognition between IFRS and Solvency II; and*
- *dividends that are foreseeable at the reporting date are deducted from Tier 1 own funds. The EIOPA Guidelines on classification of own funds provide that a dividend is foreseeable "at the latest when it is declared or approved by the board regardless of any requirement for approval at the annual general meeting".*

Management is permitted to deduct a planned dividend from own funds prior to board approval, in cases where it is likely that approval will be granted. Based on discussions with management, and in order to avoid temporary fluctuations in OMWLP's solvency position, the eligible own funds have been reduced by the amount of the final dividend of £20 million paid during March 2019.

E.1.2.2 Reconciliation reserves

The table below shows that own funds are made up of Share Capital of £62 million and reconciliation reserve of £330 million.

£000	31 December 2018	31 December 2017
Available own funds		
Share Capital	62,000	44,000
Reconciliation reserve	330,060	319,607
Available own funds	**392,060**	**363,607**

Table E.1.2.3 Available Own Funds

The reconciliation reserve equals the total excess of assets over liabilities, net of Share Capital.

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Detail on the capital requirements for OMWLP

£000	Standard Formula or Internal Model	31 December 2018	31 December 2017	Change
Available own funds	-	**392,060**	**363,607**	**28,453**
Solvency capital requirement	-	**281,868**	**233,630**	**48,238**
Market risk SCR module	*Standard Formula*	166,798	196,504	(29,706)
Life underwriting risk SCR module	*Standard Formula*	200,938	190,303	10,635
Operational risk SCR module	*Standard Formula*	17,144	11,837	5,307
Counterparty default risk SCR module	*Standard Formula*	7,780	2,319	5,461
Diversification	-	(81,498)	(82,563)	1,066
Allowance for DTL (loss absorbing capacity of deferred tax) offset	-	(29,294)	(84,769)	55,475
Surplus	-	**110,191**	**129,977**	**(19,785)**
Eligible own funds as % of SCR	-	**139%**	**156%**	
Minimum capital requirement	-	**126,841**	**105,134**	**21,707**
Eligible own funds as % of MCR	-	**309%**	**346%**	**-**

Table E.2.1 – Summary of SCR, MCR for OMWLP * After intra-module diversification applied.

OMWLP calculates the SCR using the Standard Formula as set out in the Solvency II rules.

E.2.2 Calculation of MCR

The MCR is calculated using a formulaic approach subject to an overall minimum of the higher of EUR 3.7 million and and 25% of the SCR and a maximum of 45% of SCR.

E.2.3 Explanation for material changes to SCR and MCR

Changes to MCR

During 2018, the MCR increased by £22 million.

The MCR is driven by the size of technical provisions and SCR and hence its movements are directly related to movements within these components.

Changes to SCR

During 2018, the SCR increased by £48 million compared to 2017 .

The key components of this increase are as follows:

- *the market risk component of SCR (after intra-module diversification is applied) has fallen by £30 million (see table E.2.1). This is due to the 'Equity Risk' component of market risk, details of which are contained in section C.1.2 of this appendix. Equity risk has fallen mainly due to the significant reduction in the symmetric adjustment;*
- *the life underwriting risk component of SCR (after intra-module diversification is applied) has increased by £11 million over 2018 (see table E.2.1). Further information on underwriting risk can be found in section C.2.2. The main changes in the risk profile for the underwriting risk module are as follows:*
- *increase in persistency (lapse) risk; and*
- *increase in life expense risk.*

The main drivers for these is the growth of the in-force book; and

- *the market fall has also reduced the loss absorbing capacity of deferred taxes (LACDT) – the business has effectively utilised a part of the LACDT under the equity market stress already experienced over 2018. The £55.5 million fall in LACDT has been the main driver for the increase to SCR over 2018.*

E.3 Non-compliance with the MCR and SCR

The company is compliant with the SCR and minimum MCR requirements.

Appendix F.3.1

Quantitative Reporting Templates (QRT) – OMWLA

F.3.1 Quantitative Reporting Templates (QRT) – OMWLA

This appendix contains the following Quantitative Reporting Templates applicable to OMWLA at 31 December 2018, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to OMWLA.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business (unaudited)
3. S.12.01.02 Life and Health SLT Technical Provisions
4. S.23.01.01 Own funds
5. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula
6. S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All figures are presented in £000s with the exception of ratios that are in percentages.

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.1 S.02.01.02.01 Balance Sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	596,791
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	7
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	126,791
Government Bonds	R0140	126,791
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	439,933
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	30,061
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	9,554,057
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	2,051,062
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	477,148
Health similar to life	R0320	(6,082)
Life excluding health and index-linked and unit-linked	R0330	483,229
Life index-linked and unit-linked	R0340	1,573,914
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	15,651
Reinsurance receivables	R0370	17,911
Receivables (trade, not insurance)	R0380	30,999
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	50,132
Any other assets, not elsewhere shown	R0420	0
Total assets	**R0500**	**12,316,603**

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.1 S.02.01.02.01 Balance Sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions - health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	607,488
Technical provisions - health (similar to life)	R0610	10,319
Technical provisions calculated as a whole	R0620	7,385
Best Estimate	R0630	(224)
Risk margin	R0640	3,158
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	597,169
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	580,565
Risk margin	R0680	16,604
Technical provisions – index-linked and unit-linked	R0690	11,030,299
Technical provisions calculated as a whole	R0700	11,230,695
Best Estimate	R0710	(265,419)
Risk margin	R0720	65,023
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	14,857
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	154,258
Reinsurance payables	R0830	7,632
Payables (trade, not insurance)	R0840	18,318
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	**11,832,852**
Excess of assets over liabilities	R1000	**483,751**

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.2 S.05.01.02 Premiums, claims and expenses by line of business £000

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	10,684	0	496,395	67,496					**574,575**
Reinsurers' share	**R1420**	8,122	0	236,909	44,209					**289,240**
Net	**R1500**	2,562	0	259,486	23,287					**285,335**
Premiums earned										
Gross	**R1510**	10,684	0	496,648	67,496					**574,828**
Reinsurers' share	**R1520**	8,122	0	236,909	44,209					**289,240**
Net	**R1600**	2,562	0	259,739	23,287					**285,588**
Claims incurred										
Gross	**R1610**	8,945	0	2,879,897	31,008					**2,919,850**
Reinsurers' share	**R1620**	7,105	0	1,003,012	26,051					**1,036,167**
Net	**R1700**	1,840	0	1,876,885	4,958					**1,883,683**
Changes in other technical provisions										
Gross	**R1710**	(171)	0	3,258,899	(107,974)					**3,150,754**
Reinsurers' share	**R1720**	(211)	0	852,398	(101,301)					**750,886**
Net	**R1800**	40	0	2,406,500	(6,672)					**2,399,868**
Expenses incurred	**R1900**	2,008	0	87,665	14,186					**103,858**
Other expenses	**R2500**									**620**
Total expenses	**R2600**									**104,478**

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	**R0010**		11,230,695			0					**11,230,695**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**		1,671,382			0					**1,671,382**
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**			3,874	(269,293)		2,498	578,067			**315,146**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			0	(97,468)		707	482,522			**385,761**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			3,874	(171,825)		1,791	95,545			**(70,615)**
Risk Margin	**R0100**		65,023			16,604					**81,627**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										
Best estimate	**R0120**										
Risk margin	**R0130**										
Technical provisions - total	**R0200**		11,030,298			597,169					**11,627,468**

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**	7,385			0	0	7,385
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	0			0	0	0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		0	(225)	0	0	(225)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	(6,082)	0	0	(6,082)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	5,857	0	0	5,857
Risk Margin	**R0100**	3,158			0	0	3,158
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**	0			0	0	0
Best estimate	**R0120**		0	0	0	0	0
Risk margin	**R0130**	0			0	0	0
Technical provisions - total	**R0200**	10,318			0	0	10,318

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.4 S.23.01.01 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	64,456	64,456		0	
Share premium account related to ordinary share capital	**R0030**	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	329,295	329,295			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
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						
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	**R0220**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	0
Total basic own funds after deductions	**R0290**	393,751	393,751	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	393,751	393,751	0	0	0
Total available own funds to meet the MCR	**R0510**	393,751	393,751	0	0	
Total eligible own funds to meet the SCR	**R0540**	393,751	393,751	0	0	0
Total eligible own funds to meet the MCR	**R0550**	393,751	393,751	0	0	
SCR	**R0580**	272,295				
MCR	**R0600**	70,030				
Ratio of Eligible own funds to SCR	**R0620**	145%				
Ratio of Eligible own funds to MCR	**R0640**	562%				

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.4 S.23.01.01 Own funds £000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	483,751
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	90,000
Other basic own fund items	**R0730**	64,456
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	329,295
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	45,482
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	45,482

Appendix F.3.1 – OMWLA solo QRTs

F3.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	166,359		–
Counterparty default risk	**R0020**	10,228		
Life underwriting risk	**R0030**	168,670	none	–
Health underwriting risk	**R0040**	0	none	–
Non-life underwriting risk	**R0050**	0	none	–
Diversification	**R0060**	(76,980)		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	268,278		

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	**R0130**	18,875
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	(14,857)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency Capital Requirement excluding capital add-on	**R0200**	272,295
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	272,295
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

Appendix F.3.1 – OMWLA solo QRTs

F.3.1.6 S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	**R0200**	70,030

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**	0	
Obligations with profit participation - future discretionary benefits	**R0220**	0	
Index-linked and unit-linked insurance obligations	**R0230**	9,391,361	
Other life (re)insurance and health (re)insurance obligations	**R0240**	110,578	
Total capital at risk for all life (re)insurance obligations	**R0250**		2,811,202

Overall MCR calculation

		C0070
Linear MCR	**R0300**	70,030
SCR	**R0310**	272,295
MCR cap	**R0320**	122,533
MCR floor	**R0330**	68,074
Combined MCR	**R0340**	70,030
Absolute floor of the MCR	**R0350**	3,288
Minimum Capital Requirement	**R0400**	70,030

Appendix F.3.2

Quantitative Reporting Templates (QRT) – OMWLP

Appendix F.3.2 Quantitative Reporting Templates (QRT) – OMWLP

This appendix contains the following QRTs applicable to OMWLP at 31 December 2018, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to OMWLP.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business (unaudited)
3. S.12.01.02 Life and Health SLT Technical Provisions
4. S.23.01.01 Own funds
5. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula
6. S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All figures are presented in £000s with the exception of ratios that are in percentages.

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	309,853
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	41,022
Government Bonds	R0140	41,022
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	268,831
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	26,789,325
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	0
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	69,289
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	42,376
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	54,086
Any other assets, not elsewhere shown	R0420	0
Total assets	**R0500**	**27,264,929**

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions - health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	26,568,326
Technical provisions calculated as a whole	R0700	26,812,079
Best Estimate	R0710	(343,135)
Risk margin	R0720	99,382
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	29,294
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	234,837
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	20,413
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	**26,852,270**
Excess of assets over liabilities	R1000	**412,060**

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	0	0	5,132,486	0	0	0	0	0	**5,132,486**
Reinsurers' share	**R1420**	0	0	5	0	0	0	0	0	**5**
Net	**R1500**	0	0	5,132,482	0	0	0	0	0	**5,132,482**
Premiums earned										
Gross	**R1510**	0	0	5,132,486	0	0	0	0	0	**5,132,486**
Reinsurers' share	**R1520**	0	0	5	0	0	0	0	0	**5**
Net	**R1600**	0	0	5,132,482	0	0	0	0	0	**5,132,482**
Claims incurred										
Gross	**R1610**	0	0	2,072,420	0	0	0	0	0	**2,072,420**
Reinsurers' share	**R1620**	0	0	0	0	0	0	0	0	**0**
Net	**R1700**	0	0	2,072,420	0	0	0	0	0	**2,072,420**
Changes in other technical provisions										
Gross	**R1710**	0	0	(1,405,935)	0	0	0	0	0	**(1,405,935)**
Reinsurers' share	**R1720**	0	0	0	0	0	0	0	0	**0**
Net	**R1800**	0	0	(1,405,935)	0	0	0	0	0	**(1,405,935)**
Expenses incurred	**R1900**	0	0	96,135	0	0	0	0	0	**96,135**
Other expenses	**R2500**									**0**
Total expenses	**R2600**									**96,135**

Quilter

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**		26,812,079						26,812,079		**26,812,079**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**		0								**0**
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**			0	(343,145)						**(343,135)**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**			0	0						**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**			0	(343,135)						**(343,135)**
Risk Margin	**R0100**		99,382								**99,382**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										**0**
Best estimate	**R0120**			0	0						**0**
Risk margin	**R0130**										**0**
Technical provisions – total	**R0200**		26,568,326								**26,568,326**

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.3 S.12.01.02 Life and Health SLT Technical Provisions £000

		Health insurance (direct business)			Annuities stemming from non-life insurance	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0					**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0					**0**
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		0	0	0	0	0
Risk Margin	R0100	0			0	0	0
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110				0	0	**0**
Best estimate	R0120		0	0	0	0	**0**
Risk margin	R0130	0			0	0	**0**
Technical provisions – total	R0200	0			0	0	0

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.4 S.23.01.01 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	62,000	62,000			
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	330,060	330,060			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
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						
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	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	392,060	392,060			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	392,060	392,060			
Total available own funds to meet the MCR	**R0510**	392,060	392,060			
Total eligible own funds to meet the SCR	**R0540**	392,060	392,060			
Total eligible own funds to meet the MCR	**R0550**	392,060	392,060			
SCR	**R0580**	281,868				
MCR	**R0600**	126,841				
Ratio of Eligible own funds to SCR	**R0620**	139%				
Ratio of Eligible own funds to MCR	**R0640**	309%				

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.4 S.23.01.01 Own funds £000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	412,060
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	20,000
Other basic own fund items	**R0730**	62,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Reconciliation reserve	**R0760**	330,060
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	0

Appendix F.3.2 – OMWLP solo QRTs

F.3.2.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Basic Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0100**
Market risk	**R0010**	166,798		–
Counterparty default risk	**R0020**	7,780		
Life underwriting risk	**R0030**	200,938	none	–
Health underwriting risk	**R0040**	0	none	–
Non-life underwriting risk	**R0050**	0	none	–
Diversification	**R0060**	(81,498)		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	294,018		

F.3.2.6 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	**R0130**	17,144
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	(29,294)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	281,868
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	281,868
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

Appendix F.3.2 – OMWLP solo QRTs

Linear formula component for life insurance and reinsurance obligations

			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0040	**C0050**	**C0060**
MCRL Result	**R0200**	185,604		
Obligations with profit participation - guaranteed benefits	**R0210**		0	
Obligations with profit participation - future discretionary benefits	**R0220**		0	
Index-linked and unit-linked insurance obligations	**R0230**		26,468,944	
Other life (re)insurance and health (re)insurance obligations	**R0240**		0	
Total capital at risk for all life (re)insurance obligations	**R0250**			459,751

Overall MCR calculation

		C0070
Linear MCR	**R0300**	185,604
SCR	**R0310**	281,868
MCR cap	**R0320**	126,841
MCR floor	**R0330**	70,467
Combined MCR	**R0340**	126,841
Absolute floor of the MCR	**R0350**	3,288
Minimum Capital Requirement	**R0400**	126,841

Appendix F.3.3

Group QRTs

Appendix F.3.3 Group QRTs

This appendix contains the following Quantitative Reporting Templates applicable to Group at 31 December 2018, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to Group.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business
3. S.05.01.01 Premiums, claims and expenses by country
4. S.23.01.22 Own funds
5. S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula
6. S.32.01.22 Undertakings in the scope of the Group

All figures are presented in £000s with the exception of ratios that are in percentages.

Appendix F.3.3 – Group QRTs

F.3.3.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	19,336
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	6,991
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,777,005
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	391,349
Equities	R0100	2,789
Equities - listed	R0110	1,234
Equities - unlisted	R0120	1,555
Bonds	R0130	170,311
Government Bonds	R0140	170,250
Corporate Bonds	R0150	58
Structured notes	R0160	2
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	1,162,769
Derivatives	R0190	37
Deposits other than cash equivalents	R0200	49,749
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	54,454,783
Loans and mortgages	R0230	195,389
Loans on policies	R0240	188,616
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	6,773
Reinsurance recoverables from:	R0270	2,032,140
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	477,172
Health similar to life	R0320	(6,082)
Life excluding health and index-linked and unit-linked	R0330	483,253
Life index-linked and unit-linked	R0340	1,554,969
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	85,265
Reinsurance receivables	R0370	18,280
Receivables (trade, not insurance)	R0380	130,683
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	207,660
Any other assets, not elsewhere shown	R0420	**-**
Total assets	R0500	**58,927,532**

Appendix F.3.3 – Group QRTs

F.3.3.1 S.02.01.02 Balance Sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	-
Technical provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	607,513
Technical provisions - health (similar to life)	R0610	10,318
Technical provisions calculated as a whole	R0620	7,385
Best Estimate	R0630	(225)
Risk margin	R0640	3,158
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	597,194
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	580,590
Risk margin	R0680	16,604
Technical provisions – index-linked and unit-linked	R0690	55,344,948
Technical provisions calculated as a whole	R0700	56,441,191
Best Estimate	R0710	(1,377,866)
Risk margin	R0720	281,623
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	22,293
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	45,094
Derivatives	R0790	1,305
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	444,298
Reinsurance payables	R0830	8,217
Payables (trade, not insurance)	R0840	109,162
Subordinated liabilities	R0850	200,948
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	200,948
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	R0900	**56,783,778**
Excess of assets over liabilities	R1000	**2,143,754**

Appendix F.3.3 – Group QRTs

F.3.3.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross – Direct Business	R0110	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accpepted	R0120	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0130													–
Reinsurers' share	R0140	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0200	–	–	–	–	–	–	–	–	–	–	–	–	–
Premiums earned														
Gross – Direct Business	R0210	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accpepted	R0220	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0230													–
Reinsurers' share	R0240	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0300	–	–	–	–	–	–	–	–	–	–	–	–	–
Claims incurred														
Gross – Direct Business	R0310	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accpepted	R0320	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0330													–
Reinsurers' share	R0340	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0400	–	–	–	–	–	–	–	–	–	–	–	–	–
Changes in other technical provisions														
Gross – Direct Business	R0410	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Proportional reinsurance accpepted	R0420	–	–	–	–	–	–	–	–	–	–	–	–	–
Gross – Non-proportional reinsurance accepted	R0430													–
Reinsurers' share	R0440	–	–	–	–	–	–	–	–	–	–	–	–	–
Net	R0500	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenses Incurred	R0550	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenses	R1200													–
Total expenses	R1300													–

Appendix F.3.3 – Group QRTs

F.3.3.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross – Direct Business	R0110					–
Gross – Proportional reinsurance accpepted	R0120					–
Gross – Non-proportional reinsurance accepted	R0130	–	–	–	–	–
Reinsurers' share	R0140	–	–	–	–	–
Net	R0200	–	–	–	–	–
Premiums earned						
Gross – Direct Business	R0210					–
Gross – Proportional reinsurance accpepted	R0220					–
Gross – Non-proportional reinsurance accepted	R0230	–	–	–	–	–
Reinsurers' share	R0240	–	–	–	–	–
Net	R0300	–	–	–	–	–
Claims incurred						
Gross – Direct Business	R0310					–
Gross – Proportional reinsurance accpepted	R0320					–
Gross – Non-proportional reinsurance accepted	R0330	–	–	–	–	–
Reinsurers' share	R0340	–	–	–	–	–
Net	R0400	–	–	–	–	–
Changes in other technical provisions						
Gross – Direct Business	R0410					–
Gross – Proportional reinsurance accpepted	R0420					–
Gross – Non-proportional reinsurance accepted	R0430	–	–	–	–	–
Reinsurers' share	R0440	–	–	–	–	–
Net	R0500	–	–	–	–	–
Expenses Incurred	R0550	–	–	–	–	–
Other expenses	R1200					–
Total expenses	R1300					–

Appendix F.3.3 – Group QRTs

F.3.3.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	10,686	–	7,391,740	67,496	–	–	–	–	**7,469,922**
Reinsurers' share	**R1420**	8,122	–	238,243	44,209	–	–	–	–	**290,574**
Net	**R1500**	2,564	–	7,153,497	23,287	–	–	–	–	**7,179,349**
Premiums earned										
Gross	**R1510**	10,686	–	7,391,993	67,496	–	–	–	–	**7,470,175**
Reinsurers' share	**R1520**	8,122	–	238,243	44,209	–	–	–	–	**290,574**
Net	**R1600**	2,564	–	7,153,750	23,287	–	–	–	–	**7,179,601**
Claims incurred										
Gross	**R1610**	8,945	–	6,460,248	31,008	–	–	–	–	**6,500,201**
Reinsurers' share	**R1620**	7,105	–	1,003,125	26,051	–	–	–	–	**1,036,281**
Net	**R1700**	1,840	–	5,457,123	4,958	–	–	–	–	**5,463,920**
Changes in other technical provisions										
Gross	**R1710**	(162)	–	2,706,758	(107,973)	–	–	–	–	**2,598,624**
Reinsurers' share	**R1720**	(202)	–	852,398	(101,300)	–	–	–	–	**750,896**
Net	**R1800**	41	–	1,854,359	(6,672)	–	–	–	–	**1,847,728**
Expenses incurred	**R1900**	2,017	–	364,739	14,187	–	–	–	–	**380,942**
Other expenses	**R2500**									**725**
Total expenses	**R2600**									**381,667**

Appendix F.3.3 – Group QRTs

F.3.3.3 S.05.02.01 – Premiums, claims and expenses by country £000

Home Country – non-life obligations

		Home country	Country (by amount of gross premiums written) -– non-life obligations	Total Top 5 and home country
		C0080	C0090	C0140
Premiums written				
Gross – Direct Business	R0110	–	–	–
Gross – Proportional reinsurance accepted	R0120	–	–	–
Gross – Non-proportional reinsurance	R0130	–	–	–
Reinsurers' share	R0140	–	–	–
Net	R0200	–	–	–
Premiums earned				
Gross – Direct Business	R0210	–	–	–
Gross – Proportional reinsurance accepted	R0220	–	–	–
Gross – Non-proportional reinsurance	R0230	–	–	–
Reinsurers' share	R0240	–	–	–
Net	R0300	–	–	–
Claims incurred				
Gross – Direct Business	R0310	–	–	–
Gross – Proportional reinsurance accepted	R0320	–	–	–
Gross – Non-proportional reinsurance	R0330	–	–	–
Reinsurers' share	R0340	–	–	–
Net	R0400	–	–	–
Changes in other technical provisions				
Gross – Direct Business	R0410	–	–	–
Gross – Proportional reinsurance accepted	R0420	–	–	–
Gross – Non-proportional reinsurance	R0430	–	–	–
Reinsurers' share	R0440	–	–	–
Net	R0500	–	–	–
Expenses incurred	R0550	–	–	–
Other expenses	R1200			–
Total expenses	R2600			–

Appendix F.3.3 – Group QRTs

F.3.3.3 S.05.02.01 – Premiums, claims and expenses by country £000

Home Country – life obligations

		Home country	Country (by amount of gross premiums written) –– life obligations	Total Top 5 and home country
		C0150	**C0160**	**C0210**
Country	**R1400**		IM	
		C0220	**C0230**	**C0280**
Premiums written				
Gross	**R1410**	5,902,528	1,106,030	7,008,558
Reinsurers' share	**R1420**	287,878	1,520	289,398
Net	**R1500**	5,614,650	1,104,510	6,719,160
Premiums earned				
Gross	**R1510**	5,902,781	1,106,030	7,008,811
Reinsurers' share	**R1520**	287,878	1,520	289,398
Net	**R1600**	5,614,903	1,104,510	6,719,413
Claims incurred				
Gross	**R1610**	4,983,522	1,167,769	6,151,291
Reinsurers' share	**R1620**	1,034,773	113	1,034,886
Net	**R1700**	3,948,749	1,167,656	5,116,405
Changes in other technical provisions				
Gross	**R1710**	1,605,014	1,363,777	2,968,791
Reinsurers' share	**R1720**	750,733	13	750,746
Net	**R1800**	854,281	1,363,764	2,218,045
Expenses incurred	**R1900**	201,064	147,508	348,572
Other expenses	**R2500**			105
Total expenses	**R2600**			348,677

Appendix F.3.3 – Group QRTs

F.3.3.4 S.23.01.22 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	133,158	133,158		–	
Non-available called but not paid in ordinary share capital at group level	**R0020**	–	–		–	
Share premium account related to ordinary share capital	**R0030**	58,144	58,144		–	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	–	–		–	
Subordinated mutual member accounts	**R0050**	–		–	–	–
Non-available subordinated mutual member accounts at group level	**R0060**	–		–	–	–
Surplus funds	**R0070**	–	–			
Non-available surplus funds at group level	**R0080**	–	–			
Preference shares	**R0090**	–		–	–	–
Non-available preference shares at group level	**R0100**	–		–	–	–
Share premium account related to preference shares	**R0110**	–		–	–	–
Non-available share premium account related to preference shares at group level	**R0120**	–		–	–	–
Reconciliation reserve	**R0130**	1,844,246	1,844,246			
Subordinated liabilities	**R0140**	200,948		–	200,948	–
Non-available subordinated liabilities at group level	**R0150**	–		–	–	–
An amount equal to the value of net deferred tax assets	**R0160**	–				–
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	–				–
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	–	–	–	–	–
Non available own funds related to other own funds items approved by supervisory authority	**R0190**	–	–	–	–	–
Minority interests (if not reported as part of a specific own fund item)	**R0200**	–	–	–	–	–
Non-available minority interests at group level	**R0210**	–	–	–	–	–
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						
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	**R0220**	–				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	371,559	371,559	–	–	–
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	–	–	–	–	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	–	–	–	–	–
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	–	–	–	–	–
Total of non-available own fund items	**R0270**	–	–	–	–	–
Total deductions	**R0280**	371,559	371,559	–	–	–
Total basic own funds after deductions	**R0290**	1,864,936	1,663,988	–	200,948	–
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	–			–	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	–			–	
Unpaid and uncalled preference shares callable on demand	**R0320**	–			–	–

Appendix F.3.3 – Group QRTs

F.3.3.4 S.23.01.22 Own funds £000

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	–			–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	–			–	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	–			–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	–			–	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	–			–	–
Non available ancillary own funds at group level	**R0380**	–			–	–
Other ancillary own funds	**R0390**	–			–	–
Total ancillary own funds	**R0400**	–			–	–
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	**R0410**	371,559	371,559	–	–	
Institutions for occupational retirement provision	**R0420**	–	–	–	–	–
Non regulated entities carrying out financial activities	**R0430**	–	–	–	–	
Total own funds of other financial sectors	**R0440**	371,559	371,559	–	–	–
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	–	–	–	–	–
Own funds aggregated when using the D&A and combination of method net of IGT	**R0460**	–	–	–	–	–
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	1,864,936	1,663,988	–	200,948	–
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,864,936	1,663,988	–	200,948	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	1,864,936	1,663,988	–	200,948	–
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,726,036	1,663,988	–	62,048	
Minimum consolidated Group SCR	**R0610**	310,241				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	556.35%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	2,236,494	2,035,547	–	200,948	–
Group SCR	**R0680**	1,177,787				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	189.89%				

Appendix F.3.3 – Group QRTs

F.3.3.4 S.23.01.22 Own funds £000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	2,143,754
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	60,679
Other basic own fund items	**R0730**	191,301
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Other non available own funds	**R0750**	47,529
Reconciliation reserve	**R0760**	1,844,246
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	55,933
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	55,933

Appendix F.3.3 – Group QRTs

F.3.3.5 S.25.01.22 Solvency Capital Requirement – for groups on Standard Formula £000

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	**C0120**
Market risk	**R0010**	450,948	450,948
Counterparty default risk	**R0020**	26,303	
Life underwriting risk	**R0030**	593,267	593,267
Health underwriting risk	**R0040**	–	–
Non-life underwriting risk	**R0050**	–	–
Diversification	**R0060**	(231,762)	
Intangible asset risk	**R0070**	–	
Basic Solvency Capital Requirement	**R0100**	838,755	

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	**R0130**	51,607
Loss-absorbing capacity of technical provisions	**R0140**	–
Loss-absorbing capacity of deferred taxes	**R0150**	(43,665)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	–
Solvency Capital Requirement excluding capital add-on	**R0200**	846,697
Capital add-ons already set	**R0210**	–
Solvency capital requirement for undertakings under consolidated method	**R0220**	1,177,787
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	–
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	–
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	–
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	–
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	–
Minimum consolidated group solvency capital requirement	**R0470**	310,241
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	331,090
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	**R0510**	331,090
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	**R0520**	–
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	**R0530**	–
Capital requirement for non-controlled participation requirements	**R0540**	–
Capital requirement for residual undertakings	**R0550**	–
Overall SCR		
SCR for undertakings included via D and A	**R0560**	–
Solvency capital requirement	**R0570**	1,177,787

Appendix F.3.3 – Group QRTs

F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
SG	213800JYPH619QVGEZ51	LEI	AAM Advisory PTE Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Monetary Authority of Singapore	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
PA	54930092XIVK28RZGM-95PA60813	SPECIFIC	Accord Brook S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
VG	54930092XIVK28RZGM-95VG60814	SPECIFIC	Akito Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
PA	54930092XIVK28RZGM-95PA60815	SPECIFIC	Atwood Development S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
VG	54930092XIVK28RZGM-95VG60816	SPECIFIC	Avanna Global Corp	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
VG	54930092XIVK28RZGM-95VG60817	SPECIFIC	Bliss Spring Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60760	SPECIFIC	Blueprint Distribution Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60761	SPECIFIC	Blueprint Financial Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60762	SPECIFIC	Blueprint Organisation Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800JYGWD9I8OL3R07	LEI	BMO UK Equity-linked Inflation Fund	Other	Fund	Non-mutual		55.00%	100.00%	55.00%		Dominant	55.00%	Yes		Other Method
VG	54930092XIVK28RZGM-95VG60818	SPECIFIC	Bolivian Investment Management Limited	Other	Ltd	Non-mutual		50.00%	100.00%	50.00%		Significant	50.00%	Yes		Other Method
JE	54930092XIVK28RZGM-95JE60763	SPECIFIC	C.I.P.M. Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60764	SPECIFIC	Caerus Bureau Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60765	SPECIFIC	Caerus Capital Group Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

Appendix F.3.3 – Group QRTs

F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	213800WQUE9YZK-8HEA17	LEI	Caerus Financial Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60766	SPECIFIC	Caerus Holdings Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800IO1Y1TS3MQPB57	LEI	Caerus Portfolio Management Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60767	SPECIFIC	Caerus Wealth Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60768	SPECIFIC	Caerus Wealth Solutions Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
VG	54930092XIVK28RZGM-95VG60819	SPECIFIC	Cannon Capital Investments Corp	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60769	SPECIFIC	Cheviot Capital (Nominees) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB70571	SPECIFIC	Commsale 2000 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800SUDIGNGVFMZ514	LEI	D G Pryde Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60827	SPECIFIC	Dodd Murray Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
JE	213800QR59K3YBMEJU59	LEI	Electrolight Investments Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
VG	54930092XIVK28RZGM-95VG60820	SPECIFIC	Elegant Inn Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930071INMNLZE39O22	LEI	Fidelity Multi Asset Adventurous Fund	Other	Fund	Non-mutual		81.00%	100.00%	81.00%		Dominant	81.00%	Yes		Other Method

Appendix F.3.3 – Group QRTs

F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal Form	Category (mutual/non mutual)	Superviory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Leve of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138002A3ECW6QAPE347	LEI	Freedom Financial Planning (Manchester) Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
ZA	54930092XIVK28RZG-M95ZA60759	SPECIFIC	Global Edge Technologies (Pty) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60799	SPECIFIC	IFA Holding Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60742	SPECIFIC	IFA Services Holdings Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60828	SPECIFIC	Infiniti Financial Planning & Investment Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800UBQ4DFJN8RR808	LEI	IFSL AMR Diversified	Other	Fund	Non-mutual		99.00%	100.00%	99.00%		Dominant	99.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60F23	SPECIFIC	Intrinsic Cirilium Investment Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800E5HAL75A8XTN31	LEI	Intrinsic Financial Planning Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138006TCR57D9HEL218	LEI	Intrinsic Financial Services Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60770	SPECIFIC	Intrinsic Financial Solutions Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800Q4SK2C38JS7737	LEI	Intrinsic Mortgage Planning Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60771	SPECIFIC	Intrinsic Valuation Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	54930092XIVK28RZG-M95GB60772	SPECIFIC	Intrinsic Wealth Financial Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138008CSNZIFM6YWE49	LEI	Intrinsic Wealth Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
VG	54930092XIVK28RZGM-95VG60821	SPECIFIC	Isidro Mayo Corp	Other	Corp	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60773	SPECIFIC	Maestro Financial Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
IE	549300QCYAM1J1LTVO30	LEI	Merian Asian Equity Income Fund	Other	Fund	Non-mutual		93.86%	100.00%	93.86%		Dominant	93.86%	Yes		Other Method
IE	549300K480HRB1NG5G53	LEI	Merian Europe (ex UK) Smaller companies Fund	Other	Fund	Non-mutual		55.83%	100.00%	55.83%		Dominant	55.83%	Yes		Other Method
GB	549300R6UMGQIFVW-EN07	LEI	Merian European Equity (ex UK) Fund	Other	Fund	Non-mutual		53.70%	100.00%	53.70%		Dominant	53.70%	Yes		Other Method
IE	213800WU8D1 WTCTW3O78	LEI	Merian Financials Contingent Capital Fund	Other	Fund	Non-mutual		91.45%	100.00%	91.45%		Dominant	91.45%	Yes		Other Method
IE	549300EMHZSS6I8U1682	LEI	Merian Global Emerging Markets Fund	Other	Fund	Non-mutual		51.11%	100.00%	51.11%		Dominant	51.11%	Yes		Other Method
IE	549300OPNA2IRJG5LC98	LEI	Merian Global Equity Income Fund (IRL)	Other	Fund	Non-mutual		81.31%	100.00%	81.31%		Dominant	81.31%	Yes		Other Method
IE	H9ZSJDBNAKTD8KDUBC61	LEI	Merian Local Currency Emerging Market Debt Fund	Other	Fund	Non-mutual		52.36%	100.00%	52.36%		Dominant	52.36%	Yes		Other Method
IE	549300EQB4ZUFBSHYE93	LEI	Merian Strategic Absolute Return Bond Fund	Other	Fund	Non-mutual		63.42%	100.00%	63.42%		Dominant	63.42%	Yes		Other Method
IE	2138003E6O4LZ8LYTF91	LEI	Merian Style Premia Absolute Return Fund	Other	Fund	Non-mutual		99.78%	100.00%	99.78%		Dominant	99.78%	Yes		Other Method

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								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal Form	Category (mutual/non mutual)	Superviory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Leve of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IE	213800CENPE88RKVR268	LEI	Merian Systematic Positive Skew Fund	Other	Fund	Non-mutual		96.00%	100.00%	96.00%		Dominant	96.00%	Yes		Other Method
GB	213800HRASMJW76Y7342	LEI	MGTS IBOSS 1 Fund	Other	Fund	Non-mutual		52.00%	100.00%	52.00%		Dominant	52.00%	Yes		Other Method
CY	54930092XIVK28RZGM-95CY60822	SPECIFIC	Michael Churm Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
PA	54930092XIVK28RZGM-95PA60823	SPECIFIC	Narvik Investments Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60774	SPECIFIC	NPL Financial Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
IE	213800FZ6BES3NXQPR22	LEI	Old Mutual Compass Portfolio 2	Other	Fund	Non-mutual		64.82%	100.00%	64.82%		Dominant	64.82%	Yes		Other Method
IE	213800WE6HOL2PG-ZK236	LEI	Old Mutual Compass Portfolio 3	Other	Fund	Non-mutual		44.37%	100.00%	44.37%		Significant	44.37%	Yes		Other Method
IE	213800N8KN2R977ERR19	LEI	Old Mutual Compass Portfolio 4	Other	Fund	Non-mutual		53.86%	100.00%	53.86%		Dominant	53.86%	Yes		Other Method
IE	213800V222XGLLBNBM52	LEI	Old Mutual Compass Portfolio 5	Other	Fund	Non-mutual		93.23%	100.00%	93.23%		Dominant	93.23%	Yes		Other Method
DE	54930092XIVK28RZGM-95DE60379	SPECIFIC	Old Mutual Europe GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB70574	SPECIFIC	Old Mutual Financial Services (UK) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
LU	549300MPFIG9632EY810	LEI	Old Mutual Global Portfolios – Balanced Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
LU	549300NS4SQ22H9JVK85	LEI	Old Mutual Global Portfolios – Cautious Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
LU	549300BZWZW6R0H-3KF50	LEI	Old Mutual Global Portfolios – Dynamic Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
IM	54930092XIVK28RZG-M95IM60366	SPECIFIC	Old Mutual International Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	54930092XIVK28RZG-M95IM60328	SPECIFIC	Old Mutual International Holdings Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IE	635400C5JBLAZ15LIE80	LEI	Old Mutual International Ireland dac	Life insurance undertaking	DAC	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	213800S4DUJWMDM-VYE58	LEI	Old Mutual International Isle of Man Limited	Life insurance undertaking	Ltd	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
AE	2138004AKLOLSXKTKM98	LEI	Old Mutual International Middle East Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	54930092XIVK28RZG-M95IM60775	SPECIFIC	Old Mutual International Trust Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800IBELO35UV88W94	LEI	Old Mutual Wealth Business Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	213800Q8JFVPYO1E8K19	LEI	Old Mutual Wealth Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	2138003SPFZA4UV23165	LEI	Old Mutual Wealth Life & Pensions Limited	Life insurance undertaking	Ltd	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	5493005LF51QP7R4SS09	LEI	Old Mutual Wealth Life Assurance Limited	Life insurance undertaking	Ltd	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	213800EMGTT74XZB3H82	LEI	Old Mutual Wealth Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal Form	Category (mutual/non mutual)	Superviory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Leve of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800KCVWJJ9LC65Z02	LEI	Old Mutual Wealth Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800URB5NH1X13VR38	LEI	Old Mutual Wealth Pensions Trustee Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800N2H1KTJ6A6ZG13	LEI	Old Mutual Wealth UK Holding Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	54930092XIVK28RZG-M95GB70570	SPECIFIC	OMF (IOM) LTD	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB70573	SPECIFIC	OMFS (GGP) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB70577	SPECIFIC	OMLA Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IE	54930092XIVK28RZG-M95IE60777	SPECIFIC	Pembroke Quilter (Ireland) Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800MJMK3EVA4F9K89	LEI	Positive Solutions (Financial Services) Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60778	SPECIFIC	Premier Planning Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QCJY7WL1EJ3T04	LEI	Premier UK Money Market Fund	Other	Fund	Non-mutual		52.00%	100.00%	52.00%		Dominant	52.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60779	SPECIFIC	QC 101 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60F48	SPECIFIC	QC 102 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
JE	54930092XIVK28RZGM-95JE60780	SPECIFIC	QGCI Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60781	SPECIFIC	QUILPEP Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60782	SPECIFIC	Quilter Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800QK4ODG-SLOMGC54	LEI	Quilter Cheviot Holdings Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60783	SPECIFIC	Quilter Cheviot Investment Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800QCI7X27H677R39	LEI	Quilter Cheviot Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60776	SPECIFIC	Quilter CoSec Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60789	SPECIFIC	Quilter Financial Advisers Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60784	SPECIFIC	Quilter Financial Planning Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60790	SPECIFIC	Quilter Group Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60785	SPECIFIC	Quilter Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60786	SPECIFIC	Quilter International Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method

Appendix F.3.3 – Group QRTs

F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal Form	Category (mutual/non mutual)	Superviory Authority	Criteria of influence: % capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Leve of influence	Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: Yes/No	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800PAR6JTK1UJZR37	LEI	Quilter Investors Absolute Return Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	2138002V5I8CZSPR1E96	LEI	Quilter Investors Asia Pacific (ex Japan) Equity Fund	Other	Fund	Non-mutual		99.52%	100.00%	99.52%		Dominant	99.52%	Yes		Other Method
GB	549300XPYNVPZWZNCR60	LEI	Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	Other	Fund	Non-mutual		99.56%	100.00%	99.56%		Dominant	99.56%	Yes		Other Method
GB	213800DWWOBRI1KIYG79	LEI	Quilter Investors Asia Pacific Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300CEC4QBHDF50X18	LEI	Quilter Investors Bond 1 Fund	Other	Fund	Non-mutual		99.87%	100.00%	99.87%		Dominant	99.87%	Yes		Other Method
GB	549300Z2K0ZMX-GORDE25	LEI	Quilter Investors Bond 2 Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300IWVKI6RFP45X65	LEI	Quilter Investors Bond 3 Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300HG0J7HFEQSWP81	LEI	Quilter Investors China Equity Fund	Other	Fund	Non-mutual		99.74%	100.00%	99.74%		Dominant	99.74%	Yes		Other Method
GB	213800J2241FFUNR1C57	LEI	Quilter Investors Cirilium Adventurous Passive Portfolio	Other	Fund	Non-mutual		60.73%	100.00%	60.73%		Dominant	60.73%	Yes		Other Method
GB	213800IMNA1QZX5P5U41	LEI	Quilter Investors Cirilium Adventurous Portfolio	Other	Fund	Non-mutual		55.37%	100.00%	55.37%		Dominant	55.37%	Yes		Other Method
GB	2138001YYV9I3QQEUC80	LEI	Quilter Investors Cirilium Balanced Passive Portfolio	Other	Fund	Non-mutual		60.40%	100.00%	60.40%		Dominant	60.40%	Yes		Other Method
GB	213800UCMZ1FU92G9E49	LEI	Quilter Investors Cirilium Balanced Portfolio	Other	Fund	Non-mutual		49.10%	100.00%	49.10%		Significant	49.10%	Yes		Other Method
GB	213800Y29LKXG6MJ9X44	LEI	Quilter Investors Cirilium Conservative Passive Portfolio	Other	Fund	Non-mutual		57.81%	100.00%	57.81%		Dominant	57.81%	Yes		Other Method

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F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	213800OG8E1X8NBRDE70	LEI	Quilter Investors Cirilium Conservative Portfolio	Other	Fund	Non-mutual		52.33%	100.00%	52.33%		Dominant	52.33%	Yes		Other Method
GB	213800P8TYQFD1Q6TG48	LEI	Quilter Investors Cirilium Dynamic Passive Portfolio	Other	Fund	Non-mutual		47.15%	100.00%	47.15%		Significant	47.15%	Yes		Other Method
GB	2138009BMMAIP45Z6R07	LEI	Quilter Investors Cirilium Moderate Passive Portfolio	Other	Fund	Non-mutual		56.43%	100.00%	56.43%		Dominant	56.43%	Yes		Other Method
GB	213800NPLUQFK4I-WW913	LEI	Quilter Investors Cirilium Moderate Portfolio	Other	Fund	Non-mutual		43.42%	100.00%	43.42%		Significant	43.42%	Yes		Other Method
GB	213800ZXL7T3EHRRBV90	LEI	Quilter Investors Corporate Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	2138006QSR5C2MF8SR55	LEI	Quilter Investors Creation Adventurous Portfolio	Other	Fund	Non-mutual		81.06%	100.00%	81.06%		Dominant	81.06%	Yes		Other Method
GB	213800WFFCO2C-NAZH785	LEI	Quilter Investors Creation Balanced Portfolio	Other	Fund	Non-mutual		91.18%	100.00%	91.18%		Dominant	91.18%	Yes		Other Method
GB	213800739LKMQBX4KD07	LEI	Quilter Investors Creation Conservative Portfolio	Other	Fund	Non-mutual		91.72%	100.00%	91.72%		Dominant	91.72%	Yes		Other Method
GB	213800XF3R2S61HZ3633	LEI	Quilter Investors Creation Dynamic Portfolio	Other	Fund	Non-mutual		88.40%	100.00%	88.40%		Dominant	88.40%	Yes		Other Method
GB	213800D4M5KG3C-C75R76	LEI	Quilter Investors Creation Moderate Portfolio	Other	Fund	Non-mutual		92.57%	100.00%	92.57%		Dominant	92.57%	Yes		Other Method
GB	2138003C2APJFEP58K32	LEI	Quilter Investors Diversified Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800KKHQA5JR8NWC20	LEI	Quilter Investors Diversified Portfolio	Other	Fund	Non-mutual		98.94%	100.00%	98.94%		Dominant	98.94%	Yes		Other Method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	213800WHENVE1IP6NO48	LEI	Quilter Investors Emerging Markets Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	2138007FQPA6ZL61U129	LEI	Quilter Investors Emerging Markets Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930060UMLXQIZ54386	LEI	Quilter Investors Emerging Markets Equity Growth Fund	Other	Fund	Non-mutual		99.67%	100.00%	99.67%		Dominant	99.67%	Yes		Other Method
GB	2138006B58JU3MJFUP39	LEI	Quilter Investors Emerging Markets Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800GVIOU56RXSVJ69	LEI	Quilter Investors Equity 1 Fund	Other	Fund	Non-mutual		99.97%	100.00%	99.97%		Dominant	99.97%	Yes		Other Method
GB	213800SRXMXKA2KW1P52	LEI	Quilter Investors Equity 2 Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	2138007Z7QEBDARKU307	LEI	Quilter Investors Ethical Equity Fund	Other	Fund	Non-mutual		58.75%	100.00%	58.75%		Dominant	58.75%	Yes		Other Method
GB	549300PMV6MEIJ0JEG66	LEI	Quilter Investors Europe (ex UK) Equity Fund	Other	Fund	Non-mutual		99.73%	100.00%	99.73%		Dominant	99.73%	Yes		Other Method
GB	213800PR3AFORX7EVR43	LEI	Quilter Investors Europe (ex UK) Equity Growth Fund	Other	Fund	Non-mutual		99.59%	100.00%	99.59%		Dominant	99.59%	Yes		Other Method
GB	2138003W9DDHXLIAHT94	LEI	Quilter Investors Europe (ex UK) Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800G41GE7FS4XY331	LEI	Quilter Investors Europe (ex UK) Small/ Mid-Cap Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300SUT7I8WVCAJ330	LEI	Quilter Investors Foundation 3 Fund	Other	Fund	Non-mutual		94.47%	100.00%	94.47%		Dominant	94.47%	Yes		Other Method
GB	5493004XB-NMMW5C86H20	LEI	Quilter Investors Foundation 4 Fund	Other	Fund	Non-mutual		99.84%	100.00%	99.84%		Dominant	99.84%	Yes		Other Method

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F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence							*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	549300XYRFIXBFJBII22	LEI	Quilter Investors Foundation 5 Fund	Other	Fund	Non-mutual		99.78%	100.00%	99.78%		Dominant	99.78%	Yes		Other Method
GB	213800G7AC-JOKQWU6U40	LEI	Quilter Investors Generation CPI+ 3 Portfolio	Other	Fund	Non-mutual		73.67%	100.00%	73.67%		Dominant	73.67%	Yes		Other Method
GB	213800B6ZM9FLYEX9H16	LEI	Quilter Investors Generation CPI+ 4 Portfolio	Other	Fund	Non-mutual		82.34%	100.00%	82.34%		Dominant	82.34%	Yes		Other Method
GB	549300FQQEVG1SM-5FW21	LEI	Quilter Investors Generation CPI+ 5 Portfolio	Other	Fund	Non-mutual		75.74%	100.00%	75.74%		Dominant	75.74%	Yes		Other Method
GB	549300QLGCP5M-H7YAO15	LEI	Quilter Investors Gilt Index Fund	Other	Fund	Non-mutual		98.26%	100.00%	98.26%		Dominant	98.26%	Yes		Other Method
GB	549300FLMVHYDX-O1HC92	LEI	Quilter Investors Global Best Ideas Fund	Other	Fund	Non-mutual		44.84%	100.00%	44.84%		Significant	44.84%	Yes		Other Method
GB	2138008DPFYG6GZP1663	LEI	Quilter Investors Global Dynamic Equity Fund	Other	Fund	Non-mutual		98.79%	100.00%	98.79%		Dominant	98.79%	Yes		Other Method
GB	21380022ZIN2YQ1SFJ38	LEI	Quilter Investors Global Equity Absolute Return Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	5493008NS84N77PXTG85	LEI	Quilter Investors Global Equity Growth Fund	Other	Fund	Non-mutual		96.14%	100.00%	96.14%		Dominant	96.14%	Yes		Other Method
GB	213800UIY3IB9RISWM27	LEI	Quilter Investors Global Equity Index Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300HOGUZ0H-WQEGD40	LEI	Quilter Investors Global Equity Value Fund	Other	Fund	Non-mutual		99.92%	100.00%	99.92%		Dominant	99.92%	Yes		Other Method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	549300LN9EQLCO-D1O483	LEI	Quilter Investors Global Property Securities Fund	Other	Fund	Non-mutual		64.84%	100.00%	64.84%		Dominant	64.84%	Yes		Other Method
GB	5493004AQ5HPZUM7JQ16	LEI	Quilter Investors High Yield Bond Fund	Other	Fund	Non-mutual		95.83%	100.00%	95.83%		Dominant	95.83%	Yes		Other Method
GB	54930017TI8ZYPMMGQ11	LEI	Quilter Investors Investment Grade Corporate Bond Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300LMN7CP5FGHL312	LEI	Quilter Investors Japanese Equity Fund	Other	Fund	Non-mutual		99.99%	100.00%	99.99%		Dominant	99.99%	Yes		Other Method
GB	549300BBKTGWZK4L2H55	LEI	Quilter Investors Limited	Alternative investment funds managers as defined in Article 1 (55) of Delegated Regulation (EU) 2015/35	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	549300ONAX13EU46OE94	LEI	Quilter Investors Natural Resources Equity Fund	Other	Fund	Non-mutual		98.95%	100.00%	98.95%		Dominant	98.95%	Yes		Other Method
GB	213800DMV82AXR986P24	LEI	Quilter Investors North American Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300LOMSKYZ613DT64	LEI	Quilter Investors Precious Metals Equity Fund	Other	Fund	Non-mutual		99.81%	100.00%	99.81%		Dominant	99.81%	Yes		Other Method
GB	549300WYRK8RZE7Y2Q04	LEI	Quilter Investors Sterling Corporate Bond Fund	Other	Fund	Non-mutual		99.22%	100.00%	99.22%		Dominant	99.22%	Yes		Other Method
GB	549300YX1MR6Q3YER771	LEI	Quilter Investors Sterling Diversified Bond Fund	Other	Fund	Non-mutual		99.95%	100.00%	99.95%		Dominant	99.95%	Yes		Other Method
GB	2138005HRJD7ZC4P7D21	LEI	Quilter Investors Strategic Bond Fund	Other	Fund	Non-mutual		72.48%	100.00%	72.48%		Dominant	72.48%	Yes		Other Method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	549300KKX1ENOGJHXV69	LEI	Quilter Investors UK Equity Growth Fund	Other	Fund	Non-mutual		99.95%	100.00%	99.95%		Dominant	99.95%	Yes		Other Method
GB	213800FENW23PIZNAV69	LEI	Quilter Investors UK Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800DK3MLKROLL1O75	LEI	Quilter Investors UK Equity Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300L3PYU45BKTE895	LEI	Quilter Investors UK Equity Income II Fund	Other	Fund	Non-mutual		99.93%	100.00%	99.93%		Dominant	99.93%	Yes		Other Method
GB	549300T0VEIGPF2XMF38	LEI	Quilter Investors UK Equity Index Fund	Other	Fund	Non-mutual		99.95%	100.00%	99.95%		Dominant	99.95%	Yes		Other Method
GB	549300VBVSCTTSZUBE06	LEI	Quilter Investors UK Equity Large-Cap Income Fund	Other	Fund	Non-mutual		99.95%	100.00%	99.95%		Dominant	99.95%	Yes		Other Method
GB	549300QLYAYCKTL3Z280	LEI	Quilter Investors UK Equity Large-Cap Value Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300XGYV16P4XYOH92	LEI	Quilter Investors UK Equity Opportunities Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800L6GT3LK76DBT75	LEI	Quilter Investors US Equity Growth Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	213800DBMBIGM3NU-HL50	LEI	Quilter Investors US Equity Income Fund	Other	Fund	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	549300Y457SLHL73LD79	LEI	Quilter Investors US Equity Small/Mid-Cap Fund	Other	Fund	Non-mutual		99.57%	100.00%	99.57%		Dominant	99.57%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60787	SPECIFIC	Quilter Life & Pensions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60788	SPECIFIC	Quilter Life Assurance Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method

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								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	54930092XIVK28RZG-M95GB60791	SPECIFIC	Quilter Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60792	SPECIFIC	Quilter Pension Trustees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95	LEI	Quilter plc	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	PLC	Non-mutual								Yes		Method 1: Full consolidation
GB	54930092XIVK28RZG-M95GB60793	SPECIFIC	Quilter Private Client Advisers Limited	Credit institution, investment firm and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG-M95GB60794	SPECIFIC	Quilter UK Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60795	SPECIFIC	Quilter Wealth Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
SC	54930092XIVK28RZGM-95SC60824	SPECIFIC	Reverades Holding Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
BS	894500R6CBCE90831T16	LEI	Rosco Bahamas Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
SC	54930092XIVK28RZGM-95SC60825	SPECIFIC	Rubyfield Investments Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
LU	549300895HCML6K84T16	LEI	RWC UK Focus Fund	Other	Fund	Non-mutual		60.00%	100.00%	60.00%		Dominant	60.00%	Yes		Other Method
DE	54930092XIVK28RZGM-95DE60380	SPECIFIC	Skandia Retail Europe Holding GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG-M95GB60796	SPECIFIC	Skandia UK Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method

Appendix F.3.3 – Group QRTs

F.3.3.6 S.32.01.22 Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	*Identification code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal name of the undertaking*	*Type of undertaking*	*Legal Form*	*Category (mutual/non mutual)*	*Superviory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Leve of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
VG	549300VIVWQ3ZJVYMN28	LEI	South Surrey Investment & Finance S.A.	Other	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60797	SPECIFIC	Think Synergy Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
IM	213800DXZCH-5PN7DD638	LEI	Tissington Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
JE	549300R0CL7IPXBS9J80	LEI	Tixtan Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method
GB	54930092XIVK28RZG-M95GB60798	SPECIFIC	Violet No.2 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
VG	54930092XIVK28RZGM-95VG60826	SPECIFIC	Volenda Finance Inc	Other	Inc	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Other Method

Appendix F.4

Disclaimer

Appendix F.4 – Disclaimer

This report may contain certain forward-looking statements with respect to certain Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of several scenarios of the UK leaving the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward looking statements.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements it may make.

Nothing in this report should be construed as a profit forecast.

Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy any securities.

Appendix F.5

Glossary

Quilter

Appendix F.5 – Glossary

ALM	Asset-liability Matching
AP	Adjusted Profit
AuA	Assets under administration, which unless stated otherwise reflects gross AUA before eliminations
BCM	Business Continuity Management
BRC	Board Risk Committee
CEO	Chief Executive Officer
CIB	Collective Investment Bond
CMF	Capital Management Forum
CIO	Chief Information Officer
COO	Chief Operating Officer
CRA	Collective Retirement Account
CRD IV	Capital Requirements Directive IV - an EU legislative package covering prudential rules for banks, building societies and investment firms
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EEA	European Economic Area
EPIFP	Expected profit in future premiums
ERF	Executive Risk Forum
ERM	Enterprise Risk Management
FCA	The UK Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000
FTSE	Financial Times Stock Exchange
FVTPL	Fair Value Through Profit and Loss
GAAP	Generally Accepted Accounting Practice
GGM	Group Governance Manual
HR	Human Resources
ICA	Individual Capital Assessment
IA	Internal Audit
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IIP	Institutional Investment Platform
iNED	Independent Non-executive Director
LACDT	Loss absorbing capacity of deferred taxes
MCR	Minimum Capital Requirement under Solvency II
MCGSCR	Minimum Consolidated Group Solvency Capital Requirement
MMF	Money Market Funds
NCCF	Net Client Cash Flow
OM plc	Old Mutual plc – Quilter plc's parent company prior to Listing
OMG	Old Mutual Group – the group Quilter was part of prior to Listing
OMIP	Old Mutual Investment Platform, which is a generic term that includes OMWLA, OMWLP and OMWL sharing the same governance arrangements
OMW	Old Mutual Wealth - the old name for Quilter prior to Listing when it was a business unit of the Old Mutual Group
OMWHL	Old Mutual Wealth Holdings Limited
OMWL	Old Mutual Wealth Limited

Appendix F.5 – Glossary

OMWLA	Old Mutual Wealth Life Assurance Limited
OMWLP	Old Mutual Wealth Life & Pensions Limited
OMWML	Old Mutual Wealth Management Limited (renamed to Quilter plc in March 2018)
OMWUK	Old Mutual Wealth UK Holding Limited
OMII	Old Mutual International Ireland dac
OMIIoM	Old Mutual International Isle of Man Ltd
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
QA	Quality Assurance
Quilter Business Unit Names	Quilter is the new name for Old Mutual Wealth Management Ltd. Within 24 months of the date of listing all businesses within the Group will be subject to rebranding to align with the Quilter name. The table below details the previous and new business names and the date of the change where this has already taken place

Previous Business Unit Name	New Business Unit Name	Date of change
Advice & Wealth Management		
Multi Asset	Quilter Investors	29 June 2018
Quilter Cheviot	No change	n/a
Intrinsic	Quilter Financial Planning	July 2019
Old Mutual Wealth Private Client Advisers	Quilter Private Client Advisers	3 September 2018
Wealth Platforms		
UK Platform	Quilter Wealth Solutions	Within 24 months of listing
International	Quilter International	Within 24 months of listing
Heritage	Quilter Life Assurance	Within 24 months of listing

QRT	Quantitative Reporting Template
RDR	Retail Distribution Review
RemCo	Remuneration Committee
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SIF	Significant Influence Function
SII	Solvency II
SMF	Senior Manager Function
SMCR	Senior Managers and Certification Regime

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