Quilter

Quilter plc Group Solvency and Financial Condition Report 2022

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Solvency and Financial Condition Report overview

The Solvency and Financial Condition Report ("SFCR") provides detailed information on the Quilter plc Group's capital position on a Solvency II basis. This report also includes detailed entity-level information on the Group's UK insurance undertaking: Quilter Life & Pensions Limited ("QLPL").

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 and how the business performed during the year ended 31 December 2022, 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 functions within the business. The section also outlines our approach to risk management and internal controls.

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

D **Valuation for solvency purposes:** Describes the consolidation approach and methods used to determine the regulatory balance sheet, including the calculation 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 information on the composition of regulatory capital requirements.

The Quantitative Reporting Templates ("QRTs") included in the appendices to this report include additional information relevant to the capital position of the Group and QLPL in a standardised format.

Report of the external independent auditors to the Directors of Quilter plc ('the Company') 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 Single Group-Wide Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2022:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2022, (**'the Narrative Disclosures subject to audit'**); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 ('**the Group Templates subject to audit**').
- Company templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of Quilter Life & Pensions Limited ('**the Company Templates subject to audit'**)

The Narrative Disclosures subject to audit, the Group Templates subject to audit and the Company Templates subject to audit are collectively referred to as the **'relevant elements of the Single Group-Wide 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 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Group-Wide Solvency and Financial Condition Report;
- Group templates S.05.01.02 and Company templates S.05.01.02;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Group-Wide 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'**) as identified in the Appendix to this report.

To the extent the information subject to audit in the relevant elements of the Single Group-Wide 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 Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2022 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.

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 Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Single Group-Wide 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.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the Directors' updated going concern assessment and challenged the rationale for assumptions on growth of assets under management/administration and asset returns using our knowledge of Quilter's business performance and corroborating to external market evidence where available. Our assessment included reviewing management's stress testing and scenario analyses;
- We obtained management's estimated Solvency capital position and evaluated this for consistency of available information and against management's own target capital ratios. We found that the Group maintained internal targets for its Group Solvency Capital Requirement (SCR) ratio, and is forecast to remain compliant with all external regulatory capital requirements for the period covered by the going concern assessment; and
- We confirmed compliance with the debt covenants of the Groups' borrowings, and the forecast continued compliance for the duration of the period covered by the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Single Group-Wide Solvency and Financial Condition Report is authorised for issue.

In auditing the Single Group-Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group-Wide Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and A.1.2 Basis of Preparation sections of the Single Group-Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group-Wide 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 Single Group-Wide 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 Single Group-Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Group-Wide Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Single Group-Wide 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 Single Group-Wide 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 Single Group-Wide 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 Single Group-Wide Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Single Group-Wide 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 made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed below:

Modifications:

- Permission to publish a Single Group-wide SFCR
- Permission to exclude Quilter Insurance Company Limited from the scope of Solvency II group supervision

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Single Group-Wide Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report 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.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single Group-Wide Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Single Group-Wide Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and unsuitable or prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as PRA rulebook applicable to Solvency II firms. We evaluated management's incentives and opportunities for fraudulent manipulation of the

Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to own funds, and management bias in accounting estimates and judgmental areas for example technical provisions and Solvency Capital Requirement. Audit procedures performed included:

- Discussions with the Board, management, internal audit, management involved in the risk, compliance and legal functions of the Group and Company, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing correspondence between the Group and the PRA, the FCA and HMRC in relation to compliance with laws and regulations;
- Assessment of matters reported on the Group's whistleblowing register including the quality and results of management's investigation of such matters;
- Reviewing Board minutes as well as relevant meeting minutes, including those of the Board Audit Committee, Board Remuneration Committee, the Board Technology and Operations Committee and the Board Risk Committee.
- Reviewing data regarding policyholder complaints, the Group's and Company's register of litigation and claims, internal audit reports, compliance reports in so far as they related to non-compliance with laws and regulations and fraud.
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to the technical provisions recognised.
- Identifying and testing journal entries, in particular any journal entries posted in adjusting the IFRS balance sheet to calculate the Solvency II balance sheet, which may be indicative of the overstatement or manipulation of own funds.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

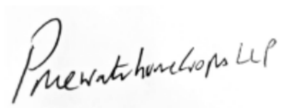
Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook, 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 undertaking.

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 Company's 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 engagement partner on the audit resulting in this independent auditors' report is Mark Pugh.



PricewaterhouseCoopers LLP
Chartered Accountants
London
31 March 2023

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

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

- The following elements of Group template S.23.01.22
  - Rows R0410 to R0440 – Own funds of other financial sectors
- The following elements of Group template S.25.01.22
  - Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements) (forming part of the sectoral information)
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Quilter plc Group

Statement of Directors' responsibilities

Year ended 31 December 2022

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 Rulebook and the Solvency II Regulations.

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

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

The Solvency and Financial Condition Report was approved by the Board of Directors on 31 March 2023 and signed on its behalf by:

Mark Satchel

Chief Financial Officer

30 March 2023

Summary

About Quilter

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

About this report

This Group SFCR has been prepared in line with the requirements of 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.

This is a single Group SFCR that incorporates consolidated information at the level of the Group, and company-level information for its UK insurance subsidiary: Quilter Life & Pensions Limited. This report is prepared in accordance with a rulebook modification (Direction reference: 00005438) granted by the Prudential Regulation Authority. At 31 December 2022, the Group had one other insurance subsidiary: Quilter Insurance Company Limited. Quilter Insurance Company Limited is based in the Isle of Man, is not subject to Solvency II at company level and is not included in the scope of Group supervision due to a PRA waiver (Direction reference: 00002784).

The Group SFCRs for previous years remain available on the Quilter plc website: plc.quilter.com.

Business and performance

Section A of this report contains information on the Group's structure, operations and financial performance during 2022.

The Group's strategy is focused on achieving good customer outcomes, and growing our business proposition, delivering these from an efficient operating base all of which are managed within a prudent risk framework.

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 2022 decreased by 3% to £134 million (2021: £138 million, excluding Quilter International which was sold on 30 November 2021), reflecting lower revenues given the lower average Assets under Management and Administration ("AuMA") for the year, offset by good cost discipline despite the cost of living and inflation pressures.

The unit-linked nature of the Group's insurance business means 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's 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 Group Internal Audit ("GIA") function;
- information on the role of the Actuarial function; and
- information on the Group's outsourcing policy and outsourced services.

Risk profile

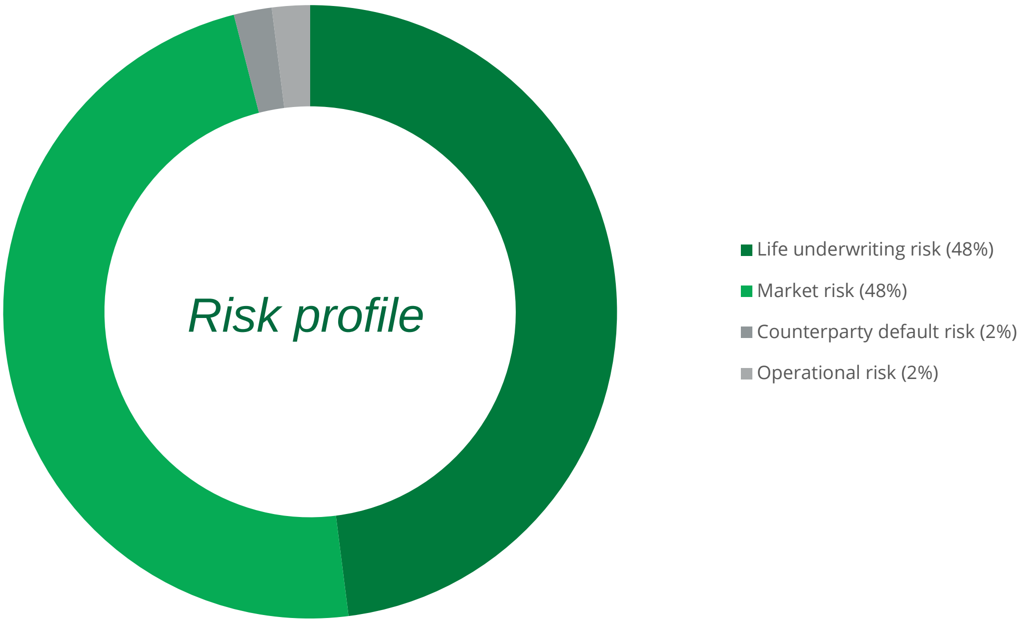
The Quilter plc Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity, as well as those risks that are non-financial in nature. Strategic risks identified include external factors such as the challenging economic environment, intensifying competition and internal strategic delivery risks such as capacity and capability to deliver Quilter's programme of change. The Group has implemented mitigating actions to manage these risks according to the Board's risk appetite.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group solvency capital requirement, reflecting the Group's capital risk profile covering life underwriting, market, credit and operational risks.

Capital risk profile

Based on the Standard Formula, the Group had a solvency capital requirement of £631 million at 31 December 2022. This figure includes an element related to the capital requirements of non-insurance entities.

The chart below sets out the capital risk components for the Quilter insurance business.



Summary of Quilter risk profile 2022

Valuation for solvency purposes

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 2022.

Assets and liabilities, including those relating to unit-linked insurance business, are valued in the Group's Solvency II balance sheet in accordance with Solvency II legislation. 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.

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 2022, the Group had total eligible own funds to meet the solvency capital requirement of £1,451 million (2021: £1,617 million). The total eligible own funds included £1,249 million of unrestricted Tier 1 capital resources and £202 million Tier 2 capital, which consisted entirely of Quilter plc subordinated liabilities. The Group SCR, which is calculated, based on the Solvency II Standard Formula, was £631 million (2021: £587 million). The overall Group surplus position was £820 million (2021: £1,030 million) with a solvency coverage ratio of 230% (2021: 275%).

At 31 December 2022, the Group's minimum consolidated group solvency capital requirement ("MCGSCR") was £149 million (2021: £127 million). The total eligible own funds to meet the MCGSCR was £890 million, which consisted of £860 million of unrestricted Tier 1 capital and £30 million of Tier 2 capital, after excluding the own funds from other financial sector and after allowing for the Tier 2 eligibility restriction.

Throughout 2022, the Group has complied with the regulatory capital requirements that apply at a consolidated level and Quilter's insurance undertakings and investment firms have complied with the regulatory capital requirements that apply at entity-level.

In January 2022, the Group completed its share buyback programme in order to return the net surplus proceeds arising from the sale of Quilter Life Assurance to ReAssure Group plc to shareholders. The amount returned in 2022 was £26 million and in total, the programme has returned £375 million to shareholders over the period from March 2020 to January 2022.

Following the completion of the sale of Quilter International to Utmost Group at the end of November 2021, Quilter announced its intention to return the majority of the net surplus proceeds to shareholders, through the issuance and redemption of a new class of B shares and a six to seven Share Consolidation. Following receipt of regulatory approval, shareholder approval was obtained at a General Meeting on 12 May 2022, the B shares were issued to shareholders on 23 May 2022 and were subsequently redeemed on 24 May 2022. In total, £328 million of capital was returned to shareholders through this process.

Section A
Business and performance

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form

Quilter plc, a public limited company incorporated in England and Wales (No. 06404270) and domiciled in the United Kingdom, is listed on the London and the Johannesburg Stock Exchanges.

Quilter plc's registered office is Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

A.1.2 Basis of preparation

The Quilter plc Group Solvency and Financial Condition Report covers the year to 31 December 2022.

The Group's reporting currency for both IFRS and Solvency II is pounds sterling (GBP). The QRTs in appendix F.2 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. Changes in the Group solvency ratio are presented in absolute terms as the ratio at the end of the period less the ratio at the start of the period.

The majority of the financial information in sections A.2, A.3 and A.4 of this report is taken from the Quilter plc 2022 financial statements which are prepared on an IFRS basis. The Group's 2022 IFRS financial statements were approved by the Board of Quilter plc on 8 March 2023 and form part of the Quilter plc 2022 Annual Report which is published on the Group's website (plc.quilter.com).

Adjusted profit ("AP") is an alternative performance measure used in the Quilter plc 2022 Annual Report to measure profitability. AP represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of the Group's normal operations or one-off in nature. AP does not provide a complete picture of the Group's financial performance, which is disclosed in the IFRS income statement, but is instead intended to provide additional comparability and understanding of the financial results. AP 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 in note 7(a) of the Quilter plc 2022 Annual Report.

A.1.3 Supervisory authorities

For the UK Solvency II regime, the Group's supervisor is the Prudential Regulation Authority. The PRA is part of the Bank of England. The contact details for the PRA are as follows:

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

The Group is also subject to consolidated supervision by the UK Financial Conduct Authority ("FCA") under the UK Investment Firms Prudential Regime ("IFPR"). The contact details for the FCA are as follows:

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

The Group's UK insurance subsidiary Quilter Life & Pensions Limited is regulated by the FCA and the PRA at solo level.

A.1.4 External auditor

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

Address: 7 More London Riverside, London, SE1 2RT, United Kingdom
Telephone number: +44(0)20 7583 5000

PricewaterhouseCoopers LLP also acts as the external auditor of Quilter Life & Pensions Limited.

A.1.5 Qualifying holdings in the undertaking

The table below shows the qualifying holdings (10% or above) at 31 December 2022, 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
Public Investment Corporation of the Republic of South Africa[3]	210,834,490	15.01	Direct holding in Ordinary Shares
Coronation Asset Management (Pty) Limited[2]	195,332,204	13.91	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 Johannesburg Stock Exchange.

[3]Public Investment Corporation of the Republic of South Africa is an asset management firm wholly owned by the Government of the Republic of South Africa.

A.1.6 Material lines of business and geographical areas

The Group offers investment and wealth management services, 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 line of business of the Group's insurance undertakings is index-linked and unit-linked Life business. The material geographical area where the Group carried out insurance business during 2022 is the United Kingdom.

A.1.7 Operating segments

The Group's operating segments comprise Affluent and High Net Worth, which is consistent with the manner in which the Group is structured and managed.

Segment	Description
Affluent	This segment comprises Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.
High Net Worth	This segment comprises Quilter Cheviot and Quilter Private Client Advisers.

In addition to the Group's two operating segments, Head Office comprises the investment return on centrally held assets, central support function expenses, central core structural borrowings and certain tax balances.

Further information on the Group's segments is contained in note 8(a) to the Quilter plc 2022 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.2.2.

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 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 2022 are listed below.

Name	Nature of business	Quilter's holding[1]
United Kingdom		
Quilter Holdings Limited	Holding company	100%
Quilter UK Holding Limited	Holding company	100%
Quilter Life & Pensions Limited	Life assurance	100%
Quilter Investment Platform Limited	Savings and investments	100%
Quilter Investors Limited	Multi-asset business	100%
Quilter Cheviot Limited	Investment management	100%
Quilter Financial Planning Limited	Financial advice	100%
Quilter Business Services Limited	Management services	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

Insurance undertakings

None of the Group's insurance undertakings have foreign branches.

Asset management and advice businesses

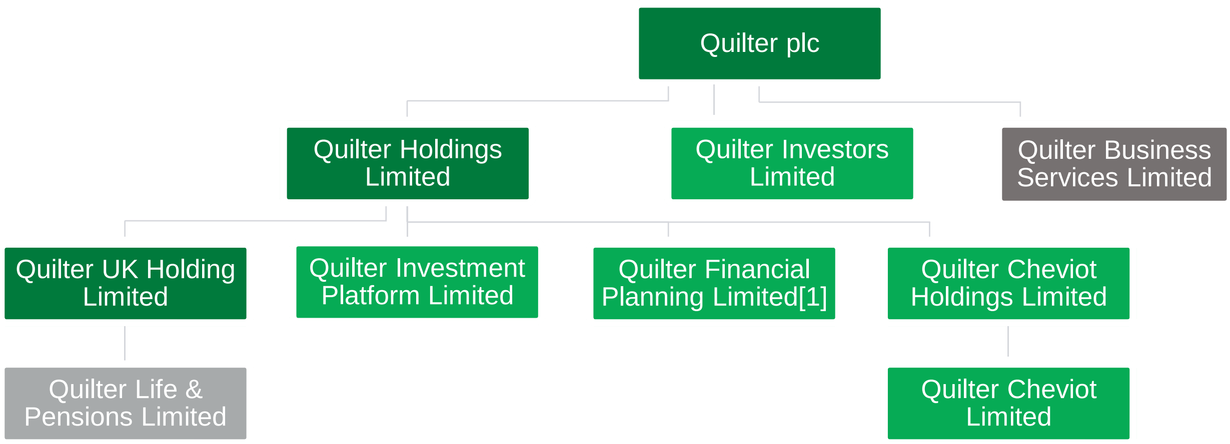
Quilter Cheviot Limited provides investment management services through two branches in Jersey and the United Arab Emirates.

Other branches

The Group has no other material branches.

A.1.11 Simplified group structure

A simplified group structure chart for the Group as at 31 December 2022 is provided below. For each subsidiary company shown, the Group's ownership percentage is 100%.



[1] Quilter Financial Planning Limited is the parent company for the Quilter Financial Planning business that provides financial planning and mortgage advice.

Key

- Insurance holding companies and mixed financial holding companies
- Insurance companies
- Asset management and advisory companies
- Service company

A.1.12 Significant events

Significant events during the year to 31 December 2022 and significant events subsequent to that date are summarised below. Further information is contained in the Quilter plc 2022 Annual Report.

Share buyback programme

In March 2020, the Company announced a share buyback programme to purchase shares, up to a maximum value of £375 million, in order to return the net surplus proceeds to shareholders arising from the sale of Quilter Life Assurance which had the impact of reducing the share capital of the Company.

During the year ended 31 December 2022, the Company acquired 17.7 million shares (31 December 2021: 128.1 million) for a total consideration of £26 million (31 December 2021: £197 million) and incurred additional costs of £1 million (31 December 2021: £3 million). The shares, which have a nominal value of £1 million (31 December 2021: £9 million), were subsequently cancelled, giving rise to a capital redemption reserve of the same value as required by the Companies Act 2006. The share buyback was completed in January 2022.

B Share Scheme

On 9 March 2022, the Company announced a Capital Return of £328 million from the net surplus proceeds arising from the sale of Quilter International by way of a B Share Scheme accompanied by a share consolidation on a six new Ordinary Shares for seven old Ordinary Shares basis. Refer to note 4 of the Quilter plc 2022 Annual report for further details of the Capital Return and Share Consolidation.

Following the issue and redemption of the B preference shares as part of the B shares scheme, the Company transferred £328 million from retained earnings to the capital redemption reserve, as required under the provisions of sections 688 and 733 of the Companies Act 2006, being an amount equal to the nominal value of the B shares redeemed in the year. The increase in the capital redemption reserve results from the UK company law requirement to maintain the company's capital when shares are redeemed out of the company's distributable profits.

Subordinated debt

In January 2023, the Group issued the £200,000,000 8.625% Fixed Rate Reset Subordinated Notes (due April 2033) and received net cash proceeds of £197 million. The Notes are now listed and regulated under the terms of the London Stock Exchange. On 28 February 2023, the Group repaid the existing £200,000,000 4.478% Fixed Rate Reset Subordinated Notes (due February 2028). Refer to note 40 in the Quilter plc 2022 Annual Report for further information.

Final dividend

In March 2023, the Group announced the proposed Final Dividend payment to shareholders of £45 million. Information on dividends paid by Quilter plc to its shareholders can be found in note 13 to the Quilter plc 2022 Annual Report.

Q1 2023 Global banking concerns

In light of the issues observed in Q1 2023 impacting the global banking industry, Quilter has verified that it does not carry exposure to the banks known to be experiencing liquidity impacts as at the date of this report.

Risk of contagion across the market into banks the Group currently uses is being managed by increased scrutiny of credit spreads and regular assessments of the balance sheet strength of banking counterparties. No material risk has been identified to date across any of the banks currently used by Quilter. The risk will continue to be monitored and holdings will be rebalanced where appropriate.

A.2 Underwriting performance

The Group's life insurance business is unit-linked with no significant life protection business. The Group has no general insurance business except for certain intragroup professional indemnity insurance contracts offered by its Isle of Man captive, Quilter Insurance Company Limited.

The premiums, claims and expenses by line of business Group QRT (S.05.01) in Appendix F.2 provides further information on key elements of underwriting performance. Section C.1 of this report provides information on underwriting risk.

A.3 Investment performance

A.3.1 Income and expenses arising from investments

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 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. Similarly, lower asset values result in reduced 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 9(b) to the Quilter plc 2022 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 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. are recognised directly in equity. Other comprehensive income was £nil in 2022 (2021: £1 million).

A.3.3 Investments in securitisations

The Group did not invest in securitisations during 2022.

A.4 Performance of other activities

A.4.1 Other material income and expenses

Information about income and expenses of the Group is contained in the Consolidated income statement on page 121 of the Quilter plc 2022 Annual Report.

Further information relating to revenue other than investment return is contained in note 9(a) to the Quilter plc 2022 Annual Report.

Further information on the following categories of expenditure can be found in the notes to the consolidated income statement within the Quilter plc 2022 Annual Report:

- fee and commission expenses and other acquisition costs: note 10(a);
- other operating and administrative expenses: note 10(b)
- staff costs and other employee related costs: note 10(c);
- finance costs: note 10(e); and
- taxation: note 11.

A.4.2 Lease arrangements

Quilter as lessor

The Group had no material lease arrangements during 2022 as lessor.

Quilter as lessee

The Group currently has lease commitments of varying durations for the rental of a number of office buildings. The Group's future lease cash outflows are not materially exposed to variable lease payments, low value or short-term leases, residual value guarantees or restrictions imposed by a lease contract or sale and leaseback transactions.

Notes 15 and 30(b) to the Quilter plc 2022 Annual Report contain further information on lease arrangements.

A.5 Any other information

There is no additional information to disclose for Section A.

Section B
System of governance

Section B. System of governance

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

- introduction to the Quilter system of governance and the administrative, management or supervisory body ("AMSB");
- the Quilter plc Board;
- delegation by the Quilter plc Board;
- Quilter plc Board Committees;
- management forums, including the Executive Committee;
- business oversight and other regulated business Boards;
- segregation of duties and the three lines of defence;
- key functions;
- 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;
- Group Internal Audit function;
- Actuarial function;
- outsourcing; and
- any other information.

B.1 General information on the system of governance

B.1.1 Introduction to the system of governance and the administrative, management or supervisory body

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.

Quilter's administrative, management or supervisory body is the Quilter plc Board and Board Committees.

B.1.2 The Quilter plc Board

Role and responsibilities of the Quilter plc Board

The Quilter plc 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 advisers, colleagues, investors, regulators, shareholders, customers, suppliers and the communities in which the Group operates. The Board may exercise all powers conferred on it by Quilter plc's Articles of Association and the Companies Act 2006.

Matters reserved for the Quilter plc Board

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

- setting 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;
- remuneration;
- delegation of authority;
- corporate governance; and
- policies (as set out in the GGM).

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

Quilter plc Board Membership

In accordance with the UK Corporate Governance Code 2018 ("the Code"), at least half of the Quilter plc Board (excluding the Chair) is comprised of Independent Non-executive Directors 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 scrutinises the balance of this mix of skills and experience and makes 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 55 to 58 of the Quilter plc 2022 Annual Report.

B.1.3 Delegation by the Quilter plc Board

The Quilter plc 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 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 the Quilter CEO 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 and Executive Committee member has authority and is accountable for the management of that respective business or function to the Quilter CEO and, for business CEOs and certain function heads, the relevant legal entity board or board committee (e.g. a Business Oversight Board).

Business Oversight Boards may, in turn, delegate authority to their own subsidiary board, committees and to individuals provided always that the manner of such delegation is consistent with the provisions of the GGM.

B.1.4 Quilter plc Board Committees

The Quilter plc Board has established the following committees as principal standing Committees of the Board. The table below shows the main responsibilities of each and how these responsibilities are segregated between the various Committees.

Committee	Roles and responsibilities	Membership
Board Audit Committee	The responsibilities of the Board Audit Committee are to: – review the Group's accounting policies and the contents of financial reports; – monitor disclosure controls and procedures; – consider the adequacy, scope and reporting of the External and Internal Audit functions; – oversee the relationship with our external auditors; and – monitor the effectiveness of internal financial controls.	The membership of the Board Audit Committee comprises a minimum of three independent Non-executive Directors, one of whom is also 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 in accordance with the Disclosure and Transparency Rules.
Board Remuneration Committee	The responsibilities of the Board Remuneration Committee are to: – set the overarching principles and parameters of remuneration policy across Quilter; – consider and approve remuneration arrangements for Executive Directors and Senior Executives; – approve individual remuneration rewards; and – agree changes to Senior Executive incentive plans.	The membership of the Board Remuneration Committee comprises a minimum of three independent Non-executive Directors. The Chair of the Board may be a member as long as they are deemed to be independent on appointment.
Board Risk Committee	The responsibilities of the Board Risk Committee are to: – oversee risk strategy; – monitor and reviews the internal control framework; – recommend the total level of risk Quilter is prepared to take (risk appetite); – monitor the risk profile; and – oversee the effectiveness of the Risk and Compliance functions.	The membership of the Board Risk Committee comprises a minimum of three independent Non-executive Directors, 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 risk and control matters relevant to the responsibilities of the Board Audit Committee are referred to the Committee.
Board Corporate Governance and Nominations Committee	The responsibilities of the Board Corporate Governance and Nominations Committee are to: – review composition of the Board and recommend the appointment of new Directors; – consider succession plans for Chair and other Board positions; – consider succession plans for key executive leadership positions; – monitor corporate governance issues; – oversee the annual Board performance review; and – provide oversight of the Group's responsible business framework.	Membership of the Committee comprises a minimum of three independent Non-executive Directors. The Committee Chair is the Chair of the Quilter Board.
Board Technology and Operations Committee (formally closed 31 December 2022, see section B.1.9)	The responsibilities of the Board Technology and Operations Committee were to: – oversee delivery of the Operations and Technology strategy; – provide oversight and challenge on Operations and Technology risk; – oversee Information Security, Information Management and Operational Resilience strategy, systems and controls; and – oversee strategic operational and technology change programmes.	Membership of the Committee is comprised a minimum of three independent Non-executive Directors.

The Terms of Reference for each of these Board Committees is published on the Quilter website at plc.quilter.com.

B.1.5 Management forums, including the Quilter Executive Committee

Management forums

Quilter has a number of management forums which have delegated authority from the Quilter CEO and the CEO's direct reports. The authority is documented within the relevant terms of reference. This is distinct from a Board Committee, which has its authority delegated to it by the Board. 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 Quilter Group management forums, most notably the Executive Committee.

Quilter Executive Committee

The Executive Committee supports the Quilter CEO in discharging the CEO's responsibilities for the management of the Group and, as at 31 December 2022, was comprised of the following:

- Quilter CEO;
- Chief Financial Officer ("CFO");
- Quilter Cheviot CEO;
- Chief Operating Officer ("COO"); and
- Chief Risk Officer ("CRO").

The broader Quilter leadership team can be seen on our website plc.quilter.com.

Other Quilter management forums

Other key Quilter management forums as at 31 December 2022 are listed below:

- Executive Risk Forum;
- Group Operating Committee;
- Responsible Wealth Management Executive Steering Committee;
- Capital Management Forum;
- Change Governance Forum;
- Disclosure Committee; and
- Spend Approval Forum.

B.1.6 Business oversight and other regulated Business Boards

To support the Directors of Quilter plc in discharging their obligations, the Directors place reliance on the governing entity or Business Oversight Board for each underlying Business to provide effective oversight and challenge in respect of risk management and business performance against the Quilter annual Business Plan. The subsidiary governance framework requires strong linkages between the Quilter plc Board and its subsidiary Boards and sets out other requirements such as the level of independent representation and Board composition. One Non-executive Director from the Quilter plc Board sits on each Business Oversight Board, to encourage communication between the Group and its subsidiaries. This additional governance provides comfort that all Quilter businesses are governed to a consistently high standard and supports the work of the Quilter plc Board.

B.1.7 Segregation of duties and the 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	Second Line of Defence	Third Line of Defence
Risk origination, ownership and management – all employees The primary responsibility for 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.	**Risk oversight, challenge and advice – Risk and Compliance functions** The second line responsibilities are to provide risk frameworks and advice to the business. Risk's 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.	**Assurance – Internal Audit** The third line responsibilities owned by GIA are to provide independent, objective assurance. The scope of GIA's activities encompasses 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.1.8 Key functions

For the purposes of the Solvency II Directive, the mandatory key functions for the Solvency II firms within the Group include Actuarial, Risk Management, Compliance and Internal Audit. Quilter has established these functions at a Group level. Details of the roles and responsibilities of these key functions are provided in sections B.3.2, B.4.2, B.5.1 and B.6 of this report. The Chief Risk Officer has overall responsibility for the Risk Management and Compliance functions, regularly reports on these areas to the Board Risk Committee and the Board Audit Committee, as appropriate, and has direct access to the Chairs of the Board and these Board Committees. The Chief Internal Auditor has overall responsibility for the Internal Audit function, regularly reports on audit activities to the Board Audit Committee, and has direct access to the Chairs of the Board and the Board Audit Committee. The Chief Actuary has overall responsibility for the Actuarial function and regularly reports on actuarial matters to the Board Audit Committee. The Board Risk Committee also has oversight over the processes to manage and monitor the management of actuarial risk (where this manifests) across the Group.

The mandatory key functions within the Group have the appropriate authority, resources and independence to undertake their roles and responsibilities. The plans, including resourcing, for these functions are presented and approved by the Board Audit Committee and the Board Risk Committee respectively. As stated in the respective Committee Terms of Reference, the Board Committees annually review the effectiveness, including operational independence where appropriate, of these functions.

B.1.9 Material changes to the system of governance over the reporting period

The only material change to the system of governance over the reporting period was the Board Technology and Operations Committee formally closed on 31 December 2022. The Committee was created in 2017 to oversee the implementation of the new investment platform which was successfully delivered in 2021. The Committee further oversaw the work to develop a more mature operational and technological organisation as Quilter continued to deliver more customer-centric systems and operations. The Board has concluded that the Committee successfully delivered its original objective, and agreed that, with effect from 31 December 2022, the Committee be closed. All the activity that the Committee conducted has been transferred to the Board Risk Committee or will be overseen directly by the Board.

B.1.10 Remuneration policy

Introduction

The Quilter governance framework includes a Remuneration Policy that all subsidiaries within the 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 Group by the Quilter Board Remuneration Committee.

The Quilter Board Remuneration Committee 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 as well as ensuring Quilter's compliance with the relevant regulatory remuneration requirements.

The Quilter Board Remuneration Committee met eleven times during 2022.

Details of the Group's Directors Remuneration Policy are shown on page 89 of the Quilter plc 2022 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 key financial metrics including IFRS profit targets (excluding amortisation, policyholder tax adjustments and other one-off items), Adjusted profit targets and Net Client Cash Flow ("NCCF") targets derived from the Company's Business Plan and approved by the Quilter Board Remuneration Committee. The scheme also includes non-financial metrics covering additional risk, customer, strategic and personal performance objectives that comprise an overall balanced scorecard used to determine final incentive outcomes.

The Quilter Board Remuneration Committee 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 Quilter Board Remuneration Committee in discharging its responsibilities in this respect, an independent risk report covering both quantitative and qualitative risk measures, as well as an assessment of any material risk events that have crystallised during the year or carried risks that may exceed risk appetite, is prepared by the CRO and considered jointly by the Quilter Board Risk Committee and the Quilter Board Remuneration Committee.

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 unit and function distribute their final allocation to employees based on relative employee performance against a balanced set of individual objectives and behaviours.

The Group also operates other short-term incentive schemes at a business unit level, which are structured to incentivise the achievement of annual financial and non-financial performance objectives including risk and conduct, and to align reward to customer and shareholder outcomes as appropriate. Business plans against which performance objectives are set and measured are market appropriate. Control function employees are assessed against role specific performance objectives which are substantially independent of the financial performance of the business.

Share-related awards

Share-related awards are subject to malus and/or clawback provisions, which may be applied if, in the opinion of the Quilter Board Remuneration Committee, any of the following circumstances apply:

- the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which they were or are directly or indirectly responsible are found to have been materially incorrect or misleading;
- any company, business or undertaking in which the participant worked or works or for which they were or are directly or indirectly responsible is found to have made 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;
- the participant has committed an act of gross misconduct or it is discovered that the participant's employment could have been summarily terminated;
- 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;
- an event or events is likely to occur or has occurred that the Quilter Board Remuneration Committee decides constitutes the corporate failure of the Company and/or any other Group company;
- any other circumstances similar in nature to those described above which the Quilter Board Remuneration Committee considers justifies the application of malus;
- any other circumstance set out in a separate document that is expressed to apply to any particular participant; and
- in the reasonable opinion of the Quilter Board Remuneration Committee, the participant should not have received or be entitled to receive an award.

Additional provisions apply to individuals identified as Material Risk Takers:

- the participant participated in or was responsible for conduct that resulted in significant losses for the Company and/or for any company, business or undertaking in which they worked;
- the failure of the participant to meet appropriate standards of fitness and propriety, in accordance with any regulatory rules or principles, internal policies or reasonable expectations as determined by the Committee in its absolute discretion; and

- the Company or any company, business or undertaking in which the participant worked or works or which they were or are directly responsible has suffered a material downturn in its financial performance which the Committee considers to justify the application of malus or clawback.

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 contributions, or a combination. Contributions and/or cash alternative are paid monthly to a maximum of 10% of base salary per annum. This is in line with the wider UK workforce.

B.1.11 Material transactions with shareholders, with persons who exercise significant influence over the Group and with members of the administrative, management or supervisory body

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. 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 39 to the Quilter plc 2022 Annual Report. Information on dividends paid by Quilter plc to its shareholders can be found in note 13 to the Quilter plc 2022 Annual Report.

In connection with the Capital Return of up to £375 million announced in March 2020, Quilter plc initiated a share buyback programme which was launched on 11 March 2020 and was conducted on both the London and Johannesburg Stock Exchanges. The share buyback programme completed in January 2022. All these shares have been cancelled and no shares are held in Treasury. Further information about the programme can be found on the Quilter website at plc.quilter.com.

At a General Meeting in May 2022, shareholders passed resolutions to approve the return of £328million of the net proceeds of the sale of Quilter International as a return of capital through a B Share Scheme accompanied by a share consolidation, whilst retaining £90million to fund planned business initiatives. The Company allotted, issued and redeemed the B shares in May 2022 and payments to shareholders were dispatched in June 2022.

B.1.12 Assessment of adequacy of the system of governance

The Quilter plc 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 plc.quilter.com. Board effectiveness is assessed annually.

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:

- significant risks have been appropriately managed;
- management and financial information has been reliable;
- relevant laws and regulations have been complied with; and
- assets have been 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 design and effectiveness of the Quilter Enterprise Risk Management ("ERM") Framework;
- an assessment of compliance with the Quilter suite of policies;
- the Group's performance against the Strategic Risk Appetite Principles and Top Risks, which is evidenced through ongoing risk reporting to the Executive Risk Forum, its sub-forums, the Board Risk Committee and the Quilter plc Board;
- a review of material internal control deficiencies identified through assurance activity; and
- an assessment of Quilter's risk culture evidenced by the Group and business risk culture assessments.

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

- representation from the CRO regarding an assessment of the effectiveness of risk management;
- representation from the CFO regarding an assessment of the effectiveness of Quilter's system of internal control over financial reporting;

- representation from the COO regarding an assessment of the effectiveness of Quilter's operational controls within Quilter Group COO functions;
- representation from the Chief Internal Auditor regarding an opinion in relation to an assessment of the governance, risk and control framework; and
- representations from the business CEOs regarding the effectiveness of risk management and internal control systems within the subsidiary businesses that comprise the Group.

The Quilter plc Board is satisfied that a robust governance structure is in place, which is compliant with the 2018 UK Corporate Governance 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 processes 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 senior manager and control functions (subject to regulatory approval), and those which fall within the definition of key and certification functions are identified and an assessment is performed to determine that each person in such a role fulfils the following requirements:

- their professional qualifications, capability, knowledge and experience are 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;
- 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 and those performing key functions, this includes a refresh of background screening checks every third year.

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

B.3.1 Own risk and solvency assessment

An ORSA is performed for the Group and also for QLPL.

The ORSA process is carried out continually and is designed to enable management:

- to understand and manage the key risks to the business;
- to ensure sufficient capital and liquidity is held to withstand these risks; and
- to make informed strategic decisions in response to these risks.

The ORSA process aims to provide a continuous assessment of the current and forward-looking risk profile of the business, and demonstrate the relationship between the business strategy, risk appetite, risk profile and solvency needs.

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;
- assessing, monitoring and reporting of the material risks to the achievement of the Business Plan;
- determining overall solvency needs, including assessment of the appropriateness of the regulatory Standard Formula;
- forecasting capital and liquidity needs over the three-year business planning period, assessing the resilience of the business to adverse scenarios and identifying management actions to manage capital and liquidity adequacy; 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 and solvency of the business.

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 Management function

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

- deliver a clear and well-communicated, Group-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; and
- escalate material issues and 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, shareholders, employees and regulators.

The Enterprise Risk Management Policy sets out the minimum standards in relation to implementing and maintaining an adequate and effective Enterprise Risk Management Framework which, alongside other policies, contributes to the system of internal control as set out within the Group Governance Manual.

The Enterprise Risk Management Framework is embedded across Quilter and encompasses a number of elements to help the firm manage its risk exposure.

Enterprise Risk Management Framework

The ERM framework:

- ensures Quilter's risk management approach is consistent across the business;
- aligns Quilter's strategy, capital, processes, people, technology and knowledge in order to evaluate and manage opportunities and uncertainties in a structured and disciplined manner; and
- ensures the risks Quilter faces as a business are understood and continually managed within risk appetite, as well as supporting consideration of capital implications when making strategic and operational decisions.

The most important element to risk management is a good culture of risk-informed decision making. Quilter links risk management to performance and development, as well as to the Quilter remuneration and reward schemes. An open and transparent working environment which encourages employees to embrace risk management, and speak up where needed, is critical to the achievement of the Group's objectives.

The core elements of the ERM framework are illustrated below:

B.3.4 Risk governance and policies

The Quilter Board bears ultimate responsibility for risk management, including setting risk appetite and approving policies across Quilter. Their responsibility is to ensure the proper functioning of Quilter's risk management activities and set the 'tone at the top' with respect to risk management.

The GGM together with the Quilter Policy suite forms an integral part of Quilter's governance and ERM framework, ensuring an appropriate system of internal control, including financial, operational and compliance areas.

The purpose of the Quilter Policy suite is to ensure appropriate controls are in place in relation to the key risks Quilter faces through:

- establishing the principles by which Quilter oversees and manages key risks and processes within Quilter; and
- providing clear ownership, responsibilities and minimum requirements for the management of risks, including the Group's risk appetite for the risk.

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 Quilter Board. Culturally, it sets the tone regarding Quilter's attitude towards risk taking. Risk appetite also plays a central role in informing decision making across Quilter, protecting and enhancing the return on capital invested.

Risk appetites are developed for material risks to which Quilter is exposed through qualitative statements and quantitative risk appetite measures. This approach is applied consistently across the Group.

Risk strategy

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 ("SRAPs") has been set by the Quilter Board. These principles, set out below, provide the top-of-the-house guidance on our attitude toward key areas of risk for Quilter and support the ongoing management and oversight of risk, and are supported by a series of more granular risk appetite statements, measures, policies and standards.

Customer	Liquidity	Capital	Control Environment
"Quilter will enable the delivery of good customer outcomes"	"Quilter will ensure that it has sufficient liquidity to meet its financial and funding obligations"	"Quilter will hold or have access to sufficient capital to maintain its own capital needs"	"Quilter will at all times operate a robust control environment"

Quilter's position against these principles is measured and reported on a regular basis through the monitoring of underlying risk metrics.

B.3.6 Risk identification, measurement and assessment

Risks to the delivery of Quilter's strategy and the Business Plan are identified through the annual strategy development and business planning processes.

The Risk and Control Self-Assessment ("RCSA") process supports management in identifying and assessing the business's exposure to the key operational risks arising from business processes, people, systems and external events and to manage those risks appropriately. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control and to manage those risks appropriately.

B.3.7 Risk management and monitoring

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 effective. 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.

Quilter is a long-term business and as such monitors emerging risks which are less certain in terms of timescales and impact.

The emerging risk profile is subject to regular review by management committees and the Quilter Board. The identification of these risks contributes to Quilter's stress and scenario testing, which feeds into its strategic planning process and informs its capital calculations.

B.3.8 Scenario testing and modelling

Scenario testing is performed to assess the impact of plausible but severe events in order to support management in developing plans to manage such events and to test Quilter's financial resilience relative to its financial risk appetite. The outcomes and management actions identified through our scenario processes are actively used in business planning and in managing the business.

The scenario framework focuses on considering scenarios under the following headings:

- Macro scenarios: Potential events which could cause a significant impact to the delivery of Quilter's Business Plan;
- Reverse stress testing: Potential extreme events which could cause Quilter's Business Plan to become unviable;
- Operational risk scenarios: Potential operational events which could lead to operational disruption and financial losses.

B.3.9 Risk reporting and escalation

Ongoing oversight of Quilter's risk profile and risk management arrangements is undertaken by the Board Risk Committee, with relevant matters also being considered by the Board. The Executive Risk Forum is the primary management committee overseeing the risk profile of Quilter. This forum is chaired by the Quilter CEO, with representation from across Quilter. Ongoing oversight of the risk profile and of risk management arrangements is undertaken by the Board Risk Committee, with relevant matters also being considered by the Board. Similar arrangements are maintained locally in each significant business area.

On a quarterly basis, the Quilter CRO formally reports the second line perspective on the risk profile of the firm, performance against risk appetite and a second line perspective on the effectiveness of management responses. Regular monitoring and reporting of risks enable continuous review and challenge of risks and mitigating actions. Risk events with a financial and/or non-financial impact in excess of a defined threshold are reported via Quilter's risk system, with appropriate root cause analysis conducted on material events.

B.4 Internal control system

Quilter'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 in fulfilling its internal control obligations by demonstrating the existence of, and compliance with, internal policies and other control mechanisms such as approval 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.
- 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.
- 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 CEO and the 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; any changes to them and their potential impacts on Quilter;
- to monitor the adequacy and effectiveness of controls relating to regulatory compliance activities;
- to gain approval for the compliance plan, including monitoring activities, in full on an annual basis from the Quilter Board Risk Committee, and to gain approval for any subsequent recommended changes to that plan; and
- to provide regular reporting to the Quilter Board Risk Committee 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

The Chief Internal Auditor is responsible for implementing and maintaining a Group Internal Audit function to support the Board and Executive Management of 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 evaluating and improving the effectiveness of risk management, control, and governance processes. The scope of GIA's activities extends to all businesses owned, controlled and governed by Quilter, including having the right to audit Quilter's material outsourcers in line with contractual agreements.

GIA, with strict accountability for confidentiality and safeguarding records and information, consistent with General Data Protection Regulation ("GDPR") requirements, is authorised full, free and unrestricted access to any and all of the organisation's records, physical properties and personnel pertinent to carrying out an engagement. All employees are required to assist GIA in fulfilling its roles and responsibilities.

GIA 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

GIA and the Chief Internal Auditor receive 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 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 GIA, the Chief Internal Auditor is accountable to the Quilter Board Audit Committee Chair, reports administratively to the Quilter CFO 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. GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation.

Where consulting services are delivered, GIA will manage any perceived or actual conflict of interest. The GIA Leadership Team also reports relevant audit matters to the Business Oversight Board Governance, Audit and Risk Committees, Audit Committees or equivalent forums.

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 entity QLPL. The Group Chief Actuary performs the Actuarial function role for the Group and QLPL.

Responsibilities of the Actuarial function include:

- ensuring that methodologies and models for the valuation of technical provisions and capital requirements are appropriate;
- overseeing the sufficiency and quality of data used in the valuation of technical provisions and capital requirements;
- reviewing and challenging experience analysis in respect of risk factors and proposed best estimate assumptions;
- reviewing and challenging the valuation of technical provisions including application of approximations;
- reviewing and challenging solvency capital requirement results; and
- expressing 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 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. These documents have a specific focus on the outsourcing arrangements that are considered to be 'Critical' or 'Important'. These arrangements have the potential to materially impact Quilter's operations, its services, its ability to meet its obligations to customers and its compliance with regulatory requirements, whether at Group level or at subsidiary level.

By following the Group's policies and standards, the risk of implementing an inadequate service or of the failure of an outsourced service provider is managed through the following controls:

- a formalised approach, including a transparent selection and management process and a due diligence process, to outsourcing services;
- defined governance and oversight structures, practices and processes for the oversight, monitoring and management of risks related to outsourced services;
- regular assessments of whether the supplier continues to have a resilient business; and
- processes and practices to ensure that outsourced services 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 to ensure that the service continues to adhere to the principles outlined in the Third Party Risk Management Policy and Standards suite which are periodically reviewed to ensure they align with any regulatory changes.

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, India and Czechia. There are no material intra-group outsourcing arrangements.

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

Section C. Risk profile

The Quilter Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity, as well as those risks that are non-financial in nature. A brief description of these principal risks (in addition to those covered in sections C.1 to C.5) is found below. Further information on these risks, together with their key mitigants, can be found in pages 44 to 49 of the Quilter plc 2022 Annual Report.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group solvency capital requirement, reflecting the Group's capital risk profile covering underwriting, market, credit and operational risks. These risk profiles, and the Group's liquidity risk profile, are described individually in sections C.1 to C.5.

The Quilter strategic risk profile

In 2022, good progress was made on a number of fronts, including the launch of Wealth Select+, establishment of the new Affluent commercial and proposition function, continued Platform improvements and good progress in business simplification. The focus remains on progressing Quilter's long-term strategy, growing with Quilter's clients and advisers, enhancing the efficiency of operations, increasing digitalisation and becoming a responsible wealth manager. The risk profile remains focused on the risks associated with strategic delivery against these ambitions.

External environment

2022 saw a rapid deterioration in the economic and geopolitical environment. Inflationary pressures, high interest rates and muted markets gave rise to difficult market conditions. Consequential impacts included market volatility, reduced customer confidence and ongoing increases in the cost-of-living. Customers' ability to invest was potentially reduced, impacting investment inflows as well as cost impacts from direct inflationary pressures.

The Quilter capital risk profile

Sections C.1 to C.5 contain specific information on the profile of regulatory capital held for the Group and its insurance businesses.

Based on the Standard Formula, the Group had an SCR of £631 million at 31 December 2022. Table C.1 below shows the SCR breakdown by risk category (after intra-module diversification) for the Group, including the contribution to the overall Group regulatory capital requirement (Group SCR) for the non-insurance entities.

Risk modules	31 December 2022 £m
Market risk	247
Counterparty default risk	11
Life underwriting risk	252
Total before diversification	**510**
Diversification	(112)
Basic solvency capital requirement	**398**
Operational risk	11
Loss-absorbing capacity of deferred taxes	(56)
Other financial sector entities	278
Group solvency capital requirement	**631**

Table C.1 – Quilter's SCR

The risk profile of Quilter's insurance undertaking reflects the nature of the product offerings, dominated by unit-linked life, pensions and investment business. Key features of these risk exposures are as follows:

- Investment risks are largely borne by customers as a result of the use of unit-linked product structures. The Group has second-order market risk exposure on asset-based revenues, which are driven by the assets under management and administration.
- Quilter is generally exposed to loss of future revenue through higher-than-expected surrender experience.
- Quilter does not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities).
- Insurance risks on policies providing life assurance benefits are not significant.

C.1 Underwriting risk

Life underwriting risk arises through exposure to unfavourable operating experience on unit-linked insurance products. Life underwriting risk includes lapse risk, expense risk and mortality risk.

The key underwriting risk exposures for the Group are as follows:

Lapse risk

Lapse risk is the risk that surrender and partial withdrawal experience on unit-linked insurance business is higher than the level assumed in the Solvency II valuation.

An increase in surrender or partial withdrawal rates represents a risk to the Group as this would result in lower-than-expected future revenues on insurance business.

Expense risk

Expense risk is the risk that future maintenance expense levels and future expense inflation are higher than assumed in the Solvency II valuation. This would result in lower than planned profitability.

Mortality risk

Mortality risk is the risk that death claims on unit-linked policies which provide life insurance benefits are higher than expected.

C.1.1 Life underwriting risk profile

Life underwriting risk is measured through the following approaches:

- The capital requirement for each underwriting risk exposure is calculated using the Standard Formula.
- Sensitivity testing is performed in respect of underwriting risks in order to determine the impact of changes in experience on the value of own funds, the SCR and the Group solvency ratio.

The capital requirements for life underwriting risks as at 31 December 2022 are set out in the following table:

Life underwriting risk category	31 December 2022 £m
Mortality	6
Lapse	206
Expense	74
Life catastrophe	1
Subtotal	**286**
Diversification within risk module	(34)
Life underwriting risk SCR	**252**

Table C1.1 – Quilter's life underwriting risk SCR

The capital requirements for these risks represent potential losses due to extreme adverse scenarios which would arise approximately once in every 200 years.

C.1.2 Life underwriting risk mitigation

The Group manages each of the following life underwriting risks as outlined below:

Lapse risk

Lapse risk is a feature of the Group's insurance business and is managed through product design, focusing on customer service and customer outcomes. Persistency statistics and customer metrics are monitored regularly and detailed persistency analysis is carried out regularly at a product group level.

Expense risk

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

Expense levels are monitored regularly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. Cost drivers are periodically reviewed to ensure that 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 light of changes in maintenance expense levels and the market level of inflation. This review may result in changes in charge levels.

Mortality risk

Mortality risk is not significant since Quilter does not provide life protection business. Mortality risk is a minor risk on the Collective Investment Bond product provided by QLPL. This risk is mitigated through external reinsurance.

C.1.3 Life underwriting risk concentration

The Group does not have any material concentrations of lapse, expense or mortality risk. The Group does not provide group protection business.

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 as a result of changes in the value of equities, government and corporate bonds, foreign exchange rates, and property values. The nature of QLPL's product offering, which consists of unit-linked investment business, means the main market risks are borne by customers as a result of the use of unit-linked product structures. The majority of retained market risk for the Group relates to second-order market risk exposures on asset-based revenues, which are driven by the value of assets under administration.

The key market risk exposures for the Group are as follows:

Equity risk

Equity market risk is a significant risk for the Group since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which the Group derives asset-based fees. The Group has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the calculation of technical provisions.

Currency risk

Currency risk is the risk that movements in currency exchange rates result in reductions in the emerging revenues or increases in expenses denominated in foreign currencies.

Currency risk arises through changes in the value of assets under administration due to currency exchange rate movements, which results in changes in the value of future asset-based revenues.

Interest rate risk

Interest rate risk is the risk that changes in interest rates, both in the short-term and in the longer term, result in changes in the expected value of future revenues and expenses.

Changes in interest rates result in changes to the value of government and corporate bond assets within unit-linked funds. Changes in the value of these assets results in changes to expected future asset-based fee revenues.

Changes in the interest rate yield curve also results in changes to the rates used to value future revenues and expenses in the calculation of technical provisions.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of bonds. This would result in a reduction in the Group's expected future asset-based fee revenues.

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

C.2.1 Market risk profile

Market risk is measured through the following approaches:

- The capital requirement for each market risk exposure is calculated using the Solvency II Standard Formula.
- Sensitivity testing is performed in respect of market risks in order to determine the impact of market movements on the value of own funds, the SCR and the Group solvency ratio.
- Scenario testing is performed to assess the impact of a severe economic downturn arising over the business planning period.

The capital requirements for market risks as at 31 December 2022 are set out in the following table:

Market risk category	31 December 2022 £m
Interest rate	48
Equity	183
Property	1
Spread	8
Currency	102
Subtotal	**342**
Diversification within risk module	(95)
Market risk SCR	**247**

Table C.2.1 – Quilter's market risk SCR

The evolving Ukraine crisis and political uncertainty continues to have an impact on global stock markets resulting in the risk of short-term market volatility. Falls in the level of equity markets can lead to reductions in the value of own funds for the Group as own funds include allowance for future revenues. The Group derives fee revenues which are linked to the value of assets under administration, and so falls in the value of assets under administration will result in reductions in the value placed on these future revenues. The impact on the Group solvency position is limited as falls in the value of assets under administration also results in reductions in the SCR.

C.2.2 Prudent person principle and investment of assets

Management and oversight of market risk and other financial risk management activities is governed by Quilter plc's Market Risk Policy, Credit Risk Policy, Investment Risk Standard and Financial Risk Mitigation Standard, together with governance processes established to monitor and manage market risks.

For the Group's insurance business, while policyholders select the unit-linked funds which policyholder assets are invested into, the Investment Forum oversees and monitors the investment of policyholder funds. The Investment Forum seeks to ensure that investment risks and objectives are identified and clearly communicated, that funds remain appropriate for retail platform investment and provide oversight to ensure Quilter investment solutions within the proposition are invested in accordance with their stated objectives, and investments made are in accordance with investment mandates.

The allocation of shareholder assets is managed in line with the Treasury Statement of Practice of the relevant business, which provides guidance on the approach to implementing and maintaining an adequate and effective treasury management framework in compliance with the Quilter Group Financial Risk Policies.

The Group's shareholder assets are invested in money market funds and bank deposits. Monitoring of liquidity and credit risks is performed on a daily basis. The Treasury Governance and Risk Forum and the Capital Management Forum ("CMF") oversee market and credit risk exposures in respect of shareholder assets.

C.2.3 Market risk mitigation

The Group's insurance business is predominantly unit-linked life, pensions and investment business. The direct market risks are borne by policyholders as a result of the use of unit-linked product structures. The Group does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure, the impact of which is assessed as part of stress and scenario testing.

C.2.4 Market risk concentration

Policyholder funds are invested in a diversified portfolio of assets. The market risk concentration on policyholder assets is not material.

Shareholders' funds are deposited only in the permitted instruments set out in the relevant Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of money market funds. Limits are in place to avoid concentration to a single counterparty.

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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
- reinsurance counterparty default risk.

C.3.1 Credit risk profile

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

As at 31 December 2022, the Quilter SCR for this module was £11 million (2021: £13 million).

The Group actively monitors the credit worthiness of counterparties and diversifies exposures in order to limit exposure to any single counterparty, for example through the use of money market funds for the investment of company money.

In relation to the ongoing crisis in Ukraine, to date, active monitoring of CDS ("Credit Default Swap") spreads has not seen material adverse credit impacts to the banks.

C.3.2 Credit risk mitigation

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

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; and
- the potential recovery which may be made in the event of default.

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 and AAA-rated money market funds. A group-wide counterparty limit framework is used to 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 daily basis and reported through the CMF to ensure that counterparties remain creditworthy and to ensure that concentrations of exposure are kept within accepted limits. Further in-depth analysis on counterparty creditworthiness is completed on a weekly, semi-annual and annual basis throughout the year. ESG ("Environmental, Social and Governance") analysis is being introduced into the considerations of banking counterparty usage and will influence decision making alongside the credit analysis. There is no direct exposure to European sovereign debt (outside of the UK) within the shareholder investments.

Quilter maintains a small amount of reinsurance cover for mortality risk. Reinsurers with high credit ratings are used to minimise the risk of default and credit concentration.

C.3.3 Credit 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 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 Group to trade in illiquid assets in order to maintain its Asset Liability Matching ("ALM") profile.

Quilter has a liquidity risk exposure of £240m which has been quantified from identifying liquidity events that arise on a periodic basis within business activity and then overlaying risks that have been stressed to a 1-in-50 year level. The group then maintains sufficient liquidity levels above this exposure to ensure all entities can meet the cash demands required of them.

Quilter is exposed to liquidity risks during the normal course of business where payments are made before the related income is received from counterparties or liquidity strains arise from technology outages. Such exposures are typically short-term in nature. Each business has a defined liquidity target and minimum liquidity requirement, which have been determined to cover any potential outflows arising from severe but plausible liquidity stress scenarios. The Group maintains additional liquidity to provide contingency funding support to the businesses if required, in the event of liquidity stresses. Liquidity exposures are monitored for each business on a daily basis relative to liquidity targets.

Uncertainty and market volatility relating to the current challenging economic, social and geo-political environment could result in an increase in the likelihood of potential liquidity stress scenarios, such as risk of suspension of funds provided by external fund managers which are made available for Quilter Platform customers, and increased trading volumes, which can cause short-term liquidity strains due to settlement timing differences between funds.

Throughout 2022, Quilter plc and its subsidiaries have operated above their individual liquidity targets and there were no new material liquidity stresses identified over this period to include in the liquidity monitoring process. Daily liquidity updates continue to be in place across the Group to enable timely identification of any emerging issues.

Each business maintains a Contingency Funding Plan, which is designed to enable management to address emergency liquidity situations in a timely and efficient manner and in line with regulatory requirements.

The Group and its subsidiaries have continued to operate within applicable liquidity risk appetites following the return of capital as a result of the sale of the Quilter International business and the conclusion of the share buyback programme.

C.4.2 Liquidity risk mitigation

Quilter manages liquidity by:

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

Liquidity risk can arise as a result of a number of significant switches or withdrawals of policyholder funds over a short timeframe, or as a result of one 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. This risk has significantly reduced following the sale of Quilter International in 2021.

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 QLPL, resulting in a liquidity risk however this has remained at a manageable level and has not materially impacted liquidity levels.

C.4.3 Liquidity 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’. There is no future premium included in the best estimate liability calculation for QLPL. The EPIFP for the Group as at 31 December 2022 was £nil (2021: £nil).

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: Quilter’s financial advice services are subject to fundamental regulatory conduct requirements to assure suitability of advisory recommendations. Failure to operate effective arrangements to support the ongoing delivery of suitable advice could expose Quilter to risks associated with customer detriment, regulatory censure and remediation programmes, with consequential impacts to the Group’s business, financial condition and reputation. Quilter continues to build on significant improvements to the control environment over the past 18 months, with an improving trend seen against this risk.

Information security: Quilter’s business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, some of which is highly sensitive. Quilter is subject to the risk of information security breaches either through accidental disclosure by authorised persons, or from parties with criminal or malicious intent. Sensitive data is now routinely accessed remotely by home workers, in addition to on Quilter premises. Should Quilter’s information security controls not anticipate, prevent or mitigate a data loss, network failure or system disruption, it may have a material adverse effect on Quilter's customers, business, financial condition, operations and reputation.

Financial crime: This risk arises from the potential or actual criminal activity against or through Quilter resulting in potential for customer detriment, financial loss, regulatory fines and/or censure, litigation and/or damage to brand and reputation. This risk is accentuated due to the ongoing cost of living crisis and the conflict between Russia and Ukraine, and subsequent impact on external fraudulent attempts, and from the evolving regulatory environment surrounding sanctions.

Third party, including outsourcing: Quilter procures certain services from third parties, including the significant business process and technology services provided by FNZ. A steadily increasing inherent risk profile is observed as Quilter uses more third-party services. Quilter keeps its third-party oversight arrangements under review to ensure it continues to appropriately mitigate this risk within its risk appetite. If Quilter does not effectively oversee its third-party providers, they do not perform as anticipated, or Quilter experiences technological or other problems with a third-party, Quilter may experience operational difficulties, increased costs, potential customer harm and damage to its reputation.

People: Quilter relies on its talent to deliver its service to customers. The tight labour market and the cost of living pressures are continuing to drive some challenging conditions for employee retention. Failure to attract and retain suitable talent may impact the delivery of Quilter's strategy and may have an adverse impact on Quilter's business, its financial and operational performance and its delivery of service to customers.

Regulatory: Quilter is subject to regulation in the UK by the PRA and the FCA. Additionally, the firm is subject to the privacy regulations enforced by the Information Commissioner's Office and international equivalents. Quilter faces risks associated with compliance with these regulations and to changes in regulations or regulatory focus or interpretation in the markets in which Quilter operates. Failure to manage regulatory compliance effectively could result in regulatory censure, including the possibility of fines or prohibitions which could impact business performance and reputation.

Customer proposition: This risk arises from customer dissatisfaction or poor customer outcomes (including from the performance of ESG orientated products) at any point through the end-to-end customer journey and may result in the potential for financial loss, damage to Quilter's reputation and/or regulatory fines and/or censure.

C.5.1 Operational 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. The financial impact of operational risk assessments is then modelled within an operational risk model in order to assess the potential loss in plausible infrequent, but extreme conditions. This assessment is used to support the Group's assessment of the appropriateness of the Solvency II Standard Formula.

Quilter has strong operational resilience with effective controls in place for remote working. Crisis management is well established and these measures have been effective through the COVID-19 pandemic and are now established to provide mitigation to other potential causes of business disruption.

Existing monitoring is in place for cyber risk which includes the potential for increased cyber activity due to the conflict between Russia and Ukraine.

Any sanctions imposed by the UK Government on Russian oligarchs are complied with as part of Quilter's established screening processes. Reporting processes are in place in the event that a match is identified. Enhanced due diligence is carried out for those clients and associated third parties deemed to present a higher risk. The Group continues to comply with origin of wealth checks which are performed in line with regulations.

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 2022, the Quilter SCR for the operational risk module was £11 million (2021: £13 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 mitigation

Operational risks are managed in accordance with Quilter's Operational Risk Policy and supporting 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.

First line management has responsibility for 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.5.3 Operational 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. The Group shares IT infrastructure and network services; this infrastructure is subject to ongoing modernisation and investment aligned to the long-term IT strategy. Risks are mitigated by a rotating cycle of resilience testing covering critical functions and IT services. Quilter Investment Platform is materially reliant on FNZ's operational and technology processes. The failure of FNZ would cause major disruption to Quilter's ability to service its customers. Outsourcing oversight and controls have been implemented to mitigate this risk.

C.6 Other material risks

Climate-related risks

Climate change, and society's response to it, present risks which are relevant to Quilter. These climate-related risks can be divided into two major categories:

- risks related to a transition to a lower-carbon economy; and
- risks related to the physical impacts of climate change.

Whilst many climate-related risks, particularly physical risks, may crystallise in full over longer time horizons, some of the impacts are becoming apparent now.

Quilter treats climate-related risks as a cross-cutting risk type. This means that Quilter recognises that climate-related risks have the potential to manifest through a number of the existing principal risk types within our ERM Framework. For example, climate-related risks have the potential to impact Quilter's market and operational risk profiles.

Further information on Quilter's exposure to and management of climate-related risks can be found in Quilter's 2022 TCFD report, consistent with the recommended disclosures of the Task Force on Climate-related Financial Disclosures ("TCFD"), which is published on Quilter's website.

Further qualitative information on other principal risks and uncertainties facing the Group, together with their key mitigants, can be found in the Quilter plc 2022 Annual Report.

Geopolitical risk

In Europe and the UK, the geopolitical risk outlook is worsening. Instability within the Eurozone, the Russia-Ukraine conflict, tensions in the Middle East, Taiwan, the South China Sea and North Korea, as well as ongoing strain in trade relations between the US, China and the EU have contributed to increased volatility in the financial markets in recent years and have contributed to diminished growth expectations for the global economy and the UK in particular. It is possible that the effects of such geopolitical events will include further financial instability and slower economic growth, significant regulatory changes, currency fluctuations or higher unemployment and inflation in the UK, continental Europe and the global economy, at least in the short to medium term.

C.7 Any other information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing are 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 QLPL 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 2022, the Group's surplus capital above the SCR was £820 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 £m
Equity markets: 25% market fall	(7)
Interest rates: 1% reduction in interest rates	(23)
Interest rates: 1% increase in interest rates	24
Inflation rates: 1% reduction in inflation rates	15
Inflation rates: 1% increase in inflation rates	(19)
Lapse rates: 10% mass lapse	(21)
Expenses: 10% increase in expense levels	(26)

The key underlying assumptions for these sensitivity tests include:

- The sensitivity stresses are assumed to take place instantaneously on 1 January 2023, the balance sheet and the SCR are immediately revalued.

- It is assumed that the Standard Formula symmetric adjustment of the equity capital charge would be updated to reflect the market fall under the equity market sensitivity.
- The sensitivities have been applied only to the insurance entity within Quilter. It is therefore assumed that the sensitivities would have no immediate impact on own funds or capital requirements for other entities within the Group.
- It is assumed that no management actions would be applied under these sensitivities. For instance, under the 10% mass lapse sensitivity, the per-policy maintenance expense assumption increases to reflect the same level of maintenance expenses being spread over fewer policies.

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Group and the solo regulated entities to severe but plausible events and to assist in determining the management actions required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Group and solo regulated entities are sufficiently capitalised in line with their financial risk appetites.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting capital plans. Scenario testing parameters are typically set in order to assess the impacts of both 1-in-50 year adverse events and 1-in-200 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data combined with expert judgement.

Scenario testing for the Group demonstrated that the Group can comfortably withstand a 1-in-200 year adverse event whilst continuing to meet its internal capital target. In order to manage a 1-in-200 year scenario, in line with the Group's dividend policy, dividends would be reduced or temporarily suspended under such a scenario.

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.

C.7.2 Significant risk concentration

The Group has not identified any significant risk concentrations that could threaten the Group solvency or liquidity position.

C.7.3 Captive insurer

The Group's captive insurer, Quilter Insurance Company Limited, offers professional indemnity cover to the Quilter Financial Planning business in combination with cover layers provided by Quilter's external insurance providers. The captive is based in the Isle of Man and is wholly owned by the Quilter plc Group.

Section D
Valuation for solvency purposes

Section D. Valuation for solvency purposes

This section describes the consolidation approach and the methods used to value 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.).

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 in the Group's IFRS balance sheet is determined as the sum of the assets or liabilities of that type across all Quilter entities after eliminating the impact of intragroup transactions and balances. 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 own funds 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.

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 require an economic market-consistent approach to the valuation of assets and liabilities. The bases, methods and 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 in note 5 to the Quilter plc 2022 Annual Report. Critical accounting estimates and judgements are outlined in note 1 of the Quilter plc 2022 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 of 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 inconsistent 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 categories of assets and liabilities that are not valued using market prices are outlined in the sections below.

There have been no significant changes to the recognition, valuation or estimation methods used during the period.

The value of technical provisions is calculated in line with the Solvency II rules as the sum of technical provisions calculated as a whole, best estimate liabilities 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 subsidiary (Quilter Life & Pensions Limited) and certain holding companies together 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 in the Group Solvency II balance sheet and are not therefore consolidated on a line-by-line basis. Non-insurance entities comprise mainly the Group's asset management and advice 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, meaning that their value is determined in accordance with IFPR. 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 undertaking: Quilter Life & Pensions Limited.	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 the IFRS 10 criteria for 'consolidation of funds' are fully consolidated – for further information see note 5(a) of the Quilter plc 2022 Annual Report.
	Quilter's mixed financial holding companies and insurance holding companies including Quilter plc, Quilter Holdings Limited and Quilter UK Holding Limited.	Full line-by-line consolidation. Solvency II valuation basis.	Full line-by-line consolidation. IFRS valuation basis.
Other financial sector undertakings	Companies in the Group's asset management and advice businesses.	Valued using the 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 Quilter entities such as service companies 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 information on the reasons for the differences is provided in section D.1 (Assets), D.2 (Technical provisions) and D.3 (Other liabilities).

Summary balance sheet £m	Ref.	2022 IFRS value	Consolidation of investment funds	Solvency II adjustments	2022 Solvency II value	2021 Solvency II value
Assets						
Goodwill and other intangible assets	D.1.1	413	-	(413)	-	-
Contract costs	D.1.2	10	-	(10)	-	-
Property, plant and equipment held for own use	D.1.3	113	-	(113)	-	-
Investments (other than assets held for index-linked and unit-linked contracts)[1]	D.1.4	5,566	(5,563)	837	840	979
Holdings in related undertakings, including participations	D.1.5	1	-	538	540	581
Assets held for index-linked and unit-linked contracts	D.1.6	38,090	-	(7)	38,084	41,035
Loans and mortgages	D.1.7	34	-	(34)	-	-
Other receivables[2] and deferred tax assets	D.1.8	407	(56)	(237)	114	197
Cash and cash equivalents	D.1.9	1,782	(263)	(1,332)	186	271
Total assets		**46,417**	**(5,883)**	**(771)**	**39,763**	**43,063**
Liabilities						
Technical provisions	D.2.4	38,186	-	(317)	37,869	40,756
Deferred tax liabilities	D.3.1	24	-	31	56	175
Other liabilities[3]	D.3.2	615	(42)	(291)	282	378
Subordinated liabilities	D.3.3	200	-	2	202	205
Any other liabilities, not shown elsewhere	D.3.4	5,843	(5,843)	-	-	-
Total liabilities		**44,869**	**(5,885)**	**(575)**	**38,408**	**41,513**
Excess of assets over liabilities		**1,548**	**2**	**(196)**	**1,355**	**1,550**

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

[2] Solvency II value for Other receivables includes the following lines from the Solvency II balance sheet in Appendix F.2: deferred tax assets, insurance and intermediaries 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.2: provisions other than technical provisions; insurance and intermediaries payables, reinsurance payables and payables (trade not insurance).

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 a particular focus on 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, materiality and risk profile 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 active market and therefore all intangible assets are valued at nil in the Solvency II balance sheet.

D.1.2 Contract costs

Under Solvency II, contract costs are valued at nil. Future cash flows associated with unit-linked insurance business 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 a value based on amortised cost for IFRS which is deemed to be a reasonable approximation of fair value. As at 31 December 2022, property, plant and equipment was held by other financial sector entities and included within participations under Solvency II.

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

The majority of Investments comprises investments in Collective Investment Undertakings (£839 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 (£5,563 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. Under IFRS, these investment funds are fully consolidated on a line-by-line basis, whereas 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 differences in the definition of line items. Under Solvency II, the money market fund investments (£836 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 a 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 £1 million which do not meet the IFRS 10 criteria for line-by-line consolidation 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. These undertakings are shown on a separate line as "Holdings in related undertakings" of £540 million and comprise Other financial sector undertakings and Other non-financial undertakings. The £540 million consists of £389 million of holdings in Other financial sector undertakings and £151 million of holdings in Other non-financial undertakings.

Other financial sector undertakings are 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 means IFPR.

Holdings in Other non-financial undertakings are measured at fair value. In cases where a market price (using listed quoted prices from a recognised stock exchange) is not available, the adjusted equity value is used. The adjusted equity value is calculated by multiplying Quilter's ownership percentage by the entity's IFRS net assets after certain adjustments including the deduction of any goodwill or other intangible assets.

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, £38,084 million 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 (totalling £25 million) are valued using alternative valuation methods. Refer to section D.4 for further details.

D.1.7 Loans and mortgages

Under Solvency II, loans to policyholders are £nil at 31 December 2022. The IFRS balance at 31 December 2022 of £34 million relates to loans to advisers arising in the Other financial sector undertakings. These loans are included within participations under Solvency II and are measured at amortised cost. For further information see note 16 of the Quilter plc 2022 Annual Report.

D.1.8 Other receivables and deferred tax assets

Other receivables of £104 million 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. 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 underlying asset category.

Solvency II adjustments relate mainly to removing receivables arising in the Other financial sector undertakings.

Deferred tax assets ("DTA") in the Solvency II balance sheet amount to £9 million. Deferred tax assets 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. Deferred tax assets are only recognised to the extent the assets are recoverable. An adjustment of £63 million was made to remove the deferred tax asset balances relating to the entities not consolidated on a line-by-line basis. Further information on unrecognized deferred tax assets can be found in note 29(a) to the Quilter plc 2022 Annual Report.

D.1.9 Cash and cash equivalents

Cash and cash equivalents under Solvency II of £186 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 held by the consolidated insurance group of £836 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 considers the technical provisions in the consolidated Group Solvency II balance sheet for Quilter plc (£37,869 million) which consists of the technical provisions of Quilter Life & Pensions Limited ("QLPL"), the only insurance entity in the Group that is subject to group Solvency II reporting.

The index-linked and unit-linked insurance line of business represents 100% of the Group's total technical provisions. The index-linked and unit-linked insurance business consists of unit-linked individual pensions and investment bonds offered by QLPL.

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, the best estimate liabilities and the risk margin.

Line of business £m	31 December 2022				31 December 2021	Change in technical provisions
	Technical Provisions calculated as a whole	Best estimate liabilities	Risk margin	Total technical provisions	Total technical provisions	
Index-linked and unit-linked insurance	38,186	(450)	132	37,869	40,756	(2,887)
Total Group technical provisions	**38,186**	**(450)**	**132**	**37,869**	**40,756**	**(2,887)**

The Group's Solvency II technical provisions have fallen over 2022 mainly resulting from the fall in the equity market and the bond market over 2022. The Solvency II technical provisions have three components:

- technical provisions calculated as a whole of £38,186 million. This represents the value of units credited to policyholders as at 31 December 2022. 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 £(450) 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 and future claims in excess of unit reserves; and
- a risk margin of £132 million.

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. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payment, transfer payments, death claims, income withdrawals, maintenance expenses, fund-based fees, mortality charges 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 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 included within the deferred tax liability ("DTL") line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liabilities depends on the Solvency II boundary of the contract. Unit-linked regular premium products in QLPL have been modelled using short contract boundaries, i.e. by not recognising future premiums, where no material protection benefit exists.

D.2.2.2 Methodology applied in deriving the risk margin

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

The standalone SCRs for non-hedgeable risks are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for in 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 uses the Solvency II risk-free interest rate curve prescribed by the PRA for the valuation of its technical provisions. The unit fund growth rates (gross of investment charges) and the discount rates are set equal to the prescribed Solvency II rates.

For the unit-linked business, the asset-based charges component of the best estimate liabilities is 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 on the asset-based charges. The expense component and the fixed charges component of the cash flow are more sensitive to changes in risk-free interest rate curves.

The risk margin component of technical provisions is also sensitive to changes in risk-free interest rates as it is calculated as the discounted present value of the cost of the capital held to cover non-hedgeable risks needed for the run-off of the in-force liabilities.

The GBP denominated risk-free interest rate curve has increased across all future durations over 2022.

D.2.2.3.2 Persistency

Persistency assumptions include full surrender/transfer assumptions and partial withdrawal assumptions, which impact the expected outstanding duration of the business and hence are an important driver for the expected future cash flows within the technical provisions calculation.

Methodology

The surrender/transfer and partial withdrawal assumptions are set with reference to recent experience in Quilter's business, allowing for any emerging trends. Surrender/transfer 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 2022

The most recent experience investigation shows lower rates of surrenders / transfers and partial withdrawal in comparison to the early investigation periods, Hence the inclusion of the most recent experience on average has reduced the surrenders/transfers and partial withdrawal rates for QLPL. The improvement in experience is likely due to a combination of the continued stabilisation of withdrawal experience post Pensions Freedom, as well as the completion and the embedding of the Platform Transformation Programme ("PTP") which has resulted in better user experience and customer outcome.

Similar to that of 2021, the one-off experience data corresponding to the period of the COVID-19 pandemic (mainly from March 2020 to February 2021), which contains several lockdowns, has been excluded from the assumption basis. Lower surrender/transfers and partial withdrawal experience has been observed over the COVID-19 period. This temporary behaviour is likely due to a lack of adviser and client activities and the policyholders delaying their decisions to surrender/transfer their policies or to take partial withdrawals. If the COVID-19 experience were to be included, the assumptions would decrease.

The recent worsening in economic conditions due to high energy price and high inflation could lead to a temporarily higher partial withdrawal rates in the short-term. While this is not yet observed in the QLPL's own experience over 2022, the experience will be continually monitored in 2023 to ensure that the Solvency II best estimate assumptions remain appropriate for QLPL.

The partial withdrawal assumptions for pensions had previously been modelled only based on the pensioners' age groups. The latest analysis carried out during 2022 shows a strong relationship between the withdrawal rates and the sizes of the individuals' pension pots. For this reason, an additional factor of pension pot-size is introduced, such that the pension partial withdrawal rates are now dependent upon both the pensioners' ages and their pension pot-sizes. This modelling improvement more accurately captures the projection of the pension policies.

Overall, the surrender/transfer and partial withdrawal assumptions have reduced slightly, leading to in a reduction in the best estimate liabilities for the Group.

D.2.2.3.3 Expenses

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

Methodology

The maintenance expense assumptions for QLPL include two components:

- an annual sterling amount based assumption, known as the maintenance cost per policy, assumed to grow with future expense inflation; and
- a fee payable in respect of the outsourcing arrangements, assumed to grow with the projected future assets under administration.

The sterling amount based maintenance expense assumption is 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 product type.

The fee assumption for the outsourcing arrangements is set as a percentage of the assets under administration according to a pre-agreed charging structure. It is based on the contractual arrangement with the platform provider, FNZ.

Key changes to assumptions for the year ending 31 December 2022

The sterling amount based per policy expense assumption has decreased slightly over 2022. This is mainly driven by the growth in policy count over 2022, resulting in maintenance expense spreading more thinly over a larger number of policies. The per policy expense assumptions for the pension policies no longer differentiate between policy type and have been completely aligned following a review of the drivers and nature of the maintenance expenses post PTP.

The percentage based outsource fee has increased over 2022 driven by the reduction in the platform assets under administration (“AuA”), caused by the fall in the equity and the bond markets, negatively affecting the linked policyholder assets.

The changes in the expense assumptions have increased the best estimate liabilities in 2022.

D.2.2.4 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 is because salaries are a major component of the Group’s cost base and in general the rate of growth in average earnings tends to be marginally higher than RPI.

Key changes to assumptions for the year ending 31 December 2022

The market implied RPI rates and Quilter expense inflation rates have decreased over 2022 for all future durations. The decrease is more prominent over the shorter durations.

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 the capital and risk management of the business.

The Group only has unit-linked business. For unit-linked business, technical provisions calculated as a whole represents 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, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of technical provisions represents the value of future revenues (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 by the following:

- Economic uncertainty related to future income from unit funds, 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.
- Uncertainty related to future administration costs for servicing the in-force policies, e.g. higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

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

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

The table below summarises the differences in the valuation of technical provisions between the Solvency II and IFRS bases.

Technical provisions	31 December 2022 £m	31 December 2021 £m
Gross IFRS investment contract liabilities	38,186	41,070
Adjustment for Solvency II	(450)	(458)
Gross best estimate liabilities (Solvency II liabilities to policyholders)	**37,736**	**40,613**
Add risk margin	132	143
Solvency II technical provisions	**37,869**	**40,756**

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 a Solvency II basis are as follows:

The IFRS value of unit-linked technical provisions is £38,186 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 £450 million.

This adjustment includes an allowance for future profits under Solvency II which is not included on an IFRS basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions and gross of reinsurance.

Addition of the risk margin – The addition of the risk margin on a Solvency II basis increases the technical provisions by £132 million compared to the IFRS basis where there is no risk margin.

The reduction in IFRS and Solvency II technical provisions over 2022 is mainly caused by the fall in the equity and the bond markets, negatively affecting the policyholders' linked assets.

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

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

D.2.6 Reinsurance recoverables

The Group has no material reinsurance recoverable.

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 periods 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 liabilities arising on IFRS intangible assets, contract costs and contract assets; and
- recognition of a deferred tax liability in respect of future profits recognised within the Solvency II technical provisions calculation (net of the risk the margin) which is not included on an IFRS basis.

D.3.2 Other liabilities

Differences between IFRS and Solvency II mainly relate 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. Other liabilities also include lease liabilities. Further information on lease liabilities is provided in section D.3.6 Leases.

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 £202 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. Under IFRS, accrued interest is classified separately from the principal amount of the debt instrument, whereas under Solvency II the amount shown as subordinated debt includes an element attributable to accrued interest.

D.3.4 Any other liabilities, not elsewhere shown

Under IFRS, this line item includes third-party interest in consolidated funds of £5,843 million which are not 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 net assets is essentially neutral when comparing the IFRS and Solvency II bases.

D.3.5 Contingent liabilities

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

Refer to note 35 to the Quilter plc 2022 Annual Report for more information on contingent liabilities. No contingent liabilities are recognised on the Group Solvency II balance sheet as at 31 December 2022.

D.3.6 Leases

Under IFRS 16, the Group recognises the right to use leased property, plant and equipment as an asset. The Group also recognises lease liabilities for the obligation to pay lease rentals in future periods.

Further information about the Group's lease arrangements can be found in note 30(b) to the Quilter plc 2022 Annual Report and in section A.4.3. Lease agreements mainly relate to office space.

D.4 Alternative methods for valuation

In valuing financial assets and liabilities, the Group follows the fair value hierarchy referred to at the start of section D. Therefore, assets and liabilities are 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, the Group uses quoted market prices in active markets for similar assets and liabilities with appropriate 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 at 31 December 2022 of £25 million represents less than 0.1% of the assets on the Group Solvency II balance sheet.

Approach to alternative valuation methods

As noted in note 20 to the Quilter plc 2022 Annual Report, alternative valuation methods ("valuation techniques using significant unobservable inputs") are used for unlisted equities and securities with significant unobservable inputs, 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 20 to the Quilter plc 2022 Annual Report.

All Quilter businesses have processes in place to perform reviews of the appropriateness of the valuation of assets for which alternative valuation methods are applied, including consideration of past experience where relevant.

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:

- 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 and the valuation is based on the last published price (in many cases, suspended funds will continue to be 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 note 20(f) to the Quilter plc 2022 Annual Report.

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

D.5 Any other information

There is no additional information to disclose for Section D.

Section E
Capital management

Section 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, to meet applicable regulatory requirements (in particular the Solvency II Directive and IFPR) and shareholder expectations. This framework covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing, capital monitoring and performance. Ultimate responsibility for the governance of solvency, capital and dividend decisions rests with the Quilter plc Board.

The Group has established an appropriate risk appetite framework and dividend policy, which ensures that the Group's balance sheet (in terms of capital, liquidity and leverage) is strong enough to support this risk appetite. The long-term solvency target established by the Group is sufficient to withstand a range of extreme scenarios (such as an extreme economic downturn scenario) while continuing to provide funding for key strategic initiatives and providing capital support to keep all the regulated entities above their regulatory capital requirements. Under each of these extreme scenarios, the Group continues operating viably and 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 significant stress events defined within the solo risk appetites, without any support from the Group other than to fund the business-critical strategic initiatives. 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's risk appetite.

Any surplus capital above the solo target capital requirement is remitted to the Group, 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 regularly through the CMF. On a quarterly basis, the actual solvency and liquidity positions are reported against their risk appetite to the solo Boards and the Group Board Risk Committees.

The CMF, acting under the delegated authority of the Group 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, together with the CFOs and Boards of the solo entities 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.

In 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, paying a semi-annual coupon of 4.478% per annum (the "Tier 2 Bond"). 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 was outstanding as at 31 December 2022, representing a leverage ratio of 15% (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.

On 18 January 2023, Quilter plc successfully issued to the open market a new £200 million subordinated debt security in the form of a subordinated 10.25-year Tier 2 bond with a one-time issuer call option after 5.25 years. The instrument will be paying a semi-annual coupon of 8.625% per annum starting 18 April 2023. The proceeds of this issue were used to redeem the existing subordinated debt security on 28 February 2023.

In March 2020, the Group announced a share buyback programme to purchase shares up to a maximum value of £375 million in order to return the net surplus proceeds to shareholders arising from the sale of Quilter Life Assurance to ReAssure Group plc. The programme commenced in March 2020 and completed in January 2022 with the purchase of shares worth a total consideration of £375 million.

Following the completion of the sale of Quilter International to Utmost Group at the end of November 2021, Quilter announced its intention to return the majority of the net surplus proceeds to shareholders, amounting to £328 million, through the issuance and redemption of B Class shares followed by an Ordinary Share consolidation. Following receipt of regulatory approval and shareholder approval at a General Meeting on 12 May 2022, the B shares were issued to shareholders on 23 May 2022 and were subsequently redeemed on 24 May 2022. In total, £328 million of capital was returned to the shareholders through this process

E.1.2 Group own funds position at 31 December 2022

As at 31 December 2022, Group Solvency II own funds total £1,451 million (2021: £1,617 million) corresponding to a Group Solvency II ratio of 230% (2021: 275%). The eligible own funds have decreased mainly due to the Capital Return of the net proceeds from the sale of Quilter International. The Group Solvency II position is presented after deducting the proposed Final Dividend payment to shareholders announced in March 2023 of £45 million.

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 include subordinated liabilities.

£m	2022				2021			
	Total	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3
Ordinary Share capital	115	115	-	-	115	115	-	-
Ordinary Share premium reserve	58	58	-	-	58	58	-	-
Subordinated liabilities	202	-	202	-	205	-	205	-
Reconciliation reserve	1,076	1,076	-	-	1,239	1,239	-	-
Total eligible own funds to meet the Group SCR	**1,451**	**1,249**	**202**	**-**	**1,617**	**1,412**	**205**	**-**

At 31 December 2022, the total Group Solvency II own funds consist of £1,249 million of unrestricted Tier 1 capital resources and £202 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 £115 million and a share premium reserve of £58 million. Share capital consists of 1,404,105,498 Ordinary Shares of 8 1/6 pence each with an aggregated nominal value of £114,668,616 (2021: 1,655,827,217 Ordinary Shares of 7 pence each with an aggregated nominal value of £115,907,905). Ordinary Share premium represents the cumulative amount by which the proceeds Quilter plc received for the shares issued exceeded the nominal value of the shares.

Subordinated liabilities of £202 million (2021: £205 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. Participations in other financial undertakings are included in the reconciliation reserve.

The fungibility deductions total £61 million and relate to the deferred tax assets from a number of UK holding companies and non-financial undertakings.

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

Intragroup 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 a 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	31 December 2022 £m	31 December 2021 £m
IFRS equity	1,548	1,739
Revaluation of technical provision (net of deferred tax)	239	247
Removal of goodwill and intangibles	(413)	(457)
Removal of contract-related balances	(10)	(9)
Removal of deferred tax on intangibles and contract-related balances	16	20
Revaluation of subordinated debt	1	(2)
Investment business adjustments and exclusion of Quilter Insurance Company Limited	(26)	12
Solvency II net assets	**1,355**	**1,550**
Inclusion of subordinated debt	202	205
Fungibility restriction	(61)	(76)
Deduction of foreseeable dividends	(45)	(62)
Total Group Solvency II own funds	**1,451**	**1,617**

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 these are valued at nil under Solvency II.

Contract-relates balances

Contract-related balances including contract costs, contract assets, contract liabilities and fee income receivables are excluded from the Solvency II balance sheet. The future cash flows associated with these items form part of the technical provisions calculation.

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 and hence its valuation does not change due to changes in interest rates. Under Solvency II, the debt is valued at market value and hence its valuation changes with changes in interest rates (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 mainly result from the deferred tax assets in the UK 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 entity in the Group to absorb 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 £61 million comprises a deduction for the deferred tax assets in participations, service and holding companies in line with Article 330 (availability at group level of the eligible own funds of related undertakings) of the Solvency II Delegated Regulations (EU) 2015/35.

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 2022. 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 2022.

31 December 2022 **£m**	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
Total eligible own funds to meet the Group SCR	1,451	1,249	202	-

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

To meet minimum consolidated group solvency capital 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 £149 million. This has resulted in a £173 million restriction on Tier 2 own funds when calculating the ratio of eligible own funds to MCGSCR at 31 December 2022.

Also, by definition, the total amount of eligible own funds to meet the MCGSCR is after deductions for participations in other financial sector undertakings, such as the non-regulated undertakings carrying out financial activities. This participation value amounts to £389 million for the Group.

31 December 2022 **£m**	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
Basic own funds before deductions	1,451	1,249	202	-
Deduction for participations in other financial sector undertakings	(389)	(389)	-	-
Eligibility restriction on MCGSCR	(173)	-	(173)	-
Total eligible own funds to meet the MCGSCR	890	860	30	-

E.2 Solvency Capital Requirement and Minimum Capital Requirement (“MCR”)

This section provides information on the Group’s solvency capital requirement and minimum consolidated group solvency capital requirement at 31 December 2022.

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 the insurance entity and certain holding companies, allowing for diversification benefits between the risk modules and between entities. QLPL is the only insurance entity in the Group that is subject to Group Solvency II reporting.

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

Risk modules	31 December 2022 £m	31 December 2021 £m	Change
Market risk	247	312	(65)
Counterparty default risk	11	13	(2)
Life underwriting risk	252	269	(18)
Total before diversification	**510**	**594**	**(84)**
Diversification	(112)	(130)	18
Basic solvency capital requirement	**398**	**464**	**(66)**
Operational risk	11	13	(3)
Loss-absorbing capacity of deferred taxes	(56)	(175)	119
Other financial sector entities	278	284	(6)
Group solvency capital requirement	**631**	**587**	**44**

The Group SCR as at 31 December 2022 is £631 million (2021: £587 million). It has increased by £44 million over 2022. The key components of the change include:

- The SCR for the market risk module has decreased mainly due to the equity and bond market losses over 2022 for the underlying policyholder linked assets, which has resulted in lower projected future asset-based revenues that are exposed to market risks. The decrease in the Standard Formula symmetric adjustment has also reduced the equity stress applied.
- The counterparty default risk SCR has decreased slightly over 2022 due to a small reduction in exposure to banks.
- The life underwriting risk component of SCR has decreased over 2022. This is mainly driven by the reduction in expense risk SCR following the rise in the Solvency II risk-free interest rates, which are used to discount the future expense cash flow. The lapse risk SCR has also reduced as a result of the reduction in the expected asset-based revenues driven by the fall in AuA.
- The operational risk SCR has reduced because of a reduction in actual expenses in 2022 compared to 2021.

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 Group’s 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 stated after the deduction of this diversification. It amounts to a total of £130 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 £112 million and is shown separately in the table above.

The inter-risk module diversification benefit observed for year end 2022 has reduced due to the reduction in the SCR for each risk module.

There are net deferred tax liabilities on the Group Solvency II base balance sheet as at 31 December 2022. The following individual deferred tax assets are netted against deferred tax liabilities within the QLPL balance sheet based on the relevant IFRS accounting standard (IAS 12):

- £31 million DTA on the risk margin introduced by Solvency II;
- £2 million DTA relating to historical trading losses brought forward;
- £5 million DTA relating to deferred acquisition expenses (spread over seven years for tax purposes); and
- £45 million DTA relating to excess expenses carried forward.

All of the DTAs are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss-absorbing capacity of deferred taxes ("LACDT") reduces the Group SCR by £56 million at 31 December 2022 (2021: £175 million). The amount of LACDT represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios. Quilter has not recognised any net deferred tax assets or any tax carry backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

The reduction in LACDT in 2022 is due to the reduction in the Solvency II base balance sheet DTL. This is primarily driven by the fall in equity and bond markets which in turn reduce the policyholder DTL on the business that is subject to life office taxation.

The capital requirement for the other financial sector entities has reduced slightly over 2022.

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 for all UK Method 1 entities (i.e. QLPL), 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 UK.

As QLPL is the only insurance entity in the Group subject to Solvency II regulation, the MCGSCR is therefore set equal to the QLPL MCR of £149 million at 31 December 2022 (2021: £127 million). This corresponds to a coverage ratio of 599% (2021: 822%) when compared to the Group own funds eligible to meet the MCGSCR.

E.2.3 Other information on the calculation of SCR

At 31 December 2022, neither the Group nor its UK insurance undertaking are required to hold a capital add-on in excess of the calculated SCR position. Neither the Group nor its UK insurance undertaking 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

Neither the Group nor its UK insurance undertaking have 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 model or partial internal model has been used in the calculation of the SCR for the Group or its UK insurance undertaking.

E.5 Non-compliance with the MCR and SCR

The Group as well as its UK insurance subsidiary have maintained own funds in excess of both the respective SCRs and the MCGSCR/MCR throughout 2022.

E.6 Any other information

Appendix F.1 contains further information on QLPL.

Appendix F.1 Quilter Life & Pensions Limited

Appendix F.1 Quilter Life & Pensions Limited (''QLPL'') solo SFCR disclosures

Solo SFCR disclosures

This appendix provides further information relating to Quilter Life & Pensions Limited ("QLPL") 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.

Contents:

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

Summary

About Quilter Life & Pensions Limited

Quilter Life & Pensions Limited (“QLPL”, “the Company”), a private limited company incorporated in England and Wales and domiciled in the United Kingdom (“UK”), is a leading investment platform provider of retail advised wealth management products and services. QLPL largely serves an affluent customer base through Quilter Financial Planning and third-party financial advisers. QLPL’s company registration number is 04163431.

Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. QLPL’s Financial Services register number is 207977.

About this appendix

This Group SFCR has been prepared in line with the requirements of 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. This appendix contains entity-level information relating to Quilter Life & Pensions Limited and should be read in conjunction with the body of the Group SFCR.

Business and performance

QLPL’s strategic priorities are aligned to the Group’s broader strategy and include building the investment proposition and leveraging the benefits from being a full-service wealth management business. Section A of this appendix contains information on QLPL’s structure, operations and financial performance during 2022.

Adjusted profit reflects the Company’s statutory profit, adjusted for specific items that management consider to be outside the Company’s normal operations or are one off in nature. Adjusted profit before tax for 2022 was £50 million (2021: £40 million).

The unit-linked nature of QLPL’s insurance business means QLPL has low levels of insurance risk.

System of governance

The system of governance is the overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management and which applies to QLPL and other Quilter entities. The framework is set out in the Group Governance Manual which is reviewed on an annual basis, or whenever there is a material change in the Group’s business which requires a change to the system of governance.

Section B of the body of the Group SFCR 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’s 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 Group Internal Audit function;
- information on the role of the Actuarial function; and
- information on the Group’s outsourcing policy and outsourced services.

Risk profile

The QLPL Board has carried out a robust assessment of the principal strategic risks facing QLPL, including those that would threaten its business model, future performance, solvency and liquidity.

Strategic risks identified include external factors such as the challenging economic environment, intensifying competition and internal strategic delivery risks such as capacity and capability to deliver the programme of change. The Company may be impacted by short-term market volatility affecting the value of assets under administration and reduced customer confidence affecting NCCF. QLPL has implemented mitigating actions to manage these risks according to QLPL Board’s risk appetite.

QLPL has adopted the Standard Formula specified in Solvency II legislation to assess capital risks. QLPL uses the Standard Formula to calculate the solvency capital requirement, reflecting QLPL’s capital risk profile covering underwriting, market, credit and operational risks.

Risk components of the SCR

Based on the Standard Formula, QLPL had an SCR of £330 million at 31 December 2022 (2021: £281 million). Life underwriting risk is the single largest component of QLPL's SCR making up 51% of the total with market risk accounting for 44%.

Valuation for solvency purposes

There have been no material changes in the Solvency II valuation methods used by QLPL during 2022.

Assets and liabilities are valued in QLPL's Solvency II balance sheet in accordance with Solvency II legislation. 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 third party would be willing to pay in an arm's length transaction. The majority of QLPL's assets are valued based on quoted market prices for those assets or other observable data from active markets.

Section D of this appendix 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 basis of valuation used to prepare the Annual Report and the Solvency II valuation rules.

The Group prepares its Annual Report under International Financial Reporting Standards. For the years ended 31 December 2022 and 2021, the Company adopted Financial Reporting Standard 101 ("FRS 101") as the basis of preparation for its Annual Report.

There has been no change in the accounting policies, assumptions, judgements and estimates applied by the Company.

Capital management

QLPL operates a robust capital management framework to ensure the optimisation of the balance between policyholder protection and the expectations of Quilter plc shareholders. 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 2022, QLPL had total eligible own funds to meet the SCR of £564 million (2021: £434 million). The SCR, which is calculated, based on the Solvency II Standard Formula, was £330 million (2021: £281 million). The overall QLPL surplus position was £234 million (2021: £153 million) with a solvency coverage ratio of 171% (2021: 154%). At 31 December 2022, QLPL's minimum capital requirement was £149 million (2021: £ 127 million). The Company's available own funds consist entirely of Tier 1 own funds items that are eligible to cover both the minimum capital requirement and the solvency capital requirement.

Throughout 2022, QLPL has complied with all applicable regulatory capital requirements.

QLPL continues to carefully consider its long-term financial strength including projections of liquidity and solvency under the prolonged market stresses and its ability to withstand such market stresses, giving due consideration to policyholder protection and its internal risk appetite statement.

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

The undertaking is named Quilter Life & Pensions Limited. QLPL 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 QLPL and its ultimate holding company Quilter plc are detailed in section A.1.3 of the Group SFCR.

A.1.3 External auditor

Details of the external auditor of QLPL and its ultimate holding company Quilter plc are detailed in section A.1.4 of the Group SFCR.

A.1.4 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.1.5 Solvency II reporting currency

QLPL reports on a Solvency II basis in GBP.

A.1.6 QLPL position within the legal structure of the group

The legal structure of the Quilter plc 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:

Quilter UK Holding Limited
Senator House
85 Queen Victoria Street
London
EC4V 4AB

A.1.7 QLPL lines of business

QLPL offers two products which are sold 100% into the UK, the CRA (platform pension product) and the CIB (platform UK bond product). The following table provides a summary of the in-force business for QLPL, as at 31 December 2022.

Product Category	No. of plans in force	Unit reserves £000
Collective Retirement Account	232,963	33,624,316
Collective Investment Bond	40,394	4,561,710
Total	**273,357**	**38,186,027**

A.1.7.1 Collective Retirement Account (CRA)

The CRA is a flexible unit-linked pension product which accepts single and regular premiums and may be used by the policyholder to provide regular and ad hoc drawdown income during their retirement.

A.1.7.2 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.1.8 Significant changes over the reporting period

A.1.8.1 Product range changes

New products

No new products were launched during 2022.

Product design changes

There have been no significant product design changes during 2022.

Other changes

During 2022, the Company enhanced its successful Wealth Select managed portfolio service by launching new Responsible and Sustainable portfolios. The Wealth Select managed portfolio service is an innovative, actively managed discretionary investment solution, where the customer and financial adviser choose the portfolio that best meets their investment needs and attitude to risk. The enhanced proposition now offers Managed, Responsible and Sustainable portfolios to help customers get the most out of their investment held within their CRA and CIB products.

A.1.8.2 Company structure and changes

The Company forms part of the Quilter Investment Platform, which forms part of the Quilter plc group ("the Group"). Quilter plc 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.

A.1.8.3 Significant events

Refer to section A.1.12 of the main document.

A.2 Underwriting performance

A.2.1 Underwriting performance over the period

The internal measure of profit is AP. AP is a measure of profitability which adjusts the statutory 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 QLPL. These items are analysed in section A.4 of this appendix.

The underwriting performance of QLPL 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 pre-tax AP.

	31 December 2022 £000	31 December 2021 £000
Premiums earned		
Gross	59	3
Reinsurers' share	(63)	-
Net	**(4)**	**3**
Claims incurred		
Gross	(363)	(390)
Reinsurers' share	-	-
Net	**(363)**	**(390)**
Underwriting performance	**(367)**	**(387)**

Underwriting performance arises on the CIB product. All business is transacted within the United Kingdom.

In the context of business carried out by QLPL, premiums and claims transactions on unit-linked insurance business recorded within the statutory income statement are immaterial. Premiums relate to life cover, protecting the policyholder against the event of the bond value falling below the initial investment value. This arrangement is an option for those policyholders who wish to guarantee that the value of their bonds do not fall below initial investment value. Net premiums in 2022 reflect the downturn in external market conditions during the year.

Claims include the 1% life assurance benefit on this product (which is not reinsured), for which QLPL 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

Investment income and expenses of QLPL are shown in the table below:

	31 December 2022 £000	31 December 2021 £000
Investments for the benefit of policyholders		
Fee income	114,782	110,170
Change in contract liabilities	-	408
Total policyholders	**114,782**	**110,578**
Interest received	5,662	80
Gains and losses	(6)	(3)
Total shareholders	**5,656**	**77**
Expenses	**(69,624)**	**(70,418)**
Income less expenses	**50,814**	**40,237**

Fee income

Fees charged for managing investment contracts comprise fees taken 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 2022 compared to the prior year.

The reduction in fund-based management fees, caused by the downturn in the external market and economic environment, has been offset by the introduction of a new discretionary investment management fee across the Wealth Select managed portfolio service within the year (see section A.1.8.1 above).

Change in contract liabilities

Up until 2021 the bi-annual fixed investor charge, received in cash in advance, was deferred through the creation of a contract liability and released to income as the services were provided equally over the six months.

Following the final policy migration to the FNZ platform early in 2021, the company has elected to apply the practical expedient of IFRS 15 due to the short period of deferral and recognises fixed investors charge in the income statement upon receipt of cash.

Shareholder income

Shareholder income represents interest received on cash and cash equivalents, and gains/losses on shareholder assets. The increase in 2022 is a result of the progressive increase in interest rates earned on Money Market Funds and bank balances during the year.

Expenses

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

A.3.1.1 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.3.2 Investments in securitisation over the reporting period

QLPL has no exposure to investments in securitisation.

A.4 Performance of other activities

The 2022 adjusted profit result consists of QLPL’s underwriting and investment performance as described above – there were no other activities undertaken by QLPL. 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 QLPL. The reconciliation between AP and profit before tax is as follows:

	31 December 2022 £000	31 December 2021 £000
Pre-tax Adjusted Profit	**50,447**	**39,850**
Platform Transformation Project spend	-	(13,287)
Final plan closure provision	(6,100)	-
Income tax attributable to policyholders	(134,010)	72,853
Policyholder tax smoothing adjustment	137,865	(7,215)
Pre-tax Profit	**48,202**	**92,201**

The 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 on a statutory basis. The variance to prior year is primarily a result of market losses in 2022, compared to the gains made in 2021.

During 2022, the company changed its business policy related to income received following the closure of a customer’s plan - such income is now returned to customers rather than retained. The Company embarked on a voluntary programme to return income received since 2013 to former customers at an estimated net cost of £6.1 million, including an interest charge. This amount has not been reflected in adjusted profit on the basis that it is not representative of the operating performance of the business during the year.

The Platform Transformation Programme was substantially completed during 2021.

A.5 Any other information

With the platform migration complete, the Company is focused on the delivery of key strategic growth initiatives to drive platform flows from both the Quilter and independent financial advisor channels whilst deepening the value of Quilter’s integrated proposition through the coming together of our advice, platform and investment businesses under the Affluent segment. The Company is focused on building a strong and growing business delivering to advisers and customers whilst working with our technology partners to enhance efficiency and deliver end to end digital solutions.

A summary of “Significant Events” is provided within section A.1.12 of the main body of the report.

Section B. System of governance

B.1 General information on the system of governance

The Group system of governance is applied to QLPL. Please see section B.1 of the Group SFCR for details.

B.1.1 QLPL Board of Directors

Members of the QLPL Board who served during the year ended 31 December 2022 were as follows:

Name	Role	Date of joining/leaving Board
Steven Levin	Chief Executive	Appointed 29 October 2015
Annette Barnes	Non-executive Director	Appointed 9 December 2019
John Gill	Non-executive Director	Appointed 10 July 2018
George Reid	Non-executive Director	Appointed 8 November 2017
Louise Williams	Executive Director	Appointed 8 December 2021

B.1.2 Roles and duties of the QLPL Board

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

- the QLPL Board acts 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 and to have the ability to identify risks and provide robust challenge. The Quilter Board places reliance on the assurance provided by the QLPL Board;
- the QLPL 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 QLPL diverge, the Quilter plc Board is committed to being respectful of the QLPL 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 Company; and
- the QLPL Board is required to identify potential conflicts of interest with its parent and ensure that these are appropriately managed particularly if this is likely to impact the safety and soundness of the Company. With the exception of these areas,

the QLPL 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 the QLPL Board to oversee delivery of the strategy, input from the QLPL Board is sought on its business level strategy. The QLPL Board should promote strategic developments that puts customers at the heart of the business and promotes long-term sustainable value creation.

B.1.3 Board Committees

The Board has established the Governance, Audit and Risk Committee ("GARC") as the principal standing Committee of the Board. The role of the GARC is principally to review and monitor all material governance, audit and risk-related matters on behalf of the QLPL Board and, where appropriate, make recommendations to the QLPL Board. The GARC reports to the QLPL Board and the Quilter plc Board Risk and Board Audit Committees on its proceedings.

The membership of the GARC comprises at least two Non-executive Directors of QLPL appointed by the Board. At least one member has recent and relevant financial experience and competence in accounting and/or auditing. The Committee as a whole has competence relevant to the sector in which the Company operates.

During 2022 the Board established the Investment Oversight Committee ("IOC") as an additional standing Committee of the Board. The role of the IOC is principally to ensure that the conflicts of interest arising, as a result of including investment solutions manufactured by Quilter businesses, are managed effectively, and in doing so ensures investors are provided with products and services which perform as investors expect. The IOC reports to the QLPL Board on its proceedings.

The membership of the IOC comprises at least two Non-executive Directors of QLPL appointed by the Board. At least one member has recent and relevant investment management experience. The Committee as a whole has competence relevant to the sector in which the Company operates.

B.1.4 Key functions

In identifying the key functions within QLPL, 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, QLPL has assessed the additional key functions that either effectively run the business or functions which are of specific importance to its sound and prudent management, including all Senior Management Functions ("SMF"). The key functions of QLPL 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	SMCR Senior Management Function
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	Steven Levin	SMF1
Finance	For the sound and prudent management of the business by managing the financial resources and capital and liquidity positions.	Finance Director	Louise Williams	SMF2
Marketing	This function includes design and production of marketing materials, branding and financial promotions within its remit.	Chief Executive Officer	Steven Levin Previously David Tiller[1]	SMF1
Risk Management	A description of the risk management system is provided in section B3 of the main document.	Chief Risk Officer	John Wilkinson	SMF4
Actuarial	The responsibilities of the Actuarial function are set out in section B.6 of the main document.	Group Risk and Actuarial Director	Andrew Tuddenham	SMF20
Compliance	The responsibilities of the Compliance Function are set out in section B.4.2 of the main document.	Chief Risk Officer	John Wilkinson	SMF16
Operations	Overall responsibility for the day-to-day operations of the firm in relation to Customer Services.	Group Chief Operating Officer	Karin Cook (from 12 September 2022) Previously Steven Levin	SMF24
Information Technology	Overall responsibility for the firm's information technology, enterprise change and information security functions.	Group Chief Information Officer	Karin Cook (from 1 October 2022) Previously Leon Deist[2]	SMF24
Human Resources	For Fitness & Propriety, recruitment and performance management.	Human Resources Director	Penny Cole	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.	Group Money Laundering Reporting Officer (MLRO)	Debbie Barton	SMF17
Product	Responsibility for product and propositional design, development and management.	Chief Executive Officer	Steven Levin Previously David Tiller[1]	SMF1
Distribution	Responsibility for the Distribution function.	Distribution Director	Karen Blatchford	SMF18
Investments	Responsibility for the delivery of portfolio management.	Chief Investment Officer	Marcus Brookes (from 16 September 2022) Previously Steven Levin	SMF18
Internal Audit	The responsibilities of the Internal Audit function are set out in section B.5 of the main document.	Chief Internal Auditor	Daniel Baynton (from 11 July 2022) Previously Nicholas Sacre-Hardy	SMF5
Chair of Governing Body	Chairing, and overseeing the performance of the governing body.	Chair of Quilter Platform Board	George Reid	SMF9
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	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	John Gill	SMF11
Chair	Responsibility for chairing and overseeing the performance of the Quilter plc governing body.	Chair of Quilter plc Board	Ruth Markland (from 12 May 2022) Previously Glyn Jones[3]	SMF7

Key Function	Responsibility	Role	Name	SMCR Senior Management Function
Group Chief Executive	Has delegated authority from the Quilter plc Board for the overall management of the businesses in the whole group.	Group Chief Executive Officer	Steven Levin (from 1 November 2022) Previously Paul Feeney[4]	SMF1
Group Risk	A description of the risk management system is provided in section B.3 of the main document.	Group Chief Risk Officer	Nicholas Sacre-Hardy (from 11 July 2022) Previously Matthew Burton[5]	SMF7
Group Finance	For the sound and prudent management of the Group by managing the financial resources and capital and liquidity positions.	Group Chief Financial Officer	Mark Satchel	SMF7
Group Compliance	The responsibilities of the Compliance Function are set out in section B.4.2 of the main document.	Quilter Chief Risk Officer	Nicholas Sacre-Hardy (from 11 July 2022) Previously Matthew Burton[5]	SMF7
Chair of the Board Risk Committee	Chairing and overseeing the performance of the Quilter plc Risk Committee.	Chair of the Board Risk Committee	Neeta Atkar (from 1 October 2022) Previously Rosie Harris and George Reid[6]	SMF7
Chair of the Remuneration Committee	Responsibility for overseeing the development of, and implementation of, the firm's remuneration policies and practices.	Senior Independent Director	Tim Breedon (from 12 May 2022) Previously Ruth Markland	SMF7
Chair of the Nomination Committee	Chairing and overseeing the performance of the Nomination Committee of the firm.	Chair	Ruth Markland (from 12 May 2022) Previously Glyn Jones[3]	SMF7

[1] David Tiller was responsible for the Marketing and Product functions between 21 October 2022 and 28 December 2022.

[2] Leon Deist left the business on 1 October 2022.

[3] Glyn Jones left the business on 11 May 2022.

4 Paul Feeney left the business on 1 November 2022.

5 Matthew Burton left the business on 11 July 2022.

6 Rosie Harris stepped down from the Quilter plc Board on 30 April 2022. George Reid stood in as Chair until 30 September 2022.

B.1.5 Material Transactions for holdings in QLPL over the period

In March 2022, QLPL made a £30 million loan to its holding company Quilter UK Holding Limited in support of the wider Group's working capital requirements.

B.2 Fit and proper requirements

For details relating to 'fit and proper requirements' adopted by QLPL, refer to section B.2 of the main document.

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

For details relating to the risk management system, including own risk and solvency assessment adopted by QLPL, refer to section B.3 of the main document.

B.4 Internal control system

For details relating to the internal control system adopted by QLPL, refer to section B.4 of the main document.

B.5 Internal Audit function

For details relating to the Internal Audit function utilised by QLPL, refer to section B.5 of the main document.

B.6 Actuarial function

For details relating to the Actuarial function utilised by QLPL, refer to section B.6 of the main document.

B.7 Outsourcing

B.7.1 Critical or important outsourcing arrangements

Details of the Company's outsourcing policy are provided in section B.7 of the main document.

The Company 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 the provision of wealth and investment transaction services and application maintenance. Material outsourced services are predominantly provided from the UK, with some activity in India and Czechia. 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.

B.8 Any other information

There is no additional information to be disclosed in this section.

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 risk profile reflects the nature of the Company's product offerings of unit-linked pensions and investment bond business. Key features of these risk exposures are as follows:

- investment risks are largely transferred to customers through the use of unit-linked product structures. The Company has second-order market risk exposure on asset-based revenues, which are driven by the assets under administration;
- the Company is generally exposed to loss of future revenue through higher than expected surrender and withdrawal experience; and
- the Company does not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities).

The main risk categories to which the Company is exposed are life underwriting risk and market risk. These contribute 95% of its total risk exposure. Lapse risk, the largest component of the life underwriting risk, represents the risk of loss of own funds as a result of a higher than expected future surrender/withdrawal experience. It is a significant risk because the unit-linked investment products offered by the Company do not levy any early encashment charges in the event of clients surrendering their policies earlier than anticipated.

Market risk is a significant risk since the 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 administration and negatively impact asset-based revenues and own funds.

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

Measures used to assess risks

Based on the Standard Formula, QLPL has a SCR of £330 million as at 31 December 2022.

Change in the risk profile over the period to 31 December 2022

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

Risk modules	Capital requirement based on diversified risk*		
	31 December 2022 £000	31 December 2021 £000	Change £000
Market risk SCR module	216,486	286,714	(70,228)
Life underwriting risk SCR module	251,633	269,159	(17,526)
Operational risk SCR module	10,626	13,162	(2,536)
Counterparty default risk SCR module	13,637	9,778	3,858
Diversification (Inter module)	(106,522)	(122,875)	16,354
Loss-absorbing capacity of deferred tax	(55,602)	(174,603)	119,001
Solvency capital requirement	**330,258**	**281,336**	**48,922**
Diversification benefit	**22%**	**21%**	**1%**

**After intra-module diversification applied*

QLPL does not expect material change in its risk profile each year. The main driver to the change in the size of the SCR relates to the movement in AuA, which is primarily driven by the growth of the business and market performance over the year.

The SCR of £330 million is after the adjustment for diversification and allowance for loss-absorbing capacity of deferred tax.

The adjustment for loss-absorbing capacity of deferred tax represents the change in 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 QLPL will also reduce, hence reducing the net impact of such a loss.

C.1 Underwriting risk

Life underwriting risk arises through exposure to unfavourable operating experience on unit-linked insurance products. Life underwriting risk includes lapse risk, expense risk and mortality risk.

The key underwriting risk exposures for the Company are as follows:

Lapse risk

Lapse risk is the risk of higher-than-expected experience of surrender and partial withdrawal on unit-linked insurance business.

An increase in surrender or partial withdrawal rates represents a risk to the Company as this would result in lower-than-expected future revenues from the Company.

Expense risk

Expense risk is the risk that future maintenance expense levels and future expense inflation are higher than assumed in the best estimate projection. This would result in lower-than-expected profitability and dividend paying capacity of the Company.

Mortality risk

Mortality risk is the risk that death claims on policies which provide life insurance benefits are higher than expected.

C.1.1 Life underwriting risk at 31 December 2022

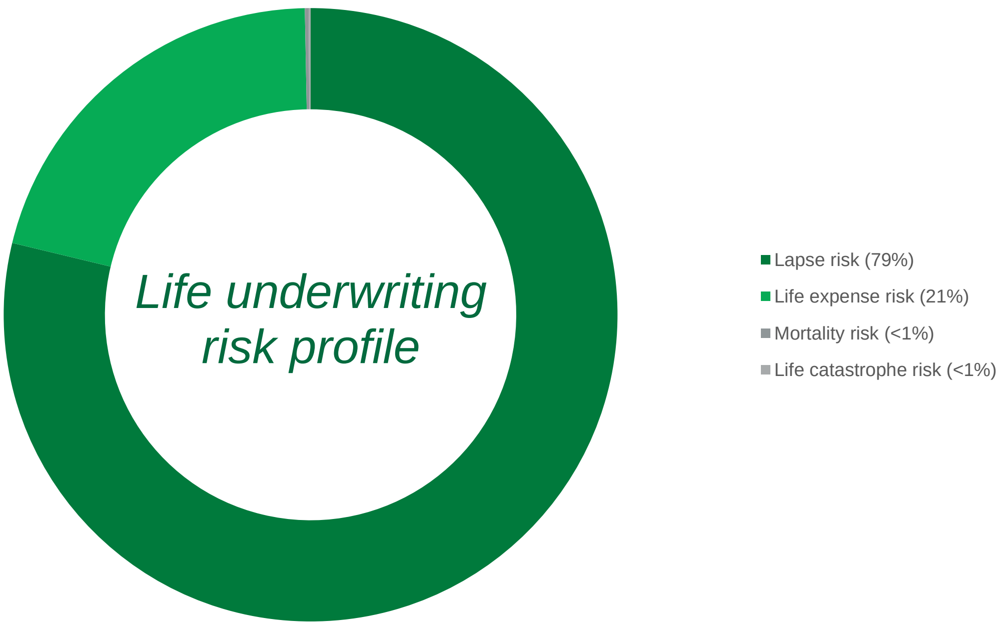
Life underwriting risk is measured through the following approaches:

- The capital requirement for each underwriting risk exposure is calculated using the Solvency II Standard Formula; and
- Sensitivity testing is performed in respect of underwriting risks in order to determine the impact of changes in experience on the value of Own Funds, the SCR and the solvency ratio.

As at 31 December 2022, the underwriting risk module solvency capital requirement is £252 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 £252 million underwriting risk:

- most of the exposure to underwriting risk is from lapse risk. This accounts for 79% of the exposure in this module; and
- life expense risk is the second largest exposure within this module.



C.1.2 Change in life underwriting risk over the period

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

	Life underwriting risk capital requirement based on diversified risk*		
	31 December 2022 £000	31 December 2021 £000	Change £000
Mortality risk	551	463	88
Lapse risk	198,606	201,033	(2,427)
Life expense risk	52,282	67,475	(15,193)
Life catastrophe risk	193	188	5
Life underwriting risk SCR	**251,633**	**269,159**	**(17,526)**

**After intra-module diversification applied*

The life underwriting risk SCR has reduced over the year. The main changes in the risk profile for the life underwriting risk module are as follows:

- reduction in expense risk driven by an increase in the Solvency II discount rate; and
- reduction in persistency (lapse) risk driven by the decrease in AuA, and the associated reduction in the present value of future profits (from the fall in the present value of the asset-based fees), leading to a smaller exposure to mass lapse risk.

C.1.3 Risk mitigation

The Company manages and mitigates each of the following life underwriting risks as described below:

Lapse risk

Lapse risk is a feature of the unit-linked product offering and is managed through product design, focusing on customer service and customer outcomes. Persistency statistics and customer metrics are monitored regularly. Detailed persistency analysis is carried out annually at a product level. Products are subject to periodic review by the Product Governance Forum to ensure that they remain appropriate for their target markets.

Life expense risk

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

Expense levels are monitored regularly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities, including QLPL, based on agreed cost drivers. These drivers are periodically reviewed to ensure that 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 and the market level of inflation. This review may result in changes in charge levels.

Mortality risk

Mortality risk is mitigated through an external reinsurance arrangement. For the investment bond business that offers the capital protection death benefit feature, risk charges are applied to meet the expected costs of the insured benefits. Retained mortality risk is not significant.

C.1.4 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 as a result of changes in the value of equities, government and corporate bonds, foreign exchange rates, and property values. The nature of the Company's unit-linked product offerings means the main market risks are borne by customers as a result of the use of unit-linked product structures. The majority of retained market risk for the Company relates to second-order market risk exposures on asset-based revenues, which are driven by the value of assets under administration.

The key market risk exposures for the Company are as follows:

Equity risk

Equity market risk is a significant risk since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which the Company derives asset-based fees. The Company has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the calculation of technical provisions.

Currency risk

Currency risk is the risk that movements in currency exchange rates result in reductions in the emerging revenues or increases in expenses denominated in foreign currencies.

Currency risk arises through changes in the value of assets under administration due to currency exchange rate movements, which results in changes in the value of future asset-based revenues.

Interest rate risk

Interest rate risk is the risk that changes in interest rates, both in the short-term and in the longer term, result in changes in the expected value of future revenues and expenses.

Changes in interest rates result in changes to the value of government and corporate bond assets within unit-linked funds. Changes in the value of these assets results in changes to expected future asset-based fee revenues.

Changes in the interest rate yield curve also results in changes to the discount rates used to value future revenues and expenses in the calculation of technical provision.

Interest rates affect the unit growth assumptions, which in turn affect the projected asset-based revenues, policyholder tax charges and tax payment.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of corporate bonds. This would result in a reduction in the Company's expected future asset-based fee revenues.

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

C.2.1 Market risk as at 31 December 2022

Market risk is measured through the following approaches:

- The capital requirement for each market risk exposure is calculated using the Solvency II Standard Formula.
- Sensitivity testing is performed in respect of market risks in order to determine the impact of market movements on the value of Own Funds, the SCR and the solvency ratio.
- Scenario testing is performed to assess the impact of a severe economic downturn arising over the business planning period.

QLPL’s market risk profile is derived from the Standard Formula 1-in-200 year market stresses before allowing for the impact of diversification.

The exposure for this module is £216 million after intra-module diversification of 29% (i.e. allowance for diversification between market risks). The pie chart below sets out the drivers of the £216 million market risk for QLPL.

Equity risk is the top risk within the market risk module. It accounts for 59% of the exposure in this module; and currency risk is the second largest exposure within this module.

C.2.2 Change in the market risk over the period to 31 December 2022

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

	Market risk capital requirement based on diversified risk*		
	31 December 2022 £000	31 December 2021 £000	Change £000
Interest rate risk	15,000	1,533	13,467
Equity risk	127,234	201,727	(74,493)
Property risk	830	562	268
Spread risk	1,613	13,789	(12,176)
Currency risk	71,810	69,102	2,708
Market risk SCR	**216,486**	**286,714**	**(70,228)**

**After intra-module diversification applied*

Equity risk

The impact of loss of future revenue under a 1-in-200 year equity stress for QLPL is based on a full measure prescribed equity stress of 39% plus Bank of England symmetric adjustment for Type 1 equities and 49% plus symmetric adjustment for Type 2 equities.

Equity risk has decreased due to the decrease in AuA, driven by the equity market fall over 2022, partly offset by the positive net client cash over the year. The change in the Standard Formula symmetric adjustment factor, from +7.09% (based on PRA symmetric adjustment at year end 2021) to -2.90% (based on Bank of England symmetric adjustment at year end 2022), represents a reduction in the equity shock by c10% relative to year end 2021.

Currency risk

The fall in the equity and bond market over 2022 has resulted in a reduction in the policyholder AuA that are denominated in foreign currencies. This has resulted in a reduction in the currency risk of the Company due to reduced exposure.

Interest rate risk

The interest rate risk has risen over 2022 mainly due to the increase in the projected policyholder tax liabilities associated with the higher unit growth assumptions resulting from the recent rise in the Solvency II risk-free interest rates; which are used to set the asset growth assumptions for the unit-linked investment bond. Under the interest rate up shock, further policyholder tax liability payments would be expected.

Spread risk

Spread risk has decreased over 2022 due to the Company's reduced exposure to unit-linked assets invested in the corporate bond portfolio, driven by the fall in the bond market in 2022. The fall in the market value of the linked corporate bonds under the shock would also result in a reduction in the projected future policyholder tax payment for the investment bond product that is subject to the life office taxation.

C.2.3 Risk mitigation

The Company's business is unit-linked pensions and investment bond business. The direct market risks are transferred to policyholders as a result of the use of unit-linked product structures. The Company does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure.

C.2.4 Risk concentration

Policyholder funds are invested in a diversified portfolio of assets. 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 money market funds. This provides diversification for shareholder assets and hence 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 the Company by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by the Company relate to:

- the risk of default by banks and other financial institutions in respect of the investment of Company assets; and
- the risk of default by insurance intermediaries in respect of receivables.

C.3.1 Credit risk at 31 December 2022

QLPL's credit risk profile is derived from the Standard Formula 1-in-200 year credit event. At 31 December 2022, the risk capital requirement for this module is £14 million (2021: £10 million).

C.3.2 Change in credit risk over the period

The rise in credit risk is mainly due to the intra-group balance and cash at bank.

C.3.3 Credit risk mitigation

Shareholders' assets are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are instant access bank accounts and permitted money market funds. 78% of shareholder funds are held in AAA-rated money market funds. The risk of default for these counterparties has been captured within the spread risk assessment (within the market risk module). The remaining 22% 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	10%
A	90%

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 and a process of diversification is employed to manage counterparty concentration risk.

C.4 Liquidity risk

Liquidity risk is the risk 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 ALM profile.

The Company is exposed to liquidity risks during the normal course of business where payments are made before related cash inflows are received from counterparties, causing a settlement timing impact. 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.

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

Liquidity risk mitigations are detailed in the main body of the Group SFCR. There is no significant concentration of liquidity risk within the Company.

C.4.1 Expected profit included in future premiums

Most of QLPL's business consists of single premium business. QLPL's regular premium business is subject to short contract boundary conditions and so expected profit arising from future premiums is £nil.

C.5 Operational risk

C.5.1 Treatment of operational risks within the capital assessment

As at 31 December 2022, the capital requirement for this module is £11 million. This has reduced from prior year end because of a reduction in expenses included in the Standard Formula operational risk calculation. Operational risk mitigations and concentrations are detailed in the main body of the Group SFCR.

C.6 Other material risks

There are no other material risks to which the company is exposed.

C.7 Any other information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing are performed on an annual basis to assess the resilience of QLPL 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 QLPL could become unviable.

Sensitivity testing

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

As at 31 December 2022, surplus capital above the SCR was £234 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 31 December 2022 £000
Equity markets: 25% market fall	(7,093)
Interest rates: 1% reduction in interest rates	(22,536)
Interest rates: 1% increase in interest rates	24,496
Inflation rates: 1% reduction in inflation rates	15,196
Inflation rates: 1% increase in inflation rates	(19,178)
Lapse rates: 10% mass lapse	(21,272)
Expenses: 10% increase in expense levels	(25,585)

The key underlying assumptions for these sensitivity tests include:

- The sensitivity stresses are assumed to take place instantaneously on 1 January 2023, the balance sheet and the SCR are immediately revalued;
- It is assumed that the Standard Formula symmetric adjustment of the equity capital charge would be updated to reflect the market fall under the equity market sensitivity; and
- It is assumed that no management actions would be applied under these sensitivities. For instance, under the 10% mass lapse stress, the per-policy maintenance expense assumption increases to reflect the same level of maintenance expenses being spread over fewer policies.

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Company to severe but plausible events and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Company is sufficiently capitalised in line with its financial risk appetite.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting the capital plans. Scenario testing parameters are typically set in order to assess the impacts of 1-in-50 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data.

Scenario testing demonstrated that the Company could withstand a 1-in-50 year adverse event whilst continuing to meet the solvency capital requirement, without recourse to the Group. This is after allowing for the potential management actions agreed by the Board under these scenarios.

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 - 31 December 2022	2022 FRS 101 value £000	Solvency II adjustments	2022 Solvency II value £000	2021 Solvency II value £000
Assets				
Government bonds	124	-	124	467
Collective investment undertakings	675	414,974	415,649	274,935
Assets held for index-linked and unit-linked funds	38,090,238	(6,666)	38,083,572	41,034,834
Contract costs	6,535	(6,535)	-	-
Deferred tax asset	21,485	(21,485)	-	-
Insurance and intermediaries receivables	73,523	-	73,523	80,656
Receivables (trade, not insurance)	51,509	5,404	56,913	23,672
Cash and cash equivalents	531,732	(413,711)	118,021	158,624
Total assets	**38,775,821**	**(28,020)**	**38,747,801**	**41,573,188**
Liabilities				
Policyholder liabilities/technical provisions	38,186,027	(317,475)	37,868,552	40,755,700
Provisions other than technical provisions	4,122	-	4,122	1,182
Deferred tax liabilities	-	55,602	55,602	174,603
Insurance and intermediaries payables	216,708	-	216,708	190,835
Payables (trade, not insurance)	23,404	-	23,404	16,674
Total liabilities	**38,430,261**	**(261,872)**	**38,168,388**	**41,138,994**
Excess of assets over liabilities	**345,560**	**233,852**	**579,412**	**434,194**

The bases, methods and main assumptions used for the valuation of QLPL’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.

For the year ended 31 December 2022, the Company adopted Financial Reporting Standard 101 (“FRS 101“) as the basis of preparation for its financial statements.

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 FRS 101 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 FRS 101 caused by differences in the definition of line items. Under Solvency II, the money market fund investments (£414 million) are included in the “Investment funds” line, whereas on the FRS 101 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 (£2 million) is reclassified from receivables to investments and securities resulting in a difference in the “Government bonds” and” Collective investment undertakings” lines between the Solvency II and FRS 101 bases.

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

Assets held for index-linked and unit-linked funds represent policyholder investments. Under FRS 101 and Solvency II, ‘Investments and securities’ are valued largely based on quoted market prices, within active markets.

£25 million of this balance is invested in suspended property funds. Although these funds are priced daily, they cannot be immediately traded and are therefore classified as level 3 assets within the fair value hierarchy. The difference between the FRS 101 and Solvency II basis this year is due to a late presentational adjustment from ‘Receivables (trade, not insurance)’ to ‘Assets held for index-linked and unit-linked funds’ which was reflected under FRS 101 but not under Solvency II on the basis of materiality.

D.1.3 Contract costs

Under FRS 101, the incremental costs, including fee and commission expenses, that are directly attributable to securing either unit-linked contracts or other asset management services are deferred and recognised as contract costs. Contract costs are amortised through the income statement 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 income statement. This is an FRS 101 specific accounting item which is not admissible under Solvency II.

D.1.4 Deferred tax asset

Refer to section D.3.2 below for information related to deferred tax balances.

D.1.5 Insurance and intermediaries receivables

Insurance and intermediaries receivables represent amounts due from fund managers and policyholders. They are non-interest bearing and 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 FRS 101 and Solvency II.

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 FRS 101 and Solvency II, although under Solvency II there is a subsequent reclassification (£2 million) of accrued income on investments and securities to the investments and securities category.

D.1.7 Cash and equivalents

Cash and cash equivalents are carried at amortised cost under both FRS 101 and Solvency II and this approximates to fair value.

The key difference between FRS 101 and Solvency II reporting is that money market fund investments are included in the "Investment funds" line under Solvency II, whereas under FRS 101 they are included in "Cash and cash equivalents".

D.2 Technical provisions

QLPL only has unit-linked business which is categorised as 'Index-linked and unit-linked insurance' under Solvency II.

Technical provisions	Solvency II value		
	31 December 2022 £000	31 December 2021 £000	Difference £000
Technical provisions as a whole	38,186,027	41,070,457	(2,884,430)
Best estimate	(449,811)	(457,783)	7,972
Risk margin	132,337	143,026	(10,689)
Total technical provisions	**37,868,552**	**40,755,700**	**(2,887,148)**

The Solvency II technical provisions for QLPL, of £37,869 million, have three components:

- technical provisions as a whole of £38,186 million;
- best estimate liabilities of £(450) million; and
- a risk margin of £132 million.

Technical provisions as a whole represent the value of units credited to policyholders as at 31 December 2022. 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 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 capital (at 6% p.a.) held to cover non-hedgeable risks, 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

QLPL calculates the best estimate liability for all policies in-force at the valuation date. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payments, 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 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 future policyholder tax. The value of future shareholder tax is included within the deferred tax liability line of the balance sheet.

The CRA product (refer to section A.1.7.1 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. QLPL 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.

QLPL 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

QLPL used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31 December 2022. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II risk-free interest rates.

Any changes in risk-free interest rate curves have a broadly offsetting effect on the present value of the fund-based revenue component of the cash flow. This is because the impacts of changes in the unit growth rates and the discount rates cancel out when calculating the fund-based revenue in present value terms.

The present value of the expense component of the cash flow and the risk margin calculation are more sensitive to changes in interest rates due to the long-term nature of the business.

The prescribed GBP-based risk-free interest rate curve has increased for all durations over 2022.

Persistency

Persistency assumptions include full surrender/transfer assumptions and partial withdrawal assumptions, which impact the expected outstanding duration of the business and hence are an important driver for the expected future cash flows within the technical provisions calculation.

The surrender/transfer and partial withdrawal assumptions are set with reference to recent experience in QLPL, allowing for any emerging trends. Surrender/transfer assumptions vary by product type and policy duration. The assumptions are based on a weighted average of historical observed experience.

The most recent experience investigation shows lower rates of surrenders / transfers and partial withdrawal in comparison to the early investigation periods, Hence the inclusion of the most recent experience on average has reduced the surrenders / transfers and partial withdrawal rates for the Company. The improvement in experience is likely due to a combination of the continued stabilisation of withdrawal experience post Pensions Freedom, as well as the completion and the embedding of the Platform Transformation Programme which has resulted in better user experience and customer outcome.

Similar to that of 2021, the one-off experience data corresponding to the period of the COVID-19 pandemic (mainly from March 2020 to February 2021), which contained several lockdowns, has been excluded from the assumption basis. Lower surrender/transfers and partial withdrawal experience has been observed over the COVID-19 period. This temporary behaviour is likely due to a lack of adviser and client activities and the policyholders delaying their decisions to surrender/transfer their policies or to take partial withdrawals. If the COVID-19 experience were to be included, the assumptions would decrease.

The recent worsening in economic conditions, due to high energy prices and high inflation, could lead to a temporarily higher partial withdrawal rate in the short-term. While this is not yet observed in the Company's own experience over 2022, the experience will be continually monitored in 2023 to ensure that the Solvency II best estimate assumptions remain appropriate for the Company.

The partial withdrawal assumptions for pensions had previously been modelled only based on the pensioners' age groups. The latest analysis carried out during 2022 shows a strong relationship between the withdrawal rates and the sizes of the individuals' pension pots. For this reason, an additional factor of pension pot-size is introduced, such that the pension partial withdrawal rates are now dependent upon both the pensioners' ages and their pension pot-sizes. This modelling improvement more accurately captures the projection of the pension policies.

Expenses

Expense assumptions reflect the expected cost of future maintenance of the in-force business. The maintenance expense assumptions for QLPL include two components:

- An annual sterling amount-based assumption, known as the maintenance cost per policy, assumed to grow with future expense inflation; and
- A fee payable on the outsource arrangement, assumed to grow with the projected future assets under administration.

The sterling amount-based maintenance expense assumption is 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 product type.

The fee assumption for the outsource arrangement is set as a percentage of the assets under administration according to a pre-agreed charging structure. It is based on the contractual arrangement with the platform provider, FNZ.

The sterling amount based per policy expense assumption has decreased slightly over 2022. This is mainly driven by the growth in policy count over 2022, resulting in maintenance expense spreading more thinly over a larger number of policies. The per policy expense assumptions for the pension policies no longer differentiate between policy type and have been completely aligned following a review of the drivers and nature of the maintenance expenses post PTP.

The percentage based outsource fee has increased over 2022 driven by the reduction in the platform AuA, caused by the fall in the equity and the bond markets, negatively affecting the linked policyholder assets.

Expense inflation assumption

The maintenance cost per-policy assumption is projected to increase in line with the expense inflation rate assumption for the Company. The expense inflation assumption for the Company is set to have a pre-determined margin above the market-implied inflation rates, which are calculated as the difference between the Bank of England's fixed gilt yields and the index-linked gilt yields. This is because salaries are a major component of the Company's cost base and in general the rate of growth in average earnings tends to be marginally higher than the market implied inflation rates. This margin has remained at 0.5% over 2022.

The expense inflation assumptions for future years have decreased slightly over 2022 for all future durations. This is mainly driven by the recent, rapid rise in interest rate in order to curb future inflation.

Mortality

Mortality assumptions are not material for the Company after taking into account the low level of the additional sum assured. Due to the steady increase in the positive mortality experience variances over the last five years, the mortality assumptions have been reviewed and the old AM80 and AF80 mortality tables are now replaced with the more recent AMC00 and AFC00 mortality tables. The mortality multiplier, which provides an approximate but simple approach to allow for differences in the Company's own mortality experience and that of the standard mortality tables, remains unchanged.

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.

The Company only has unit-linked business. For unit-linked business, technical provisions are calculated as a whole representing 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, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of technical provisions represents the value of future revenues (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 by:

- economic uncertainty relating to future income from unit funds, for example, 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
- uncertainty relating to future administration costs for servicing the in-force policies, for example, higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

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

D.2.4 Differences between Solvency II and FRS 101 bases, methods and assumptions

The table below provides a reconciliation of the technical provisions between the Solvency II and FRS 101 bases.

Liabilities	31 December 2022 £000
Gross FRS 101 investment contract liabilities	38,186,027
Adjustment for Solvency II	(449,811)
Gross BEL (Solvency II liabilities to policyholders)	**37,736,216**
Add risk margin	132,337
Solvency II technical provisions	**37,868,552**

QLPL prepares its statutory financial statements using FRS 101. The FRS 101 value of technical provisions is £38,186 million which is based on the value of unit reserves, representing the 'technical provisions calculated as a whole' component of the Solvency II technical provisions.

The differences in the value of technical provisions when moving from an FRS 101 basis to a Solvency II basis are as follows:

- **Adjustment for Solvency II** – the 'adjustment for Solvency II' reduces the technical provisions for unit-linked business by £450 million. This adjustment includes an allowance for future profits under Solvency II which is not included on an FRS 101 basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions.
- **Addition of risk margin** – the addition of the risk margin on a Solvency II basis increases the technical provisions by £132 million compared to the FRS 101 basis where there is no risk margin.

D.3 Other liabilities

Other liabilities 31 December 2022	Solvency II £000	FRS 101 £000	Difference £000
Provisions other than technical provisions	4,122	4,122	-
Deferred tax liabilities	55,602	-	55,602
Insurance and intermediaries payables	216,645	216,645	-
Payables (trade, not insurance)	23,468	23,468	-
Total other liabilities	**299,837**	**244,235**	**55,602**

The table above shows the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for Solvency II valuation purposes compared to the approach taken to 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 FRS 101 in both the Solvency II balance sheet and the financial statements.

'Insurance and intermediaries payables' represent amounts due to fund managers and policyholders. This balance together with '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 FRS 101 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.

D.3.2 Deferred tax liabilities

During 2022, a deferred tax asset was recognised under FRS 101 primarily due to capital losses made during the year. 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 FRS 101 net assets and Solvency II net assets and then applying this impact to the DTL as reported in the financial statements.

Material items that need to be allowed for or removed in stepping between FRS 101 and Solvency II are:

- removal of the DTL on the FRS 101 contract cost;
- the recognition of a DTL on future profits on the Solvency II basis which is not relevant on the FRS 101 basis; and
- the recognition of DTA on the risk margin since this is a solvency II requirement and not relevant for FRS 101.

D.4 Alternative methods for valuation

For further details related to alternative valuation methods, refer to the main document.

D.5 Any other information

There is no additional information that requires disclosure.

Section E. Capital management

E.1 Own funds

E.1.1 Management of capital over the reporting period

QLPL Capital Management Strategy

Quilter operates a robust capital management framework to ensure the Company is able to provide a sufficient level of protection for customers and meet applicable regulatory requirements and shareholder expectations. Under the Group capital management framework, QLPL has set its solo solvency target to withstand a severe but plausible instantaneous loss event and still meet the solo regulatory capital requirements. The level of severity of the event corresponds to the Company's risk appetite.

The actual capital position for QLPL is monitored regularly through the CMF. On a quarterly basis, the actual solvency position is reported against its risk appetite to the QLPL Board and the Quilter plc Board Risk Committee.

The capital position of QLPL is also monitored regularly 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.

Based on the year end 2022 solvency II results, it has been anticipated that the QLPL Board will declare a dividend of £15 million to its parent company, Quilter UK Holding Limited, in 2023. This dividend is deducted from the value of the own funds as at 31 December 2022 as a 'foreseeable dividend' wherever it is stated within the document.

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 QLPL.

£000	31 December 2022		31 December 2021		Change	
	Solvency II	FRS 101	Solvency II	FRS 101	Solvency II	FRS 101
Assets	38,747,801	38,775,821	41,573,188	41,578,841	(2,825,387)	(2,803,020)
Liabilities	38,168,389	38,430,261	41,138,994	41,386,503	(2,970,605)	(2,956,242)
Excess Funds	**579,412**	**345,560**	**434,194**	**192,338**	**145,218**	**153,222**
Basic own funds	564,412		434,194		130,218	
Basic own funds adjustments	-		-		-	
Ancillary own funds	-		-		-	
Available own funds	**564,412**		**434,194**		**130,218**	
Tier 1	564,412		434,194		130,218	
Tier 2	-		-		-	
Tier 3	-		-		-	
Solvency capital requirement	**330,258**		**281,336**		**48,922**	
Eligible own funds	**564,412**		**434,194**		**130,218**	
Tier 1	564,412		434,194		130,218	
Tier 2	-		-		-	
Tier 3	-		-		-	
Surplus (deficit)	**234,154**		**152,858**		**81,296**	
Eligible own funds as % of SCR	**171%**		**154%**		**17%**	
MCR	**148,616**		**126,601**		**22,015**	
Eligible own funds as % of MCR	**380%**		**343%**		**37%**	

Solvency II available own funds for year end 2022 are £564 million, made up of £102 million share capital and £462 million of reconciliation reserve, both of which are Unrestricted Tier 1 own funds.

Own funds increased by £130 million during the year (2022: £564 million vs. 2021: £434 million). This increase in own funds is mainly driven by the reduction in the deferred tax liabilities for the BLAGAB business as a result of the fall in the equity and bond market over 2022.

The SCR at 31 December 2022 is £330 million, compared to £281 million in the prior year. The solvency coverage ratio increased by 17% in the year (2022: 171% vs. 2021: 154%).

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

E.1.2.1 Analysis of change from FRS 101 equity to basic own funds

	31 December 2022 £000
FRS 101 equity	**345,560**
Revaluation of technical provisions	317,474
Removal of contract costs	(6,534)
Adjust for deferred tax arising from differences in timing of profit recognition	(77,088)
Solvency II net assets	**579,412**
Foreseeable dividend	(15,000)
Total own funds	**564,412**

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 FRS 101, together with the addition of the risk margin as this is a Solvency II requirement and not relevant for FRS 101;
- contract costs are not included within Solvency II basic own funds;
- deferred tax arising from differences in the timing of profit recognition between FRS 101 and Solvency II; and
- dividends that are foreseeable at the reporting date are deducted from Tier 1 own funds. The regulatory 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 discussion with management, and in order to avoid temporary fluctuations in QLPL's solvency position, the eligible own funds have been reduced by the amount of the final dividend of £15 million expected to be declared by the Board and payable during 2023.

E.1.2.2 Reconciliation reserves

The table below shows that own funds are made up of Share Capital of £102 million and reconciliation reserves of £462 million.

	31 December 2022 £000	31 December 2021 £000
Share Capital	102,000	102,000
Reconciliation reserve	462,412	332,194
Available own funds	**564,412**	**434,194**

The reconciliation reserve equals the total excess of assets over liabilities, after deducting share capital and planned dividends as described above.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Detail on the capital requirements for QLPL

	Standard Formula or Internal Model	31 December 2022 £000	31 December 2021 £000	Change £000
Available own funds	**-**	**564,412**	**434,194**	**130,218**
Solvency capital requirement	**-**	**330,258**	**281,336**	**48,922**
Market risk SCR module*	Standard Formula	216,486	286,714	(70,228)
Life underwriting risk SCR module*	Standard Formula	251,633	269,159	(17,526)
Operational risk SCR module	Standard Formula	10,626	13,162	(2,536)
Counterparty default risk SCR module*	Standard Formula	13,637	9,778	3,858
Diversification	-	(106,522)	(122,875)	16,354
Allowance for DTL (loss-absorbing capacity of deferred tax) offset	-	(55,602)	(174,603)	(119,001)
Surplus	**-**	**234,154**	**152,858**	**81,296**
Eligible own funds as % of SCR	**-**	**171%**	**154%**	**17%**
Minimum capital requirement	**-**	**148,616**	**126,601**	**22,015**
Eligible own funds as % of MCR	**-**	**380%**	**343%**	**37%**

** After intra-module diversification applied.*

QLPL 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 and a 'corridor' of 25% of the SCR and of 45% of SCR. For QLPL, 45% of the SCR is the 'biting' constraint for the MCR calculation.

E.2.3 Explanation for material changes to SCR and MCR

Changes to MCR

During 2022, 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 2022, the SCR increased by £49 million. The key components of the change include:

- The market risk component of SCR (after intra-module diversification is applied) has decreased by £70 million (see table E2.1). This is mainly driven by:
  - the equity and bond market losses over 2022 for the linked policyholder assets has resulted in lower projected future asset-based revenues that are subject to market risks;
  - the reduction in the Standard Formula symmetric adjustment has reduced the equity stresses applied at year end 2022;
- the life underwriting risk component of SCR (after intra-module diversification is applied) has decreased by £18 million over 2022 (see table E2.1). This is mainly driven by the reduction in expense risk SCR following the rise in the Solvency II yield curve, which is used to discount the future expense cash flow. The lapse risk SCR has also reduced as a result of the reduction in the expected asset-based revenues driven by the fall in AuA;
- the operational risk SCR has reduced by £3 million due to the reduction in actual expenses in 2022 in comparison to 2021;
- the counterparty default risk SCR has increased by £4 million due to a rise in the intra-group balance; and
- the loss-absorbing capacity of deferred taxes ("LACDT") has reduced by £119 million due to the fall in the Solvency II base balance sheet DTL. This is primarily driven by the fall in equity market which in turn reduces the policyholder DTL on the business that is subject to life office taxation.

There are net deferred tax liabilities on the Company Solvency II base balance sheet as at 31 December 2022. The following individual deferred tax assets are netted against deferred tax liabilities within the QLPL balance sheet based on the relevant accounting standard (IAS 12):

- £31 million DTA on the Risk Margin introduced by Solvency II;
- £2 million DTA relating to historic trading losses brought forward;
- £5 million DTA relating to deferred acquisition expenses (spread over seven years for tax purposes); and
- £45 million DTA relating to excess expenses carried forward.

All of the DTA's are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss-absorbing capacity of deferred taxes reduces QLPL SCR by £56 million at 31 December 2022. The amount of LACDT for QLPL represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios as the business becomes structurally loss-making. QLPL has not recognised any net deferred tax assets nor any tax carry-backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

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

QLPL has not applied the duration-based equity risk sub-module in its SCR calculations.

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

No internal model or partial 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 company is compliant with the SCR and MCR requirements throughout 2022.

E.6 Any other information

There is no additional information that requires disclosure in this section.

Appendix F.2.1 Quantitative Reporting Templates (QRT) - QLPL

Appendix F.2.1 Quantitative Reporting Templates (QRT) – QLPL

This appendix contains the following QRTs applicable to QLPL at 31 December 2022, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to QLPL.

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 expressed as percentages.

F.2.1.1 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**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	-
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	415,773
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities – listed	**R0110**	-
Equities – unlisted	**R0120**	-
Bonds	**R0130**	124
Government Bonds	**R0140**	124
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	415,649
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	38,083,572
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	-
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**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	73,523
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	56,912
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**	118,021
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	**38,747,801**

F.2.1.1 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**	-
Technical provisions – health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	37,868,552
Technical provisions calculated as a whole	**R0700**	38,186,027
Best Estimate	**R0710**	(449,811)
Risk margin	**R0720**	132,337
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	4,122
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	55,602
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	216,645
Reinsurance payables	**R0830**	64
Payables (trade, not insurance)	**R0840**	23,404
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	**38,168,389**
Excess of assets over liabilities	**R1000**	**579,412**

Quilter

F.2.1.2 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**	-	-	4,520,221	-	-	-	-	-	**4,520,221**
Reinsurers' share	**R1420**	-	-	64	-	-	-	-	-	**64**
Net	**R1500**	-	-	4,520,157	-	-	-	-	-	**4,520,157**
Premiums earned										
Gross	**R1510**	-	-	4,520,221	-	-	-	-	-	**4,520,221**
Reinsurers' share	**R1520**	-	-	64	-	-	-	-	-	**64**
Net	**R1600**	-	-	4,520,157	-	-	-	-	-	**4,520,157**
Claims incurred										
Gross	**R1610**	-	-	2,978,109	-	-	-	-	-	**2,978,109**
Reinsurers' share	**R1620**	-	-	-	-	-	-	-	-	**-**
Net	**R1700**	-	-	2,978,109	-	-	-	-	-	**2,978,109**
Changes in other technical provisions										
Gross	**R1710**	-	-	2,884,430	-	-	-	-	-	**2,884,430**
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	**-**
Net	**R1800**	-	-	2,884,430	-	-	-	-	-	**2,884,430**
Expenses incurred	**R1900**	-	-	76,085	-	-	-	-	-	**76,085**
Other expenses	**R2500**									**-**
Total expenses	**R2600**									**76,085**

F.2.1.3 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**	-	38,186,027			-			-	-	**38,186,027**
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**	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	-		-	(449,811)		-	-	-	-	**(449,811)**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-	-	**-**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	-		-	(449,811)		-	-	-	-	**(449,811)**
Risk Margin	**R0100**	-	132,337			-			-	-	**132,337**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-		-	-		-	-	-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions – total	**R0200**	-	37,868,552			-			-	-	**37,868,552**

F.2.1.3 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**	-			-	-	-
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**	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	**R0090**		-	-	-	-	-
Risk Margin	**R0100**	-			-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**	-			-	-	-
Best estimate	**R0120**		-	-	-	-	-
Risk margin	**R0130**	-			-	-	-
Technical provisions – total	**R0200**	-			-	-	-

Appendix F.2.1 Quantitative Reporting Templates (QRT) – QLPL

F.2.1.4 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 (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	102,000	102,000		-	
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**	462,412	462,412			
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**	**564,412**	**564,412**	-	-	-
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**	564,412	564,412	-	-	-
Total available own funds to meet the MCR	**R0510**	564,412	564,412	-	-	
Total eligible own funds to meet the SCR	**R0540**	564,412	564,412	-	-	-
Total eligible own funds to meet the MCR	**R0550**	564,412	564,412	-	-	
SCR	**R0580**	**330,258**				
MCR	**R0600**	**148,616**				
Ratio of Eligible own funds to SCR	**R0620**	**171%**				
Ratio of Eligible own funds to MCR	**R0640**	**380%**				

F.2.1.4 S.23.01.01 Own funds £000		**C0060**
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	579,412
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	15,000
Other basic own fund items	**R0730**	102,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	**462,412**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirement for undertakings on Standard Formula £000		**Gross solvency capital requirement**	**USP**	**Simplifications**
		C0110	**C0090**	**C0100**
Market risk	**R0010**	216,486		-
Counterparty default risk	**R0020**	13,637		
Life underwriting risk	**R0030**	251,633	none	-
Health underwriting risk	**R0040**	-	none	-
Non-life underwriting risk	**R0050**	-	none	-
Diversification	**R0060**	(106,522)		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	375,234		

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Calculation of Solvency Capital Requirement		**Value**
		C0100
Operational risk	**R0130**	10,626
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	(55,602)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency capital requirement excluding capital add on	**R0200**	**330,258**
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	**330,258**
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**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirements for undertakings on Standard Formula £000

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	Approach not based on average tax rate

F.2.1.6 S.28.01.01.01 Minimum Capital Requirement
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**	264,539		
Obligations with profit participation – guaranteed benefits	**R0210**		-	
Obligations with profit participation – future discretionary benefits	**R0220**		-	
Index-linked and unit-linked insurance obligations	**R0230**		37,736,216	
Other life (re)insurance and health (re)insurance obligations	**R0240**		-	
Total capital at risk for all life (re)insurance obligations	**R0250**			550,513

F.2.1.6 S.28.01.01 Minimum Capital Requirement – Overall MCR calculation

		C0070
Linear MCR	**R0300**	264,539
SCR	**R0310**	330,258
MCR cap	**R0320**	148,616
MCR floor	**R0330**	82,564
Combined MCR	**R0340**	148,616
Absolute floor of the MCR	**R0350**	3,186
Minimum Capital Requirement	**R0400**	148,616

Appendix F.2.2 Quantitative Reporting Templates (QRT) – Group

Appendix F.2.2 Group QRTs

This appendix contains the following QRTs applicable to Group at 31 December 2022, as required under Solvency II regulations. Any annual Group QRTs referred to in Solvency II legislation that are not relevant to the Group are excluded from this list.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business
3. S.23.01.22 Own funds
4. S.25.01.22 Solvency Capital Requirement – for groups on Standard Formula
5. S.32.01.22 Undertakings in the scope of the Group

The premiums, claims and expenses by country Group QRT (S.05.02), is not required to be reported for the year ended 31 December 2022 since the home country represents 90% or more of the total gross written premiums.

All figures are presented in £000s with the exception of ratios that are expressed as percentages.

F.2.2.1 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	9,498
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,380,127
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	539,819
Equities	R0100	1,498
Equities - listed	R0110	-
Equities - unlisted	R0120	1,498
Bonds	R0130	124
Government Bonds	R0140	124
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	838,686
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	38,083,572
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
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	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	73,523
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	30,491
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	185,919
Any other assets, not elsewhere shown	R0420	**-**
Total assets	R0500	**39,763,130**

F.2.2.1 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**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	37,868,552
Technical provisions calculated as a whole	**R0700**	38,186,027
Best Estimate	**R0710**	(449,811)
Risk margin	**R0720**	132,337
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	8,222
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	55,602
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	216,645
Reinsurance payables	**R0830**	64
Payables (trade, not insurance)	**R0840**	57,166
Subordinated liabilities	**R0850**	202,248
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	202,248
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	**38,408,500**
Excess of assets over liabilities	**R1000**	**1,354,630**

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F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000		**Line of Business for: life insurance obligations**						**Life reinsurance obligations**		Total
Life		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**	-	-	4,520,221	-	-	-	-	-	**4,520,221**
Reinsurers' share	**R1420**	-	-	64	-	-	-	-	-	**64**
Net	**R1500**	-	-	4,520,157	-	-	-	-	-	**4,520,157**
Premiums earned										
Gross	**R1510**	-	-	4,520,221	-	-	-	-	-	**4,520,221**
Reinsurers' share	**R1520**	-	-	64	-	-	-	-	-	**64**
Net	**R1600**	-	-	4,520,157	-	-	-	-	-	**4,520,157**
Claims incurred										
Gross	**R1610**	-	-	2,978,109	-	-	-	-	-	**2,978,109**
Reinsurers' share	**R1620**	-	-	-	-	-	-	-	-	**-**
Net	**R1700**	-	-	2,978,109	-	-	-	-	-	**2,978,109**
Changes in other technical provisions										
Gross	**R1710**	-	-	2,884,430	-	-	-	-	-	**2,884,430**
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	**-**
Net	**R1800**	-	-	2,884,430	-	-	-	-	-	**2,884,430**
Expenses incurred	**R1900**	-	-	76,085	-	-	-	-	-	**76,085**
Other expenses	**R2500**									**-**
Total expenses	**R2600**									**76,085**

F.2.2.3 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**	114,669	114,669		-	
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**	1,076,012	1,076,012			
Subordinated liabilities	**R0140**	202,248		-	202,248	-
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**	389,040	389,040	-	-	-
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**	389,040	389,040	-	-	-
Total basic own funds after deductions	**R0290**	1,062,033	859,785	-	202,248	-

F.2.2.3 S.23.01.22 Own funds £000		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
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**	-			-	-
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**	389,040	389,040	-	-	
Institutions for occupational retirement provision	**R0420**	-	-	-	-	-
Non regulated entities carrying out financial activities	**R0430**	-	-	-	-	
Total own funds of other financial sectors	**R0440**	389,040	389,040	-	-	-
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**	1,062,033	859,785	-	202,248	-
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,062,033	859,785	-	202,248	
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**	1,062,033	859,785	-	202,248	–
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	889,508	859,785	-	29,723	
Minimum consolidated Group SCR	**R0610**	148,616				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	598.53%				
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**	1,451,072	1,248,824	-	202,248	-
Group SCR	**R0680**	630,813				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	230.03%				

F.2.2.3 S.23.01.22 Own funds £000		**C0060**
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,354,630
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	44,809
Other basic own fund items	**R0730**	172,812
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Other non available own funds	**R0750**	60,997
Reconciliation reserve	**R0760**	1,076,012
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

F.2.2.4 S.25.01.22 Solvency Capital Requirement – for groups on Standard Formula £000

Basic Solvency Capital Requirement		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	247,272		-
Counterparty default risk	**R0020**	11,031		
Life underwriting risk	**R0030**	251,633	none	-
Health underwriting risk	**R0040**	-	none	-
Non-life underwriting risk	**R0050**	-	none	-
Diversification	**R0060**	(111,882)		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	398,054		

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	**R0130**	10,626
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	(55,602)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency Capital Requirement excluding capital add-on	**R0200**	353,078
Capital add-ons already set	**R0210**	-
Solvency capital requirement for undertakings under consolidated method	**R0220**	630,813
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**	148,616
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	277,735
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**	277,735
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**	630,813

F.2.2.5 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 and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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 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 institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60762	SPECIFIC	Blueprint Organisation Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800PVPC9NZDEE HE86	LEI	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 M95GB60765	SPECIFIC	Caerus Capital Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60766	SPECIFIC	Caerus Holdings Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60767	SPECIFIC	Caerus Wealth Limited	Credit institutions, investment firms 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 institutions, investment firms 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 M95GB60601	SPECIFIC	Charles Derby Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60602	SPECIFIC	Charles Derby Private Clients Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60603	SPECIFIC	Charles Derby Wealth Management Limited	Credit institutions, investment firms 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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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	*Identification code and type of 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*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214*	*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 M95GB60604	SPECIFIC	Charles Jacques Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800UI2P3SUZ12IZ 87	LEI	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	54930092XIVK28RZG M95GB60605	SPECIFIC	Falcon Financial Advice Limited	Credit institutions, investment firms 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 M95GB60606	SPECIFIC	Financial Services Advice & Support Limited	Credit institutions, investment firms 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 M95GB60607	SPECIFIC	Forward Thinking Wealth Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60799	SPECIFIC	IFA Holding Company Limited	Other	Ltd	Non-mutual		99.99%	100.00%	99.99%		Dominant	99.99%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB60742	SPECIFIC	IFA Services Holdings Company Limited	Other	Ltd	Non-mutual		99.99%	100.00%	99.99%		Dominant	99.99%	Yes		Method 1: Adjusted equity 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	213800S3MTPMT4M1 RP52	LEI	Lighthouse Advisory Services Limited	Credit institutions, investment firms 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 M95GB60608	SPECIFIC	Lighthouse Benefits Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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	54930092XIVK28RZGM95GB60609	SPECIFIC	Lighthouse Corporate Services Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60611	SPECIFIC	Lighthouse Financial Advice Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138003LGL2LLBHK3C74	LEI	Lighthouse Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60615	SPECIFIC	Lighthouse Support Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60616	SPECIFIC	Lighthouse Wealth Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60621	SPECIFIC	LighthouseWealth Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60622	SPECIFIC	LighthouseXpress Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60623	SPECIFIC	Luceo Asset Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
DE	54930092XIVK28RZGM95DE60379	SPECIFIC	Old Mutual Europe GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IE	213800CIYX1TZNKMD959	LEI	Pembroke Quilter (Ireland) Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60778	SPECIFIC	Premier Planning Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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	213800NTEMORK8SMOX48	LEI	Prescient Financial Intelligence Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800LIAJCGBYONII40	LEI	QGCI Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60781	SPECIFIC	Quilpep Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800IBELO35UV88W94	LEI	Quilter Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IE	213800VLRZE4K61IEG21	LEI	Quilter Cheviot Europe Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QK4ODGSLOMGC54	LEI	Quilter Cheviot Holdings Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	54930092XIVK28RZGM95JE60624	SPECIFIC	Quilter Cheviot International Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Jersey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QCI7X27H677R39	LEI	Quilter Cheviot Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60776	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	54930092XIVK28RZGM95GB60600	SPECIFIC	Quilter Financial Advisers Limited	Credit institutions, investment firms 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
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C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	213800WQUE9YZK8HEA17	LEI	Quilter Financial Limited	Credit institutions, investment firms 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	Quilter Financial Planning Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800MJMK3EVA4F9K89	LEI	Quilter Financial Planning Solutions Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800E5HAL75A8XTN31	LEI	Quilter Financial Services Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800Q8JFVPYO1E8K19	LEI	Quilter Holdings Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	213800L63P17QP2ZXE10	LEI	Quilter Insurance Company Limited	Non-life insurance undertaking	Ltd	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	No	18 May 2021	No inclusion in the scope of group supervision as defined in article 214 (2)/(b) of the Directive 2009/138/EC
GB	213800EMGTT74XZB3H82	LEI	Quilter Investment Platform Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800KCVWJJ9LC65Z02	LEI	Quilter Investment Platform Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800PAR6JTK1UJZR37	LEI	Quilter Investors Absolute Return Bond Fund	Other	Fund	Non-mutual		63.10%	100.00%	63.10%		Dominant	63.10%	Yes		Other Method

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Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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	2138002V5I8CZSPR1E96	LEI	Quilter Investors Asia Pacific (ex Japan) Equity Fund	Other	Fund	Non-mutual		62.14%	100.00%	62.14%		Dominant	62.14%	Yes		Other Method
GB	549300XPYNVPZWZNCR60	LEI	Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	Other	Fund	Non-mutual		58.69%	100.00%	58.69%		Dominant	58.69%	Yes		Other Method
GB	213800DWWOBRI1KIYG79	LEI	Quilter Investors Asia Pacific Fund	Other	Fund	Non-mutual		64.24%	100.00%	64.24%		Dominant	64.24%	Yes		Other Method
GB	549300CEC4QBHDF50X18	LEI	Quilter Investors Bond 1 Fund	Other	Fund	Non-mutual		62.57%	100.00%	62.57%		Dominant	62.57%	Yes		Other Method
GB	549300IWVKI6RFP45X65	LEI	Quilter Investors Bond 3 Fund	Other	Fund	Non-mutual		97.27%	100.00%	97.27%		Dominant	97.27%	Yes		Other Method
GB	213800J2241FFUNR1C57	LEI	Quilter Investors Cirilium Adventurous Passive Portfolio	Other	Fund	Non-mutual		44.68%	100.00%	44.68%	The Group has the right to appoint the fund manager	Dominant	44.68%	Yes		Other Method
GB	213800IMNA1QZX5P5U41	LEI	Quilter Investors Cirilium Adventurous Portfolio	Other	Fund	Non-mutual		38.01%	100.00%	38.01%	The Group has the right to appoint the fund manager	Dominant	38.01%	Yes		Other Method
GB	2138001YYV9I3QQEUC80	LEI	Quilter Investors Cirilium Balanced Passive Portfolio	Other	Fund	Non-mutual		41.58%	100.00%	41.58%	The Group has the right to appoint	Dominant	41.58%	Yes		Other Method

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
											the fund manager					
GB	213800Y29LKXG6MJ9X44	LEI	Quilter Investors Cirilium Conservative Passive Portfolio	Other	Fund	Non-mutual		33.40%	100.00%	33.40%	The Group has the right to appoint the fund manager	Dominant	33.40%	Yes		Other Method
GB	213800OG8E1X8NBRDE70	LEI	Quilter Investors Cirilium Conservative Portfolio	Other	Fund	Non-mutual		32.24%	100.00%	32.24%	The Group has the right to appoint the fund manager		32.24%	Yes		Other Method
GB	213800P8TYQFD1Q6TG48	LEI	Quilter Investors Cirilium Dynamic Passive Portfolio	Other	Fund	Non-mutual		40.55%	100.00%	40.55%	The Group has the right to appoint the fund manager	Dominant	40.55%	Yes		Other Method
GB	2138009BMMAIP45Z6R07	LEI	Quilter Investors Cirilium Moderate Passive Portfolio	Other	Fund	Non-mutual		42.20%	100.00%	42.20%	The Group has the right to appoint the fund manager	Dominant	42.20%	Yes		Other Method
GB	213800ZXL7T3EHRRBV90	LEI	Quilter Investors Corporate Bond Fund	Other	Fund	Non-mutual		59.77%	100.00%	59.77%		Dominant	59.77%	Yes		Other Method
GB	213800WFFCO2CNAZH785	LEI	Quilter Investors Creation Balanced Portfolio	Other	Fund	Non-mutual		29.76%	100.00%	29.76%	The Group has the	Dominant	29.76%	Yes		Other Method

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
											right to appoint the fund manager					
GB	213800XF3R2S61HZ3633	LEI	Quilter Investors Creation Dynamic Portfolio	Other	Fund	Non-mutual		30.65%	100.00%	30.65%	The Group has the right to appoint the fund manager	Dominant	30.65%	Yes		Other Method
GB	213800D4M5KG3CC75R76	LEI	Quilter Investors Creation Moderate Portfolio	Other	Fund	Non-mutual		29.22%	100.00%	29.22%	The Group has the right to appoint the fund manager	Dominant	29.22%	Yes		Other Method
GB	2138003C2APJFEP58K32	LEI	Quilter Investors Diversified Bond Fund	Other	Fund	Non-mutual		59.75%	100.00%	59.75%		Dominant	59.75%	Yes		Other Method
GB	2138007FQPA6ZL61U129	LEI	Quilter Investors Emerging Markets Equity Fund	Other	Fund	Non-mutual		64.22%	100.00%	64.22%		Dominant	64.22%	Yes		Other Method
GB	54930060UMLXQIZ54386	LEI	Quilter Investors Emerging Markets Equity Growth Fund	Other	Fund	Non-mutual		64.00%	100.00%	64.00%		Dominant	64.00%	Yes		Other Method
GB	2138006B58JU3MJFUP39	LEI	Quilter Investors Emerging Markets Equity Income Fund	Other	Fund	Non-mutual		63.49%	100.00%	63.49%		Dominant	63.49%	Yes		Other Method
GB	549300PMV6MEIJ0JEG66	LEI	Quilter Investors Europe (ex UK) Equity Fund	Other	Fund	Non-mutual		59.55%	100.00%	59.55%		Dominant	59.55%	Yes		Other Method

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800PR3AFORX7EVR43	LEI	Quilter Investors Europe (ex UK) Equity Growth Fund	Other	Fund	Non-mutual		61.09%	100.00%	61.09%		Dominant	61.09%	Yes		Other Method
GB	2138003W9DDHXLIAHT94	LEI	Quilter Investors Europe (ex UK) Equity Income Fund	Other	Fund	Non-mutual		63.27%	100.00%	63.27%		Dominant	63.27%	Yes		Other Method
GB	2138008DPFYG6GZP1663	LEI	Quilter Investors Global Dynamic Equity Fund	Other	Fund	Non-mutual		54.86%	100.00%	54.86%		Dominant	54.86%	Yes		Other Method
GB	21380022ZIN2YQ1SFJ38	LEI	Quilter Investors Global Equity Absolute Return Fund	Other	Fund	Non-mutual		62.19%	100.00%	62.19%		Dominant	62.19%	Yes		Other Method
GB	549300HOGUZ0HWQEGD40	LEI	Quilter Investors Global Equity Value Fund	Other	Fund	Non-mutual		64.05%	100.00%	64.05%		Dominant	64.05%	Yes		Other Method
GB	54930017TI8ZYPMMGQ11	LEI	Quilter Investors Investment Grade Corporate Bond Fund	Other	Fund	Non-mutual		50.10%	100.00%	50.10%		Dominant	50.10%	Yes		Other Method
GB	549300LMN7CP5FGHL312	LEI	Quilter Investors Japanese Equity Fund	Other	Fund	Non-mutual		59.91%	100.00%	59.91%		Dominant	59.91%	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	213800DLEQ18W8VE4R95	LEI	Quilter Investors Monthly Income and Growth Portfolio	Other	Fund	Non-mutual		46.39%	100.00%	46.39%	The Group has the right to appoint	Dominant	46.39%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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
											the fund manager					
GB	213800T6SGV526FR4 B59	LEI	Quilter Investors Monthly Income Portfolio	Other	Fund	Non-mutual		46.01%	100.00%	46.01%	The Group has the right to appoint the fund manager	Dominant	46.01%	Yes		Other Method
GB	549300ONAX13EU46 OE94	LEI	Quilter Investors Natural Resources Equity Fund	Other	Fund	Non-mutual		53.65%	100.00%	53.65%		Dominant	53.65%	Yes		Other Method
GB	213800DMV82AXR98 6P24	LEI	Quilter Investors North American Equity Fund	Other	Fund	Non-mutual		62.54%	100.00%	62.54%		Dominant	62.54%	Yes		Other Method
GB	213800IO1Y1TS3MQP B57	LEI	Quilter Investors Portfolio Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	549300LOMSKYZ613 DT64	LEI	Quilter Investors Precious Metals Equity Fund	Other	Fund	Non-mutual		58.58%	100.00%	58.58%		Dominant	58.58%	Yes		Other Method
GB	549300WYRK8RZE7Y 2Q04	LEI	Quilter Investors Sterling Corporate Bond Fund	Other	Fund	Non-mutual		50.30%	100.00%	50.30%		Dominant	50.30%	Yes		Other Method
GB	549300YX1MR6Q3YE R771	LEI	Quilter Investors Sterling Diversified Bond Fund	Other	Fund	Non-mutual		58.79%	100.00%	58.79%		Dominant	58.79%	Yes		Other Method
GB	213800OLBKDVTGAM 8R79	LEI	Quilter Investors Timber Equity Fund	Other	Fund	Non-mutual		64.26%	100.00%	64.26%			64.26%	Yes		Other Method
GB	213800SRXMXKA2K W1P52	LEI	Quilter Investors UK Equity 2 Fund	Other	Fund	Non-mutual		99.93%	100.00%	99.93%			99.93%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code and type of 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*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214*	*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	213800DK3MLKROLL 1O75	LEI	Quilter Investors UK Equity Fund	Other	Fund	Non-mutual		61.90%	100.00%	61.90%		Dominant	61.90%	Yes		Other Method
GB	549300KKX1ENOGJH XV69	LEI	Quilter Investors UK Equity Growth Fund	Other	Fund	Non-mutual		54.75%	100.00%	54.75%		Dominant	54.75%	Yes		Other Method
GB	213800FENW23PIZN AV69	LEI	Quilter Investors UK Equity Income Fund	Other	Fund	Non-mutual		62.81%	100.00%	62.81%		Dominant	62.81%	Yes		Other Method
GB	549300VBVSCTTSZU BE06	LEI	Quilter Investors UK Equity Large-Cap Income Fund	Other	Fund	Non-mutual		57.14%	100.00%	57.14%		Dominant	57.14%	Yes		Other Method
GB	213800GVIOU56RXS VJ69	LEI	Quilter Investors UK Equity Mid-Cap Growth Fund	Other	Fund	Non-mutual		54.68%	100.00%	54.68%			54.68%	Yes		Other Method
GB	549300XGYV16P4XY OH92	LEI	Quilter Investors UK Equity Opportunities Fund	Other	Fund	Non-mutual		58.41%	100.00%	58.41%		Dominant	58.41%	Yes		Other Method
GB	213800L6GT3LK76DB T75	LEI	Quilter Investors US Equity Growth Fund	Other	Fund	Non-mutual		40.94%	100.00%	40.94%	The Group has the right to appoint the fund manager	Dominant	40.94%	Yes		Other Method
GB	213800DBMBIGM3NU HL50	LEI	Quilter Investors US Equity Income Fund	Other	Fund	Non-mutual		59.39%	100.00%	59.39%		Dominant	59.39%	Yes		Other Method
GB	549300Y457SLHL73L D79	LEI	Quilter Investors US Equity Small/Mid-Cap Fund	Other	Fund	Non-mutual		51.93%	100.00%	51.93%		Dominant	51.93%	Yes		Other Method
GB	2138003SPFZA4UV23 165	LEI	Quilter 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

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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	213800Q4SK2C38JS7 737	LEI	Quilter Mortgage Planning Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800AEJPZ1HTRO 3W19	LEI	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	54930092XIVK28RZG M95GB70573	SPECIFIC	Quilter Perimeter (GGP) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IM	54930092XIVK28RZG M95GB70570	SPECIFIC	Quilter Perimeter (IOM) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB60796	SPECIFIC	Quilter Perimeter Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB70574	SPECIFIC	Quilter Perimeter Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB70577	SPECIFIC	Quilter Perimeter UK Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95	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 institutions, investment firms 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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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of 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	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	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	213800N2H1KTJ6A6ZG13	LEI	Quilter 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
GB	2138008CSNZIFM6YWE49	LEI	Quilter Wealth Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
DE	54930092XIVK28RZGM95DE60380	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	54930092XIVK28RZGM95GB60625	SPECIFIC	The Falcon Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60797	SPECIFIC	Think Synergy Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60798	SPECIFIC	Violet No.2 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

Appendix F.3
Disclaimer

Appendix F.3 Disclaimer

This report may contain certain forward-looking statements with respect to certain of 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 the COVID-19 pandemic and the conflict in Ukraine, 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.4
Abbreviations and glossary

Appendix F.4 Abbreviations and glossary

ALM	Asset Liability Matching
AMSB	Administrative, Management or Supervisory Body
AP	Adjusted Profit
AuA	Assets under administration, which unless stated otherwise reflects gross AuA before intragroup eliminations
AuMA	Assets under Management and Administration. AuMA represents the total market value of all financial assets managed and administered on behalf of customers.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIB	Collective Investment Bond
CMF	Capital Management Forum
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
CRA	Collective Retirement Account
CRO	Chief Risk Officer
CDS	Credit Default Swap
D&A	Deduction and Aggregation
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EPIFP	Expected profit included in future premiums
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EU	European Union
FCA	The UK Financial Conduct Authority
FRC	The UK Financial Reporting Council
FSMA	Financial Services and Markets Act 2000
GARC	Governance, Audit and Risk Committee
GBP	British Pound Sterling
GDPR	General Data Protection Regulation
GGM	Group Governance Manual
GIA	Group Internal Audit
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IOC	Investment Oversight Committee
ISA (UK)	International Standards on Auditing (UK)
IT	Information Technology
LACDT	Loss-absorbing capacity of deferred taxes
MCGSCR	Minimum Consolidated Group Solvency Capital Requirement
MCR	Minimum Capital Requirement under Solvency II
NCCF	Net Client Cash Flow
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
PTP	Platform Transformation Programme
PwC	PricewaterhouseCoopers LLP

QLPL	Quilter Life & Pensions Limited
QRT	Quantitative Reporting Template
RCSA	Risk and Control Self-Assessments
RPI	Retail Price Index
SCR	Solvency capital requirement
SFCR	Solvency and Financial Condition Report
SLT	Similar to Life Techniques
SMCR	Senior Managers and Certification Regime
SMF	Senior Manager Functions
SRAP	Strategic Risk Appetite Principles
TCFD	Task Force on Climate-related Financial Disclosures

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