

Liverpool Victoria Friendly Society Limited

Annual FSA Insurance Returns for the year ended

31 December 2011

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

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Statement of solvency - long-term insurance businessName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

Adjusted solo solvency calculation

| | Company registration number | GL/ UK/ CM | day | month | year | Units | |
|--|-----------------------------------|------------------|-----------|---|-----------|---|-------------|
| | R2 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | | | As at end of this financial year | | As at end of the previous year | |
| | | | | 1 | | 2 | |

Capital resources

| | | | |
|---|-----------|--------|---------|
| Capital resources arising within the long-term insurance fund | 11 | 923738 | 1050886 |
| Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund | 12 | | |
| Capital resources available to cover long-term insurance business capital resources requirement (11+12) | 13 | 923738 | 1050886 |

Guarantee fund

| | | | |
|--|-----------|--------|--------|
| Guarantee fund requirement | 21 | 326777 | 276220 |
| Excess (deficiency) of available capital resources to cover guarantee fund requirement | 22 | 596961 | 774666 |

Minimum capital requirement (MCR)

| | | | |
|--|-----------|--------|--------|
| Long-term insurance capital requirement | 31 | 255849 | 217328 |
| Resilience capital requirement | 32 | | |
| Base capital resources requirement | 33 | 2292 | 2280 |
| Individual minimum capital requirement | 34 | 255849 | 217328 |
| Capital requirements of regulated related undertakings | 35 | 241494 | 203777 |
| Minimum capital requirement (34+35) | 36 | 497343 | 421106 |
| Excess (deficiency) of available capital resources to cover 50% of MCR | 37 | 675067 | 840333 |
| Excess (deficiency) of available capital resources to cover 75% of MCR | 38 | 550731 | 735057 |

Enhanced capital requirement

| | | | |
|--|-----------|--------|--------|
| With-profits insurance capital component | 39 | 191206 | 339225 |
| Enhanced capital requirement | 40 | 688549 | 760331 |

Capital resources requirement (CRR)

| | | | |
|--|-----------|--------|--------|
| Capital resources requirement (greater of 36 and 40) | 41 | 688549 | 760331 |
| Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41) | 42 | 235189 | 290556 |

Contingent liabilities

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

Covering Sheet to Form 2

Name of insurer

Liverpool Victoria Friendly Society Limited

Global business

Financial year ended

31 December 2011

M J Rogers
Director and Chief Executive

P W Moore
Director

P B Cassidy
Secretary

Date: 29th March 2012

Components of capital resourcesName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

| | Company registration number | GL/ UK/ CM | day | month | year | Units | |
|--|-----------------------------------|------------------|----------------------------------|------------------------------------|---|---|------|
| | R3 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | | General insurance business | Long-term insurance business | Total as at the end of this financial year | Total as at the end of the previous year | |
| | | | 1 | 2 | 3 | 4 | |

Core tier one capital

| | | | | | | | |
|---|----|--|--|----------|----------|--|----------|
| Permanent share capital | 11 | | | | | | |
| Profit and loss account and other reserves | 12 | | | | | | |
| Share premium account | 13 | | | | | | |
| Positive valuation differences | 14 | | | 361447 | 361447 | | 460782 |
| Fund for future appropriations | 15 | | | 1055063 | 1055063 | | 1078627 |
| Core tier one capital in related undertakings | 16 | | | (334684) | (334684) | | (353226) |
| Core tier one capital (sum of 11 to 16) | 19 | | | 1081826 | 1081826 | | 1186183 |

Tier one waivers

| | | | | | | | |
|---|----|--|--|--|--|--|--|
| Unpaid share capital / unpaid initial funds and calls for supplementary contributions | 21 | | | | | | |
| Implicit Items | 22 | | | | | | |
| Tier one waivers in related undertakings | 23 | | | | | | |
| Total tier one waivers as restricted (21+22+23) | 24 | | | | | | |

Other tier one capital

| | | | | | | | |
|--|----|--|--|--|--|--|--|
| Perpetual non-cumulative preference shares as restricted | 25 | | | | | | |
| Perpetual non-cumulative preference shares in related undertakings | 26 | | | | | | |
| Innovative tier one capital as restricted | 27 | | | | | | |
| Innovative tier one capital in related undertakings | 28 | | | | | | |

| | | | | | | | |
|---|-----------|--|--|---------|---------|--|---------|
| Total tier one capital before deductions (19+24+25+26+27+28) | 31 | | | 1081826 | 1081826 | | 1186183 |
| Investments in own shares | 32 | | | | | | |
| Intangible assets | 33 | | | 4628 | 4628 | | 9256 |
| Amounts deducted from technical provisions for discounting | 34 | | | | | | |
| Other negative valuation differences | 35 | | | | | | |
| Deductions in related undertakings | 36 | | | 18512 | 18512 | | 18692 |
| Deductions from tier one (32 to 36) | 37 | | | 23140 | 23140 | | 27948 |
| Total tier one capital after deductions (31-37) | 39 | | | 1058687 | 1058687 | | 1158236 |

Components of capital resourcesName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

| | Company registration number | GL/ UK/ CM | day month year | | | Units | |
|--|-----------------------------------|----------------------------------|------------------------------------|---|-----------|---|-------------|
| | R3 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | General insurance business | Long-term insurance business | Total as at the end of this financial year | | Total as at the end of the previous year | |
| | | 1 | 2 | 3 | | 4 | |

Tier two capital

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

| | | | | | |
|--|-----------|--|-------|-------|-------|
| Fixed term preference shares | 51 | | | | |
| Other tier two instruments | 52 | | | | |
| Lower tier two capital in related undertakings | 53 | | 10023 | 10023 | 10282 |
| Lower tier two capital (51+52+53) | 59 | | 10023 | 10023 | 10282 |

| | | | | | |
|--|-----------|--|-------|-------|-------|
| Total tier two capital before restrictions (49+59) | 61 | | 10023 | 10023 | 10282 |
| Excess tier two capital | 62 | | | | |
| Further excess lower tier two capital | 63 | | | | |
| Total tier two capital after restrictions, before deductions (61-62-63) | 69 | | 10023 | 10023 | 10282 |

Components of capital resourcesName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

| | Company registration number | GL/ UK/ CM | day month year | | | Units |
|----|-----------------------------------|----------------------------------|------------------------------------|---|---|-------|
| R3 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | General insurance business | Long-term insurance business | Total as at the end of this financial year | Total as at the end of the previous year | |
| | | 1 | 2 | 3 | 4 | |

Total capital resources

| | | | | | |
|---|-----------|--|---------|---------|---------|
| Positive adjustments for regulated non-insurance related undertakings | 71 | | | | |
| Total capital resources before deductions (39+69+71) | 72 | | 1068709 | 1068709 | 1168518 |
| Inadmissible assets other than intangibles and own shares | 73 | | 130600 | 130600 | 105283 |
| Assets in excess of market risk and counterparty limits | 74 | | | | |
| Deductions for related ancillary services undertakings | 75 | | 12349 | 12349 | 12349 |
| Deductions for regulated non-insurance related undertakings | 76 | | | | |
| Deductions of ineligible surplus capital | 77 | | 2022 | 2022 | |
| Total capital resources after deductions (72-73-74-75-76-77) | 79 | | 923738 | 923738 | 1050886 |

Available capital resources for GENPRU/INSRU tests

| | | | | | |
|--|----|--|--------|--------|---------|
| Available capital resources for guarantee fund requirement | 81 | | 923738 | 923738 | 1050886 |
| Available capital resources for 50% MCR requirement | 82 | | 923738 | 923738 | 1050886 |
| Available capital resources for 75% MCR requirement | 83 | | 923738 | 923738 | 1050886 |

Financial engineering adjustments

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

Calculation of general insurance capital requirement - premiums amount and brought forward amountName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

Long term insurance business

| | Company registration number | GL/UK/CM | day | month | year | Units | |
|---|--|----------|-----|-------|------|--------------------------|--------------------|
| | R11 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | | | | | This financial year 1 | Previous year 2 |
| Gross premiums written | | | 11 | | | 54953 | 51258 |
| Premiums taxes and levies (included in line 11) | | | 12 | | | 83 | |
| Premiums written net of taxes and levies (11-12) | | | 13 | | | 54871 | 51258 |
| Premiums for classes 11, 12 or 13 (included in line 13) | | | 14 | | | | |
| Premiums for "actuarial health insurance" (included in line 13) | | | 15 | | | 12633 | 12853 |
| Sub-total A (13 + 1/2 14 - 2/3 15) | | | 16 | | | 46449 | 42689 |
| Gross premiums earned | | | 21 | | | 54953 | 51258 |
| Premium taxes and levies (included in line 21) | | | 22 | | | 83 | 52 |
| Premiums earned net of taxes and levies (21-22) | | | 23 | | | 54871 | 51205 |
| Premiums for classes 11, 12 or 13 (included in line 23) | | | 24 | | | | |
| Premiums for "actuarial health insurance" (included in line 23) | | | 25 | | | 12633 | 12853 |
| Sub-total H (23 + 1/2 24 - 2/3 25) | | | 26 | | | 46449 | 42637 |
| Sub-total I (higher of sub-total A and sub-total H) | | | 30 | | | 46449 | 42689 |
| Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure | | | 31 | | | | |
| Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate) | x 0.18 | | 32 | | | 8361 | 7684 |
| | Excess (if any) over 57.5M EURO x 0.02 | | 33 | | | | |
| Sub-total J (32-33) | | | 34 | | | 8361 | 7684 |
| Claims paid in period of 3 financial years | | | 41 | | | 86727 | 85729 |
| Claims outstanding carried forward at the end of the 3 year period | For insurance business accounted for on an underwriting year basis | | 42 | | | | |
| | For insurance business accounted for on an accident year basis | | 43 | | | 100376 | 90723 |
| Claims outstanding brought forward at the beginning of the 3 year period | For insurance business accounted for on an underwriting year basis | | 44 | | | | |
| | For insurance business accounted for on an accident year basis | | 45 | | | 93577 | 98835 |
| Sub-total C (41+42+43-44-45) | | | 46 | | | 93526 | 77617 |
| Amounts recoverable from reinsurers in respect of claims included in Sub-total C | | | 47 | | | 48029 | 42180 |
| Sub-total D (46-47) | | | 48 | | | 45498 | 35437 |
| Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00) | | | 49 | | | 0.50 | 0.50 |
| Premiums amount (Sub-total J x reinsurance ratio) | | | 50 | | | 4180 | 3842 |
| Provision for claims outstanding (before discounting and net of reinsurance) | | | 51 | | | 78049 | 73392 |
| Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero | | | 52 | | | | |
| Brought forward amount (See instruction 4) | | | 53 | | | 4479 | 4479 |
| Greater of lines 50 and 53 | | | 54 | | | 4479 | 4479 |

Calculation of general insurance capital requirement - claims amount and resultName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

Long term insurance business

| | | Company registration number | GL/ UK/ CM | day month year | | | Units | |
|---|--|-----------------------------------|------------------|--------------------------|--------|----|--------------------|-------|
| | | R12 | 61/coll | GL | 31 | 12 | 2011 | £000 |
| | | | | This financial year 1 | | | Previous year 2 | |
| Reference period (No. of months) See INSPRU 1.1.63R | | | | 11 | 36 | | | 36 |
| Claims paid in reference period | | | | 21 | 86727 | | | 85729 |
| Claims outstanding carried forward at the end of the reference period | For insurance business accounted for on an underwriting year basis | | | 22 | | | | |
| | For insurance business accounted for on an accident year basis | | | 23 | 100376 | | | 90723 |
| Claims outstanding brought forward at the beginning of the reference period | For insurance business accounted for on an underwriting year basis | | | 24 | | | | |
| | For insurance business accounted for on an accident year basis | | | 25 | 93577 | | | 98835 |
| Claims incurred in reference period (21+22+23-24-25) | | | | 26 | 93526 | | | 77617 |
| Claims incurred for classes 11, 12 or 13 (included in 26) | | | | 27 | | | | |
| Claims incurred for "actuarial health insurance" (included in 26) | | | | 28 | 63854 | | | 49182 |
| Sub-total E (26 +1/2 27 - 2/3 28) | | | | 29 | 50957 | | | 44829 |
| Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period) | | | | 31 | 16986 | | | 14943 |
| Division of sub-total F (gross adjusted claims amount) | x 0.26 | | | 32 | 4416 | | | 3885 |
| | Excess (if any) over 40.3M EURO x 0.03 | | | 33 | | | | |
| Sub-total G (32-33) | | | | 39 | 4416 | | | 3885 |
| Claims amount Sub-total G x reinsurance ratio (11.49) | | | | 41 | 2208 | | | 1943 |
| Higher of premiums amount and brought forward amount (11.54) | | | | 42 | 4479 | | | 4479 |
| General insurance capital requirement (higher of lines 41 and 42) | | | | 43 | 4479 | | | 4479 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

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

| | Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|--------------------|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|--------|
| | R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 10 |
| | | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | | 1 | 2 | |
| Land and buildings | | | | 11 | | | 246829 | 367561 |

Investments in group undertakings and participating interests

| | | | | |
|----------------------------|-----------------|----|--------|--------|
| UK insurance dependants | Shares | 21 | 82054 | 58065 |
| | Debts and loans | 22 | 183000 | 183000 |
| Other insurance dependants | Shares | 23 | | |
| | Debts and loans | 24 | | |
| Non-insurance dependants | Shares | 25 | 37511 | 41558 |
| | Debts and loans | 26 | 213692 | 171928 |
| Other group undertakings | Shares | 27 | | |
| | Debts and loans | 28 | | |
| Participating interests | Shares | 29 | | |
| | Debts and loans | 30 | | |

Other financial investments

| | | | | |
|--|--------------------------------|---------|---------|---------|
| Equity shares | 41 | 793111 | 883219 | |
| Other shares and other variable yield participations | 42 | | | |
| Holdings in collective investment schemes | 43 | 1302486 | 1092901 | |
| Rights under derivative contracts | 44 | 143761 | 45881 | |
| Fixed interest securities | Approved | 45 | 1591649 | 1496120 |
| | Other | 46 | 940155 | 587432 |
| Variable interest securities | Approved | 47 | 77153 | 104592 |
| | Other | 48 | 88912 | 75961 |
| Participation in investment pools | 49 | | | |
| Loans secured by mortgages | 50 | 111067 | | |
| Loans to public or local authorities and nationalised industries or undertakings | 51 | 411 | 502 | |
| Loans secured by policies of insurance issued by the company | 52 | 577 | 835 | |
| Other loans | 53 | | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | 169672 | 164631 |
| | More than one month withdrawal | 55 | | |
| Other financial investments | 56 | | | |
| Deposits with ceding undertakings | 57 | | | |
| Assets held to match linked liabilities | Index linked | 58 | 51984 | |
| | Property linked | 59 | 807171 | 759328 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

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

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 10 |
| | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | 1 | 2 | |

Reinsurers' share of technical provisions

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

Debtors and salvage

| | | | | |
|------------------------------------|----------------------------|----|-------|-------|
| Direct insurance business | Policyholders | 71 | 3801 | 3351 |
| | Intermediaries | 72 | 6 | 926 |
| Salvage and subrogation recoveries | | 73 | | |
| Reinsurance | Accepted | 74 | | |
| | Ceded | 75 | 6465 | 9875 |
| Dependants | due in 12 months or less | 76 | 87518 | 60288 |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | 47371 | 29059 |
| | due in more than 12 months | 79 | | |

Other assets

| | | | |
|---|----|--------|--------|
| Tangible assets | 80 | 4947 | 5482 |
| Deposits not subject to time restriction on withdrawal with approved institutions | 81 | 146761 | 110766 |
| Cash in hand | 82 | | |
| Other assets (particulars to be specified by way of supplementary note) | 83 | | |
| Accrued interest and rent | 84 | 39436 | 38206 |
| Deferred acquisition costs (general business only) | 85 | | |
| Other prepayments and accrued income | 86 | 8367 | 6552 |

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|---------|---------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 7185868 | 6298017 |
|---|----|---------|---------|

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

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

| R13 | Company registration number 61/coll | GL/ UK/ CM | day month year | | | Units £000 | Category of assets 10 |
|-----|--|------------------|----------------|----|------|----------------------------------|--------------------------------|
| | | | 31 | 12 | 2011 | | |
| | | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | | 1 | 2 |

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

| | | | |
|---|------------|----------|---------|
| Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above) | 91 | 7185868 | 6298017 |
| Admissible assets in excess of market and counterparty limits | 92 | | |
| Inadmissible assets directly held | 93 | 130387 | 43363 |
| Capital resources requirement deduction of regulated related undertakings | 94 | 241494 | 203777 |
| Ineligible surplus capital and restricted assets in regulated related insurance undertakings | 95 | 2022 | |
| Inadmissible assets of regulated related undertakings | 96 | 23353 | 89867 |
| Book value of related ancillary services undertakings | 97 | 12349 | 12349 |
| Other differences in the valuation of assets (other than for assets not valued above) | 98 | 324350 | 342654 |
| Deferred acquisition costs excluded from line 89 | 99 | | |
| Reinsurers' share of technical provisions excluded from line 89 | 100 | 223023 | 215940 |
| Other asset adjustments (may be negative) | 101 | (123469) | (40250) |
| Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101) | 102 | 8019376 | 7165718 |
| Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance | 103 | 87518 | 60288 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **Long Term Insurance Business Assets**

| | Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|--------------------|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|--------|
| | R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 21 |
| | | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | | 1 | 2 | |
| Land and buildings | | | | 11 | | | 227121 | 347245 |

Investments in group undertakings and participating interests

| | | | | |
|----------------------------|-----------------|----|--------|--------|
| UK insurance dependants | Shares | 21 | 82054 | 58065 |
| | Debts and loans | 22 | 183000 | 183000 |
| Other insurance dependants | Shares | 23 | | |
| | Debts and loans | 24 | | |
| Non-insurance dependants | Shares | 25 | 37511 | 41558 |
| | Debts and loans | 26 | 213692 | 171928 |
| Other group undertakings | Shares | 27 | | |
| | Debts and loans | 28 | | |
| Participating interests | Shares | 29 | | |
| | Debts and loans | 30 | | |

Other financial investments

| | | | | |
|--|--------------------------------|---------|--------|--------|
| Equity shares | 41 | 663545 | 749814 | |
| Other shares and other variable yield participations | 42 | | | |
| Holdings in collective investment schemes | 43 | 1129201 | 875492 | |
| Rights under derivative contracts | 44 | 114203 | 33679 | |
| Fixed interest securities | Approved | 45 | 879931 | 884177 |
| | Other | 46 | 939831 | 579370 |
| Variable interest securities | Approved | 47 | 73742 | 95214 |
| | Other | 48 | 88912 | 75961 |
| Participation in investment pools | 49 | | | |
| Loans secured by mortgages | 50 | 111067 | | |
| Loans to public or local authorities and nationalised industries or undertakings | 51 | 411 | 502 | |
| Loans secured by policies of insurance issued by the company | 52 | 253 | 333 | |
| Other loans | 53 | | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | 123163 | 123731 |
| | More than one month withdrawal | 55 | | |
| Other financial investments | 56 | | | |
| Deposits with ceding undertakings | 57 | | | |
| Assets held to match linked liabilities | Index linked | 58 | 51984 | |
| | Property linked | 59 | 687568 | 606077 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **Long Term Insurance Business Assets**

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 21 |
| | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | 1 | 2 | |

Reinsurers' share of technical provisions

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

Debtors and salvage

| | | | | |
|------------------------------------|----------------------------|----|-------|-------|
| Direct insurance business | Policyholders | 71 | 3772 | 3328 |
| | Intermediaries | 72 | 6 | 926 |
| Salvage and subrogation recoveries | | 73 | | |
| Reinsurance | Accepted | 74 | | |
| | Ceded | 75 | 6465 | 9875 |
| Dependants | due in 12 months or less | 76 | 87518 | 60288 |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | 44030 | 14835 |
| | due in more than 12 months | 79 | | |

Other assets

| | | | |
|---|----|--------|-------|
| Tangible assets | 80 | 4947 | 5482 |
| Deposits not subject to time restriction on withdrawal with approved institutions | 81 | 101775 | 78122 |
| Cash in hand | 82 | | |
| Other assets (particulars to be specified by way of supplementary note) | 83 | | |
| Accrued interest and rent | 84 | 32499 | 30861 |
| Deferred acquisition costs (general business only) | 85 | | |
| Other prepayments and accrued income | 86 | 8367 | 6358 |

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|---------|---------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 5896570 | 5036221 |
|---|----|---------|---------|

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **Long Term Insurance Business Assets**

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 21 |
| | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | 1 | 2 | |

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

| | | | |
|---|------------|---------|---------|
| Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above) | 91 | 5896570 | 5036221 |
| Admissible assets in excess of market and counterparty limits | 92 | | |
| Inadmissible assets directly held | 93 | 130387 | 43363 |
| Capital resources requirement deduction of regulated related undertakings | 94 | 241494 | 203777 |
| Ineligible surplus capital and restricted assets in regulated related insurance undertakings | 95 | 2022 | |
| Inadmissible assets of regulated related undertakings | 96 | 23353 | 89867 |
| Book value of related ancillary services undertakings | 97 | 12349 | 12349 |
| Other differences in the valuation of assets (other than for assets not valued above) | 98 | 324350 | 342654 |
| Deferred acquisition costs excluded from line 89 | 99 | | |
| Reinsurers' share of technical provisions excluded from line 89 | 100 | 201853 | 202376 |
| Other asset adjustments (may be negative) | 101 | (82614) | (14668) |
| Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101) | 102 | 6749764 | 5915940 |
| Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance | 103 | 87518 | 60288 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **RNPFN assets**

| | Company registration number | GL/UK/CM | day month year | | | Units | Category of assets | |
|--------------------|-----------------------------|----------|----------------|----|----|----------------------------------|--------------------------------|-------|
| | R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 22 |
| | | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | | 1 | 2 | |
| Land and buildings | | | | 11 | | | 19708 | 20315 |

Investments in group undertakings and participating interests

| | | | | |
|----------------------------|-----------------|----|--|--|
| UK insurance dependants | Shares | 21 | | |
| | Debts and loans | 22 | | |
| Other insurance dependants | Shares | 23 | | |
| | Debts and loans | 24 | | |
| Non-insurance dependants | Shares | 25 | | |
| | Debts and loans | 26 | | |
| Other group undertakings | Shares | 27 | | |
| | Debts and loans | 28 | | |
| Participating interests | Shares | 29 | | |
| | Debts and loans | 30 | | |

Other financial investments

| | | | | |
|--|--------------------------------|--------|--------|--------|
| Equity shares | 41 | 129566 | 133405 | |
| Other shares and other variable yield participations | 42 | | | |
| Holdings in collective investment schemes | 43 | 173284 | 217409 | |
| Rights under derivative contracts | 44 | 29557 | 12202 | |
| Fixed interest securities | Approved | 45 | 711718 | 611942 |
| | Other | 46 | 324 | 8061 |
| Variable interest securities | Approved | 47 | 3412 | 9378 |
| | Other | 48 | | |
| Participation in investment pools | 49 | | | |
| Loans secured by mortgages | 50 | | | |
| Loans to public or local authorities and nationalised industries or undertakings | 51 | | | |
| Loans secured by policies of insurance issued by the company | 52 | 324 | 502 | |
| Other loans | 53 | | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | 46509 | 40900 |
| | More than one month withdrawal | 55 | | |
| Other financial investments | 56 | | | |
| Deposits with ceding undertakings | 57 | | | |
| Assets held to match linked liabilities | Index linked | 58 | | |
| | Property linked | 59 | 119603 | 153251 |

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **RNPFN assets**

| Company registration number | GL/UK/CM | day month year | | | Units | Category of assets |
|-----------------------------|----------|----------------|---------|----|----------------------------------|--------------------------------|
| | | R13 | 61/coll | GL | 31 12 2011 | |
| | | | | | As at end of this financial year | As at end of the previous year |
| | | | | | 1 | 2 |

Reinsurers' share of technical provisions

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

Debtors and salvage

| | | | | |
|------------------------------------|----------------------------|----|------|-------|
| Direct insurance business | Policyholders | 71 | 30 | 23 |
| | Intermediaries | 72 | | |
| Salvage and subrogation recoveries | | 73 | | |
| Reinsurance | Accepted | 74 | | |
| | Ceded | 75 | | |
| Dependants | due in 12 months or less | 76 | | |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | 3341 | 14224 |
| | due in more than 12 months | 79 | | |

Other assets

| | | | |
|---|----|-------|-------|
| Tangible assets | 80 | | |
| Deposits not subject to time restriction on withdrawal with approved institutions | 81 | 44986 | 32644 |
| Cash in hand | 82 | | |
| Other assets (particulars to be specified by way of supplementary note) | 83 | | |
| Accrued interest and rent | 84 | 6937 | 7345 |
| Deferred acquisition costs (general business only) | 85 | | |
| Other prepayments and accrued income | 86 | | 194 |

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|---------|---------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 1289298 | 1261796 |
|---|----|---------|---------|

Analysis of admissible assetsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **RNPFN assets**

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 61/coll | GL | 31 | 12 | 2011 | £000 | 22 |
| | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | 1 | 2 | |

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

| | | | |
|---|-----|---------|---------|
| Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above) | 91 | 1289298 | 1261796 |
| Admissible assets in excess of market and counterparty limits | 92 | | |
| Inadmissible assets directly held | 93 | | |
| Capital resources requirement deduction of regulated related undertakings | 94 | | |
| Ineligible surplus capital and restricted assets in regulated related insurance undertakings | 95 | | |
| Inadmissible assets of regulated related undertakings | 96 | | |
| Book value of related ancillary services undertakings | 97 | | |
| Other differences in the valuation of assets (other than for assets not valued above) | 98 | | |
| Deferred acquisition costs excluded from line 89 | 99 | | |
| Reinsurers' share of technical provisions excluded from line 89 | 100 | 21169 | 13564 |
| Other asset adjustments (may be negative) | 101 | (40855) | (25582) |
| Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101) | 102 | 1269612 | 1249778 |
| Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance | 103 | | |

Long term insurance business liabilities and marginsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Total business/Sub fund **Summary**Units **£000**

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

| | | | | |
|--|---------------------------|-----------|---------|--------|
| Mathematical reserves, after distribution of surplus | 11 | 6123088 | 5145321 | |
| Cash bonuses which had not been paid to policyholders prior to end of the financial year | 12 | | | |
| Balance of surplus/(valuation deficit) | 13 | 164490 | 183887 | |
| Long term insurance business fund carried forward (11 to 13) | 14 | 6287578 | 5329208 | |
| Claims outstanding | Gross | 15 | 38862 | 44361 |
| | Reinsurers' share | 16 | | |
| | Net (15-16) | 17 | 38862 | 44361 |
| Provisions | Taxation | 21 | | |
| | Other risks and charges | 22 | 53168 | 47354 |
| Deposits received from reinsurers | 23 | | | |
| Creditors | Direct insurance business | 31 | 30909 | 19594 |
| | Reinsurance accepted | 32 | | |
| | Reinsurance ceded | 33 | 736 | 4133 |
| Debenture loans | Secured | 34 | | |
| | Unsecured | 35 | | |
| Amounts owed to credit institutions | 36 | | | |
| Creditors | Taxation | 37 | 21821 | 8737 |
| | Other | 38 | 167723 | 129140 |
| Accruals and deferred income | 39 | 67317 | 52268 | |
| Provision for "reasonably foreseeable adverse variations" | 41 | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | 49 | 380536 | 305587 | |
| Excess of the value of net admissible assets | 51 | 517754 | 663222 | |
| Total liabilities and margins | 59 | 7185868 | 6298017 | |

| | | | |
|--|-----------|--------|--------|
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | 61 | 6074 | 55426 |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | 62 | 806862 | 763742 |

| | | | |
|---|-----------|---------|---------|
| Total liabilities (11+12+49) | 71 | 6503623 | 5450908 |
| Increase to liabilities - DAC related | 72 | | |
| Reinsurers' share of technical provisions | 73 | 223023 | 215940 |
| Other adjustments to liabilities (may be negative) | 74 | 237667 | 420243 |
| Capital and reserves and fund for future appropriations | 75 | 1055063 | 1078627 |
| Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75) | 76 | 8019376 | 7165718 |

Long term insurance business liabilities and marginsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Total business/Sub fund **Long Term Insurance Business**Units **£000**

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

| | | | | |
|--|---------------------------|-----------|---------|--------|
| Mathematical reserves, after distribution of surplus | 11 | 5067294 | 4095405 | |
| Cash bonuses which had not been paid to policyholders prior to end of the financial year | 12 | | | |
| Balance of surplus/(valuation deficit) | 13 | 1 | 1 | |
| Long term insurance business fund carried forward (11 to 13) | 14 | 5067295 | 4095406 | |
| Claims outstanding | Gross | 15 | 28939 | 33395 |
| | Reinsurers' share | 16 | | |
| | Net (15-16) | 17 | 28939 | 33395 |
| Provisions | Taxation | 21 | | |
| | Other risks and charges | 22 | 53168 | 47354 |
| Deposits received from reinsurers | 23 | | | |
| Creditors | Direct insurance business | 31 | 30797 | 19484 |
| | Reinsurance accepted | 32 | | |
| | Reinsurance ceded | 33 | 233 | 3638 |
| Debenture loans | Secured | 34 | | |
| | Unsecured | 35 | | |
| Amounts owed to credit institutions | 36 | | | |
| Creditors | Taxation | 37 | 21268 | 7870 |
| | Other | 38 | 110262 | 113963 |
| Accruals and deferred income | 39 | 66853 | 51888 | |
| Provision for "reasonably foreseeable adverse variations" | 41 | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | 49 | 311521 | 277593 | |
| Excess of the value of net admissible assets | 51 | 517754 | 663222 | |
| Total liabilities and margins | 59 | 5896570 | 5036221 | |

| | | | |
|--|-----------|--------|--------|
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | 61 | 6074 | 55426 |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | 62 | 687522 | 607548 |

| | | | |
|---|-----------|---------|---------|
| Total liabilities (11+12+49) | 71 | 5378815 | 4372998 |
| Increase to liabilities - DAC related | 72 | | |
| Reinsurers' share of technical provisions | 73 | | |
| Other adjustments to liabilities (may be negative) | 74 | | |
| Capital and reserves and fund for future appropriations | 75 | | |
| Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75) | 76 | | |

Long term insurance business liabilities and marginsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Total business/Sub fund **RNPFN**Units **£000**

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

| | | | | |
|--|---------------------------|-----------|---------|-------|
| Mathematical reserves, after distribution of surplus | 11 | 1055794 | 1049916 | |
| Cash bonuses which had not been paid to policyholders prior to end of the financial year | 12 | | | |
| Balance of surplus/(valuation deficit) | 13 | 164489 | 183886 | |
| Long term insurance business fund carried forward (11 to 13) | 14 | 1220283 | 1233802 | |
| Claims outstanding | Gross | 15 | 9923 | 10966 |
| | Reinsurers' share | 16 | | |
| | Net (15-16) | 17 | 9923 | 10966 |
| Provisions | Taxation | 21 | | |
| | Other risks and charges | 22 | | |
| Deposits received from reinsurers | 23 | | | |
| Creditors | Direct insurance business | 31 | 111 | 110 |
| | Reinsurance accepted | 32 | | |
| | Reinsurance ceded | 33 | 503 | 494 |
| Debenture loans | Secured | 34 | | |
| | Unsecured | 35 | | |
| Amounts owed to credit institutions | 36 | | | |
| Creditors | Taxation | 37 | 553 | 866 |
| | Other | 38 | 57461 | 15177 |
| Accruals and deferred income | 39 | 464 | 381 | |
| Provision for "reasonably foreseeable adverse variations" | 41 | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | 49 | 69015 | 27995 | |
| Excess of the value of net admissible assets | 51 | | | |
| Total liabilities and margins | 59 | 1289298 | 1261796 | |

| | | | |
|--|-----------|--------|--------|
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | 61 | | |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | 62 | 119340 | 156194 |

| | | | |
|---|-----------|---------|---------|
| Total liabilities (11+12+49) | 71 | 1124809 | 1077910 |
| Increase to liabilities - DAC related | 72 | | |
| Reinsurers' share of technical provisions | 73 | | |
| Other adjustments to liabilities (may be negative) | 74 | | |
| Capital and reserves and fund for future appropriations | 75 | | |
| Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75) | 76 | | |

Analysis of derivative contractsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

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

| | | Company registration number | GL/ UK/ CM | day | month | year | Units | Category of assets | |
|--|---------------------------|---|------------------|-------------------------|-----------|---|-------------|--------------------------|-----------|
| | | R17 | 61/coll | GL | 31 | 12 | 2011 | £000 | 10 |
| Derivative contracts | | Value as at the end of this financial year | | | | Notional amount as at the end of this financial year | | | |
| | | Assets 1 | | Liabilities 2 | | Bought / Long 3 | | Sold / Short 4 | |
| Futures and contracts for differences | Fixed-interest securities | 11 | | | | | | | |
| | Interest rates | 12 | 64179 | | | | 133806 | 353137 | |
| | Inflation | 13 | | | | | | | |
| | Credit index / basket | 14 | | | | | | | |
| | Credit single name | 15 | | | | | | | |
| | Equity index | 16 | | | | | | | |
| | Equity stock | 17 | | | | | | | |
| | Land | 18 | | | | | | | |
| | Currencies | 19 | | | | | | | |
| | Mortality | 20 | | | | | | | |
| Other | 21 | | | | 199 | | | 20000 | |
| In the money options | Swaptions | 31 | 29557 | | | | 196702 | | |
| | Equity index calls | 32 | | | | | | | |
| | Equity stock calls | 33 | | | | | | | |
| | Equity index puts | 34 | 39462 | | | 3638 | 155000 | 400000 | |
| | Equity stock puts | 35 | | | | | | | |
| | Other | 36 | | | | | | | |
| Out of the money options | Swaptions | 41 | | | | | | | |
| | Equity index calls | 42 | | | | | | | |
| | Equity stock calls | 43 | | | | | | | |
| | Equity index puts | 44 | 10563 | | | | 555000 | | |
| | Equity stock puts | 45 | | | | | | | |
| | Other | 46 | | | | | | | |
| Total (11 to 46) | | 51 | 143761 | | | 3838 | 1040508 | 773137 | |
| Adjustment for variation margin | | 52 | | | | | | | |
| Total (51 + 52) | | 53 | 143761 | | | 3838 | | | |

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.

Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **Long Term Insurance Business Assets**

| | | Company registration number | GL/ UK/ CM | day | month | year | Units | Category of assets | |
|--|---------------------------|---|------------------|-------------------------|-------|---|--------|--------------------------|----|
| | | R17 | 61/coll | GL | 31 | 12 | 2011 | £000 | 21 |
| Derivative contracts | | Value as at the end of this financial year | | | | Notional amount as at the end of this financial year | | | |
| | | Assets 1 | | Liabilities 2 | | Bought / Long 3 | | Sold / Short 4 | |
| Futures and contracts for differences | Fixed-interest securities | 11 | | | | | | | |
| | Interest rates | 12 | 64179 | | | 133806 | 353137 | | |
| | Inflation | 13 | | | | | | | |
| | Credit index / basket | 14 | | | | | | | |
| | Credit single name | 15 | | | | | | | |
| | Equity index | 16 | | | | | | | |
| | Equity stock | 17 | | | | | | | |
| | Land | 18 | | | | | | | |
| | Currencies | 19 | | | | | | | |
| | Mortality | 20 | | | | | | | |
| Other | 21 | | | | 199 | | 20000 | | |
| In the money options | Swaptions | 31 | | | | | | | |
| | Equity index calls | 32 | | | | | | | |
| | Equity stock calls | 33 | | | | | | | |
| | Equity index puts | 34 | 39462 | | 3638 | 155000 | 400000 | | |
| | Equity stock puts | 35 | | | | | | | |
| Other | 36 | | | | | | | | |
| Out of the money options | Swaptions | 41 | | | | | | | |
| | Equity index calls | 42 | | | | | | | |
| | Equity stock calls | 43 | | | | | | | |
| | Equity index puts | 44 | 10563 | | | 555000 | | | |
| | Equity stock puts | 45 | | | | | | | |
| Other | 46 | | | | | | | | |
| Total (11 to 46) | | 51 | 114203 | | 3838 | 843806 | 773137 | | |
| Adjustment for variation margin | | 52 | | | | | | | |
| Total (51 + 52) | | 53 | 114203 | | 3838 | | | | |

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.

Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Category of assets **RNPFN assets**

| | | Company registration number | GL/ UK/ CM | day month year | | | Units | Category of assets | |
|--|---------------------------|---|------------------|-------------------------|---|---------------------------|-------------|--------------------------|-----------|
| | | R17 | 61/coll | GL | 31 | 12 | 2011 | £000 | 22 |
| Derivative contracts | | Value as at the end of this financial year | | | Notional amount as at the end of this financial year | | | | |
| | | Assets 1 | | Liabilities 2 | | Bought / Long 3 | | Sold / Short 4 | |
| Futures and contracts for differences | Fixed-interest securities | 11 | | | | | | | |
| | Interest rates | 12 | | | | | | | |
| | Inflation | 13 | | | | | | | |
| | Credit index / basket | 14 | | | | | | | |
| | Credit single name | 15 | | | | | | | |
| | Equity index | 16 | | | | | | | |
| | Equity stock | 17 | | | | | | | |
| | Land | 18 | | | | | | | |
| | Currencies | 19 | | | | | | | |
| | Mortality | 20 | | | | | | | |
| Other | 21 | | | | | | | | |
| In the money options | Swaptions | 31 | 29557 | | | | 196702 | | |
| | Equity index calls | 32 | | | | | | | |
| | Equity stock calls | 33 | | | | | | | |
| | Equity index puts | 34 | | | | | | | |
| | Equity stock puts | 35 | | | | | | | |
| | Other | 36 | | | | | | | |
| Out of the money options | Swaptions | 41 | | | | | | | |
| | Equity index calls | 42 | | | | | | | |
| | Equity stock calls | 43 | | | | | | | |
| | Equity index puts | 44 | | | | | | | |
| | Equity stock puts | 45 | | | | | | | |
| | Other | 46 | | | | | | | |
| Total (11 to 46) | | 51 | 29557 | | | | 196702 | | |
| Adjustment for variation margin | | 52 | | | | | | | |
| Total (51 + 52) | | 53 | 29557 | | | | | | |

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.

Please see instructions 11 and 12 to this Form for the meaning of these figures.

With-profits insurance capital component for the fundName of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **Long Term Insurance Business**Financial year ended **31 December 2011**Units **£000**

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

Regulatory excess capital

| | | | | |
|---|---|-----------|---------|---------|
| Regulatory value of assets | Long-term admissible assets of the fund | 11 | 5896570 | 5036221 |
| | Implicit items allocated to the fund | 12 | | |
| | Mathematical reserves in respect of the fund's non-profit insurance contracts | 13 | 2341925 | 1516435 |
| | Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts | 14 | 111498 | 79729 |
| | Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts | 15 | | |
| | Total (11+12-(13+14+15)) | 19 | 3443147 | 3440057 |
| Regulatory value of liabilities | Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts | 21 | 2725369 | 2578971 |
| | Regulatory current liabilities of the fund | 22 | 311521 | 277593 |
| | Total (21+22) | 29 | 3036890 | 2856564 |
| Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts | | 31 | 106496 | 101552 |
| Resilience capital requirement in respect of the fund's with-profits insurance contracts | | 32 | | |
| Sum of regulatory value of liabilities, LTICR and RCR (29+31+32) | | 39 | 3143386 | 2958116 |
| Regulatory excess capital (19-39) | | 49 | 299761 | 481942 |

Realistic excess capital

| | | | |
|--------------------------|-----------|--------|--------|
| Realistic excess capital | 51 | 235089 | 290420 |
|--------------------------|-----------|--------|--------|

Excess assets allocated to with-profits insurance business

| | | | |
|---|-----------|-------|--------|
| Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51) | 61 | 64672 | 191522 |
| Face amount of capital instruments attributed to the fund and included in capital resources (unstressed) | 62 | | |
| Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed) | 63 | | |
| Present value of future shareholder transfers arising from distribution of surplus | 64 | | |
| Present value of other future internal transfers not already taken into account | 65 | | |
| With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero) | 66 | 64672 | 191522 |

With-profits insurance capital component for the fundName of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **RNPFN**Financial year ended **31 December 2011**Units **£000**

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

Regulatory excess capital

| | | | | |
|---|---|-----------|---------|---------|
| Regulatory value of assets | Long-term admissible assets of the fund | 11 | 1289298 | 1261796 |
| | Implicit items allocated to the fund | 12 | | |
| | Mathematical reserves in respect of the fund's non-profit insurance contracts | 13 | 502991 | 506578 |
| | Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts | 14 | 15644 | 14141 |
| | Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts | 15 | | |
| | Total (11+12-(13+14+15)) | 19 | 770663 | 741077 |
| Regulatory value of liabilities | Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts | 21 | 552802 | 543337 |
| | Regulatory current liabilities of the fund | 22 | 69015 | 27995 |
| | Total (21+22) | 29 | 621817 | 571332 |
| Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts | | 31 | 22311 | 22042 |
| Resilience capital requirement in respect of the fund's with-profits insurance contracts | | 32 | | |
| Sum of regulatory value of liabilities, LTICR and RCR (29+31+32) | | 39 | 644128 | 593374 |
| Regulatory excess capital (19-39) | | 49 | 126534 | 147703 |

Realistic excess capital

| | | | |
|--------------------------|-----------|---|---|
| Realistic excess capital | 51 | 0 | 1 |
|--------------------------|-----------|---|---|

Excess assets allocated to with-profits insurance business

| | | | |
|---|-----------|--------|--------|
| Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51) | 61 | 126534 | 147703 |
| Face amount of capital instruments attributed to the fund and included in capital resources (unstressed) | 62 | | |
| Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed) | 63 | | |
| Present value of future shareholder transfers arising from distribution of surplus | 64 | | |
| Present value of other future internal transfers not already taken into account | 65 | | |
| With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero) | 66 | 126534 | 147703 |

Realistic balance sheetName of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **Long Term Insurance Business**Financial year ended **31 December 2011**Units **£000**

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

Realistic value of assets available to the fund

| | | | |
|---|-----------|---------|---------|
| Regulatory value of assets | 11 | 3443147 | 3440057 |
| Implicit items allocated to the fund | 12 | | |
| Value of shares in subsidiaries held in fund (regulatory) | 13 | 516258 | 454551 |
| Excess admissible assets | 21 | | |
| Present value of future profits (or losses) on non-profit insurance contracts written in the fund | 22 | 356953 | 197774 |
| Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22 | 23 | | |
| Value of shares in subsidiaries held in fund (realistic) | 24 | 516360 | 525856 |
| Prepayments made from the fund | 25 | | |
| Realistic value of assets of fund (11+21+22+23+24+25-(12+13)) | 26 | 3800202 | 3709136 |
| Support arrangement assets | 27 | | |
| Assets available to the fund (26+27) | 29 | 3800202 | 3709136 |

Realistic value of liabilities of fund

| | | | | |
|---|--|-----------|---------|---------|
| With-profits benefit reserve | 31 | 2370237 | 2414272 | |
| Future policy related liabilities | Past miscellaneous surplus attributed to with-profits benefits reserve | 32 | 269340 | 278554 |
| | Past miscellaneous deficit attributed to with-profits benefits reserve | 33 | | |
| | Planned enhancements to with-profits benefits reserve | 34 | | |
| | Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve | 35 | | |
| | Planned deductions for other costs deemed chargeable to with-profits benefits reserve | 36 | 12830 | 16494 |
| | Future costs of contractual guarantees (other than financial options) | 41 | 513495 | 369530 |
| | Future costs of non-contractual commitments | 42 | 5023 | 3760 |
| | Future costs of financial options | 43 | | |
| | Future costs of smoothing (possibly negative) | 44 | 7819 | (77831) |
| | Financing costs | 45 | | |
| | Any other liabilities related to regulatory duty to treat customers fairly | 46 | | |
| | Other long-term insurance liabilities | 47 | 14102 | 1831 |
| Total (32+34+41+42+43+44+45+46+47-(33+35+36)) | 49 | 796949 | 559350 | |
| Realistic current liabilities of the fund | 51 | 311521 | 277593 | |
| Realistic value of liabilities of fund (31+49+51) | 59 | 3478707 | 3251215 | |

Realistic balance sheet

Name of insurer **Liverpool Victoria Friendly Society Limited**
 With-profits fund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Realistic excess capital and additional capital available

| | | | |
|--|-----------|---------|---------|
| Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds | 62 | 3565113 | 3418716 |
| Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario | 63 | | |
| Value of relevant assets before applying the most adverse scenario (62+63) | 64 | 3565113 | 3418716 |
| Risk capital margin for fund (62-59) | 65 | 86406 | 167501 |
| Realistic excess capital for fund (26-(59+65)) | 66 | 235089 | 290420 |
| Realistic excess available capital for fund (29-(59+65)) | 67 | 235089 | 290420 |
| Working capital for fund (29-59) | 68 | 321495 | 457921 |
| Working capital ratio for fund (68/29) | 69 | 8.46 | 12.35 |

Other assets potentially available if required to cover the fund's risk capital margin

| | | | |
|--|-----------|--|--|
| Additional amount potentially available for inclusion in line 62 | 81 | | |
| Additional amount potentially available for inclusion in line 63 | 82 | | |

Realistic balance sheetName of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **RNPFN**Financial year ended **31 December 2011**Units **£000**

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

Realistic value of assets available to the fund

| | | | |
|---|----|--------|--------|
| Regulatory value of assets | 11 | 770663 | 741077 |
| Implicit items allocated to the fund | 12 | | |
| Value of shares in subsidiaries held in fund (regulatory) | 13 | | |
| Excess admissible assets | 21 | | |
| Present value of future profits (or losses) on non-profit insurance contracts written in the fund | 22 | 15292 | 7215 |
| Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22 | 23 | | |
| Value of shares in subsidiaries held in fund (realistic) | 24 | | |
| Prepayments made from the fund | 25 | | |
| Realistic value of assets of fund (11+21+22+23+24+25-(12+13)) | 26 | 785955 | 748292 |
| Support arrangement assets | 27 | | |
| Assets available to the fund (26+27) | 29 | 785955 | 748292 |

Realistic value of liabilities of fund

| | | | | |
|---|--|--------|--------|---------|
| With-profits benefit reserve | 31 | 533756 | 570539 | |
| Future policy related liabilities | Past miscellaneous surplus attributed to with-profits benefits reserve | 32 | | |
| | Past miscellaneous deficit attributed to with-profits benefits reserve | 33 | | |
| | Planned enhancements to with-profits benefits reserve | 34 | 75534 | 81292 |
| | Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve | 35 | | |
| | Planned deductions for other costs deemed chargeable to with-profits benefits reserve | 36 | | |
| | Future costs of contractual guarantees (other than financial options) | 41 | 30658 | 22243 |
| | Future costs of non-contractual commitments | 42 | | |
| | Future costs of financial options | 43 | 86564 | 60442 |
| | Future costs of smoothing (possibly negative) | 44 | (9278) | (15064) |
| | Financing costs | 45 | (5602) | (1845) |
| | Any other liabilities related to regulatory duty to treat customers fairly | 46 | | |
| | Other long-term insurance liabilities | 47 | 5308 | 2691 |
| Total (32+34+41+42+43+44+45+46+47-(33+35+36)) | 49 | 183183 | 149758 | |
| Realistic current liabilities of the fund | 51 | 69015 | 27995 | |
| Realistic value of liabilities of fund (31+49+51) | 59 | 785954 | 748292 | |

Realistic balance sheet

Name of insurer **Liverpool Victoria Friendly Society Limited**
 With-profits fund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Realistic excess capital and additional capital available

| | | | |
|--|-----------|--------|--------|
| Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds | 62 | 785954 | 748292 |
| Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario | 63 | | |
| Value of relevant assets before applying the most adverse scenario (62+63) | 64 | 785954 | 748292 |
| Risk capital margin for fund (62-59) | 65 | | |
| Realistic excess capital for fund (26-(59+65)) | 66 | 0 | 1 |
| Realistic excess available capital for fund (29-(59+65)) | 67 | 0 | 1 |
| Working capital for fund (29-59) | 68 | 0 | 1 |
| Working capital ratio for fund (68/29) | 69 | 0.00 | 0.00 |

Other assets potentially available if required to cover the fund's risk capital margin

| | | | |
|--|-----------|--|--|
| Additional amount potentially available for inclusion in line 62 | 81 | | |
| Additional amount potentially available for inclusion in line 63 | 82 | | |

Long-term insurance business : Revenue account

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Income

| | | | |
|--|-----------|----------------|----------------|
| Earned premiums | 11 | 977122 | 871274 |
| Investment income receivable before deduction of tax | 12 | 284938 | 178487 |
| Increase (decrease) in the value of non-linked assets brought into account | 13 | 577461 | 67043 |
| Increase (decrease) in the value of linked assets | 14 | (32545) | 73994 |
| Other income | 15 | 26719 | 13290 |
| Total income | 19 | 1833694 | 1204088 |

Expenditure

| | | | |
|--|-----------|---------------|---------------|
| Claims incurred | 21 | 671329 | 527329 |
| Expenses payable | 22 | 172410 | 141523 |
| Interest payable before the deduction of tax | 23 | 89 | 52 |
| Taxation | 24 | 30592 | 2464 |
| Other expenditure | 25 | 905 | 884 |
| Transfer to (from) non technical account | 26 | | |
| Total expenditure | 29 | 875324 | 672252 |

| | | | |
|---|----|---------|---------|
| Business transfers - in | 31 | | |
| Business transfers - out | 32 | | |
| Increase (decrease) in fund in financial year (19-29+31-32) | 39 | 958370 | 531836 |
| Fund brought forward | 49 | 5329208 | 4797372 |
| Fund carried forward (39+49) | 59 | 6287578 | 5329208 |

Long-term insurance business : Revenue account

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Income

| | | | |
|--|-----------|----------------|----------------|
| Earned premiums | 11 | 970194 | 854725 |
| Investment income receivable before deduction of tax | 12 | 237949 | 130551 |
| Increase (decrease) in the value of non-linked assets brought into account | 13 | 480769 | 15278 |
| Increase (decrease) in the value of linked assets | 14 | (23142) | 54948 |
| Other income | 15 | 26642 | 13290 |
| Total income | 19 | 1692412 | 1068792 |

Expenditure

| | | | |
|--|-----------|---------------|---------------|
| Claims incurred | 21 | 534205 | 383711 |
| Expenses payable | 22 | 167015 | 136452 |
| Interest payable before the deduction of tax | 23 | 89 | 52 |
| Taxation | 24 | 18309 | (3400) |
| Other expenditure | 25 | 905 | 884 |
| Transfer to (from) non technical account | 26 | | |
| Total expenditure | 29 | 720523 | 517699 |

| | | | |
|---|----|---------|---------|
| Business transfers - in | 31 | | |
| Business transfers - out | 32 | | |
| Increase (decrease) in fund in financial year (19-29+31-32) | 39 | 971889 | 551093 |
| Fund brought forward | 49 | 4095406 | 3544313 |
| Fund carried forward (39+49) | 59 | 5067295 | 4095406 |

Long-term insurance business : Revenue account

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Income

| | | | |
|--|-----------|---------------|---------------|
| Earned premiums | 11 | 6928 | 16549 |
| Investment income receivable before deduction of tax | 12 | 46988 | 47936 |
| Increase (decrease) in the value of non-linked assets brought into account | 13 | 96692 | 51765 |
| Increase (decrease) in the value of linked assets | 14 | (9404) | 19046 |
| Other income | 15 | 77 | |
| Total income | 19 | 141282 | 135296 |

Expenditure

| | | | |
|--|-----------|---------------|---------------|
| Claims incurred | 21 | 137124 | 143619 |
| Expenses payable | 22 | 5394 | 5071 |
| Interest payable before the deduction of tax | 23 | | |
| Taxation | 24 | 12282 | 5864 |
| Other expenditure | 25 | | |
| Transfer to (from) non technical account | 26 | | |
| Total expenditure | 29 | 154801 | 154553 |

| | | | |
|---|----|---------|---------|
| Business transfers - in | 31 | | |
| Business transfers - out | 32 | | |
| Increase (decrease) in fund in financial year (19-29+31-32) | 39 | (13519) | (19257) |
| Fund brought forward | 49 | 1233802 | 1253059 |
| Fund carried forward (39+49) | 59 | 1220283 | 1233802 |

Long-term insurance business : Analysis of premiums

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|------------------|----|--------|--------|--|--------|--------|
| Regular premiums | 11 | 185970 | 25177 | | 211147 | 207832 |
| Single premiums | 12 | 46398 | 819247 | | 865645 | 758388 |

Reinsurance - external

| | | | | | | |
|------------------|----|-------|-------|--|-------|-------|
| Regular premiums | 13 | 41213 | 2789 | | 44002 | 38457 |
| Single premiums | 14 | 1642 | 22521 | | 24163 | 23171 |

Reinsurance - intra-group

| | | | | | | |
|------------------|----|-------|--|--|-------|-------|
| Regular premiums | 15 | 31505 | | | 31505 | 33318 |
| Single premiums | 16 | | | | | |

Net of reinsurance

| | | | | | | |
|------------------|----|--------|--------|--|--------|--------|
| Regular premiums | 17 | 113252 | 22388 | | 135640 | 136057 |
| Single premiums | 18 | 44756 | 796726 | | 841482 | 735217 |

Total

| | | | | | | |
|-------------|----|--------|--------|--|---------|--------|
| Gross | 19 | 232368 | 844424 | | 1076792 | 966220 |
| Reinsurance | 20 | 74360 | 25310 | | 99670 | 94946 |
| Net | 21 | 158008 | 819114 | | 977122 | 871274 |

Long-term insurance business : Analysis of premiums

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|------------------|----|--------|--------|--|--------|--------|
| Regular premiums | 11 | 170615 | 19900 | | 190515 | 180794 |
| Single premiums | 12 | 45709 | 811262 | | 856971 | 746933 |

Reinsurance - external

| | | | | | | |
|------------------|----|-------|------|--|-------|-------|
| Regular premiums | 13 | 41213 | 2789 | | 44002 | 38457 |
| Single premiums | 14 | | 1785 | | 1785 | 1226 |

Reinsurance - intra-group

| | | | | | | |
|------------------|----|-------|--|--|-------|-------|
| Regular premiums | 15 | 31505 | | | 31505 | 33318 |
| Single premiums | 16 | | | | | |

Net of reinsurance

| | | | | | | |
|------------------|----|-------|--------|--|--------|--------|
| Regular premiums | 17 | 97897 | 17110 | | 115008 | 109019 |
| Single premiums | 18 | 45709 | 809477 | | 855186 | 745706 |

Total

| | | | | | | |
|-------------|----|--------|--------|--|---------|--------|
| Gross | 19 | 216324 | 831162 | | 1047486 | 927727 |
| Reinsurance | 20 | 72718 | 4575 | | 77292 | 73002 |
| Net | 21 | 143606 | 826587 | | 970194 | 854725 |

Long-term insurance business : Analysis of premiums

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|------------------|----|-------|------|--|-------|-------|
| Regular premiums | 11 | 15355 | 5278 | | 20632 | 27038 |
| Single premiums | 12 | 689 | 7985 | | 8674 | 11455 |

Reinsurance - external

| | | | | | | |
|------------------|----|------|-------|--|-------|-------|
| Regular premiums | 13 | | | | | |
| Single premiums | 14 | 1642 | 20736 | | 22378 | 21945 |

Reinsurance - intra-group

| | | | | | | |
|------------------|----|--|--|--|--|--|
| Regular premiums | 15 | | | | | |
| Single premiums | 16 | | | | | |

Net of reinsurance

| | | | | | | |
|------------------|----|-------|---------|--|---------|---------|
| Regular premiums | 17 | 15355 | 5278 | | 20632 | 27038 |
| Single premiums | 18 | (953) | (12751) | | (13704) | (10489) |

Total

| | | | | | | |
|-------------|----|-------|--------|--|-------|-------|
| Gross | 19 | 16044 | 13262 | | 29306 | 38493 |
| Reinsurance | 20 | 1642 | 20736 | | 22378 | 21945 |
| Net | 21 | 14402 | (7474) | | 6928 | 16549 |

Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|--------------------------------|-----------|---------------|---------------|--|---------------|---------------|
| Death or disability lump sums | 11 | 112160 | 7767 | | 119927 | 118989 |
| Disability periodic payments | 12 | | | | | |
| Surrender or partial surrender | 13 | 174366 | 86472 | | 260838 | 308633 |
| Annuity payments | 14 | 1703 | 210917 | | 212620 | 153033 |
| Lump sums on maturity | 15 | 164044 | 16341 | | 180385 | 189939 |
| Total | 16 | 452273 | 321496 | | 773769 | 770593 |

Reinsurance - external

| | | | | | | |
|--------------------------------|-----------|--------------|--------------|--|--------------|--------------|
| Death or disability lump sums | 21 | 31010 | 2274 | | 33284 | 29275 |
| Disability periodic payments | 22 | | | | | |
| Surrender or partial surrender | 23 | | | | | |
| Annuity payments | 24 | 1552 | 19673 | | 21225 | 20816 |
| Lump sums on maturity | 25 | | | | | |
| Total | 26 | 32562 | 21947 | | 54509 | 50090 |

Reinsurance - intra-group

| | | | | | | |
|--------------------------------|-----------|--------------|--|--|--------------|---------------|
| Death or disability lump sums | 31 | 47906 | | | 47906 | 17818 |
| Disability periodic payments | 32 | | | | | |
| Surrender or partial surrender | 33 | | | | | 175356 |
| Annuity payments | 34 | | | | | |
| Lump sums on maturity | 35 | 25 | | | 25 | |
| Total | 36 | 47931 | | | 47931 | 193173 |

Net of reinsurance

| | | | | | | |
|--------------------------------|-----------|---------------|---------------|--|---------------|---------------|
| Death or disability lump sums | 41 | 33244 | 5492 | | 38736 | 71896 |
| Disability periodic payments | 42 | | | | | |
| Surrender or partial surrender | 43 | 174366 | 86472 | | 260838 | 133277 |
| Annuity payments | 44 | 151 | 191244 | | 191395 | 132217 |
| Lump sums on maturity | 45 | 164019 | 16341 | | 180360 | 189939 |
| Total | 46 | 371780 | 299549 | | 671329 | 527329 |

Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|--------------------------------|-----------|---------------|---------------|--|---------------|---------------|
| Death or disability lump sums | 11 | 109361 | 7387 | | 116748 | 115778 |
| Disability periodic payments | 12 | | | | | |
| Surrender or partial surrender | 13 | 149896 | 81047 | | 230943 | 277197 |
| Annuity payments | 14 | 25 | 191405 | | 191430 | 132253 |
| Lump sums on maturity | 15 | 70741 | 5564 | | 76305 | 80936 |
| Total | 16 | 330023 | 285403 | | 615426 | 606164 |

Reinsurance - external

| | | | | | | |
|--------------------------------|-----------|--------------|-------------|--|--------------|--------------|
| Death or disability lump sums | 21 | 31010 | 2274 | | 33284 | 29275 |
| Disability periodic payments | 22 | | | | | |
| Surrender or partial surrender | 23 | | | | | |
| Annuity payments | 24 | 5 | | | 5 | 5 |
| Lump sums on maturity | 25 | | | | | |
| Total | 26 | 31015 | 2274 | | 33290 | 29280 |

Reinsurance - intra-group

| | | | | | | |
|--------------------------------|-----------|--------------|--|--|--------------|---------------|
| Death or disability lump sums | 31 | 47906 | | | 47906 | 17818 |
| Disability periodic payments | 32 | | | | | |
| Surrender or partial surrender | 33 | | | | | 175356 |
| Annuity payments | 34 | | | | | |
| Lump sums on maturity | 35 | 25 | | | 25 | |
| Total | 36 | 47931 | | | 47931 | 193173 |

Net of reinsurance

| | | | | | | |
|--------------------------------|-----------|---------------|---------------|--|---------------|---------------|
| Death or disability lump sums | 41 | 30445 | 5112 | | 35557 | 68686 |
| Disability periodic payments | 42 | | | | | |
| Surrender or partial surrender | 43 | 149896 | 81047 | | 230943 | 101841 |
| Annuity payments | 44 | 19 | 191405 | | 191424 | 132247 |
| Lump sums on maturity | 45 | 70716 | 5564 | | 76280 | 80936 |
| Total | 46 | 251076 | 283129 | | 534205 | 383711 |

Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|--------------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Death or disability lump sums | 11 | 2799 | 380 | | 3179 | 3210 |
| Disability periodic payments | 12 | | | | | |
| Surrender or partial surrender | 13 | 24470 | 5425 | | 29895 | 31436 |
| Annuity payments | 14 | 1678 | 19512 | | 21190 | 20780 |
| Lump sums on maturity | 15 | 93303 | 10777 | | 104080 | 109003 |
| Total | 16 | 122250 | 36093 | | 158344 | 164429 |

Reinsurance - external

| | | | | | | |
|--------------------------------|-----------|-------------|--------------|--|--------------|--------------|
| Death or disability lump sums | 21 | | | | | |
| Disability periodic payments | 22 | | | | | |
| Surrender or partial surrender | 23 | | | | | |
| Annuity payments | 24 | 1546 | 19673 | | 21219 | 20810 |
| Lump sums on maturity | 25 | | | | | |
| Total | 26 | 1546 | 19673 | | 21219 | 20810 |

Reinsurance - intra-group

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

Net of reinsurance

| | | | | | | |
|--------------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Death or disability lump sums | 41 | 2799 | 380 | | 3179 | 3210 |
| Disability periodic payments | 42 | | | | | |
| Surrender or partial surrender | 43 | 24470 | 5425 | | 29895 | 31436 |
| Annuity payments | 44 | 131 | (161) | | (29) | (30) |
| Lump sums on maturity | 45 | 93303 | 10777 | | 104080 | 109003 |
| Total | 46 | 120704 | 16421 | | 137124 | 143619 |

Long-term insurance business : Analysis of expenses

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|--------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Commission - acquisition | 11 | 33069 | 15265 | | 48334 | 37753 |
| Commission - other | 12 | 1858 | 1505 | | 3363 | 3377 |
| Management - acquisition | 13 | 53818 | 27538 | | 81356 | 66373 |
| Management - maintenance | 14 | 29123 | 10234 | | 39357 | 34020 |
| Management - other | 15 | | | | | |
| Total | 16 | 117868 | 54542 | | 172410 | 141523 |

Reinsurance - external

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

Reinsurance - intra-group

| | | | | | | |
|--------------------------|-----------|--|--|--|--|--|
| Commission - acquisition | 31 | | | | | |
| Commission - other | 32 | | | | | |
| Management - acquisition | 33 | | | | | |
| Management - maintenance | 34 | | | | | |
| Management - other | 35 | | | | | |
| Total | 36 | | | | | |

Net of reinsurance

| | | | | | | |
|--------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Commission - acquisition | 41 | 33069 | 15265 | | 48334 | 37753 |
| Commission - other | 42 | 1858 | 1505 | | 3363 | 3377 |
| Management - acquisition | 43 | 53818 | 27538 | | 81356 | 66373 |
| Management - maintenance | 44 | 29123 | 10234 | | 39357 | 34020 |
| Management - other | 45 | | | | | |
| Total | 46 | 117868 | 54542 | | 172410 | 141523 |

Long-term insurance business : Analysis of expenses

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|--------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Commission - acquisition | 11 | 33069 | 15265 | | 48334 | 37753 |
| Commission - other | 12 | 1858 | 1505 | | 3363 | 3377 |
| Management - acquisition | 13 | 53805 | 27386 | | 81190 | 66157 |
| Management - maintenance | 14 | 25843 | 8286 | | 34128 | 29165 |
| Management - other | 15 | | | | | |
| Total | 16 | 114574 | 52441 | | 167015 | 136452 |

Reinsurance - external

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

Reinsurance - intra-group

| | | | | | | |
|--------------------------|-----------|--|--|--|--|--|
| Commission - acquisition | 31 | | | | | |
| Commission - other | 32 | | | | | |
| Management - acquisition | 33 | | | | | |
| Management - maintenance | 34 | | | | | |
| Management - other | 35 | | | | | |
| Total | 36 | | | | | |

Net of reinsurance

| | | | | | | |
|--------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Commission - acquisition | 41 | 33069 | 15265 | | 48334 | 37753 |
| Commission - other | 42 | 1858 | 1505 | | 3363 | 3377 |
| Management - acquisition | 43 | 53805 | 27386 | | 81190 | 66157 |
| Management - maintenance | 44 | 25843 | 8286 | | 34128 | 29165 |
| Management - other | 45 | | | | | |
| Total | 46 | 114574 | 52441 | | 167015 | 136452 |

Long-term insurance business : Analysis of expenses

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | |
|--------------------------|-----------|-------------|-------------|-------------|-------------|
| Commission - acquisition | 11 | | | | |
| Commission - other | 12 | | | | |
| Management - acquisition | 13 | 13 | 152 | 165 | 215 |
| Management - maintenance | 14 | 3281 | 1948 | 5229 | 4856 |
| Management - other | 15 | | | | |
| Total | 16 | 3294 | 2101 | 5394 | 5071 |

Reinsurance - external

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

Reinsurance - intra-group

| | | | | | |
|--------------------------|-----------|--|--|--|--|
| Commission - acquisition | 31 | | | | |
| Commission - other | 32 | | | | |
| Management - acquisition | 33 | | | | |
| Management - maintenance | 34 | | | | |
| Management - other | 35 | | | | |
| Total | 36 | | | | |

Net of reinsurance

| | | | | | |
|--------------------------|-----------|-------------|-------------|-------------|-------------|
| Commission - acquisition | 41 | | | | |
| Commission - other | 42 | | | | |
| Management - acquisition | 43 | 13 | 152 | 165 | 215 |
| Management - maintenance | 44 | 3281 | 1948 | 5229 | 4856 |
| Management - other | 45 | | | | |
| Total | 46 | 3294 | 2101 | 5394 | 5071 |

Long-term insurance business : Linked funds balance sheet

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business
 Financial year ended **31 December 2011**
 Units **£000**

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

Internal linked funds (excluding cross investment)

| | | | |
|--|-----------|---------------|---------------|
| Directly held assets (excluding collective investment schemes) | 11 | 807318 | 761922 |
| Directly held assets in collective investment schemes of connected companies | 12 | | |
| Directly held assets in other collective investment schemes | 13 | | |
| Total assets (excluding cross investment) (11+12+13) | 14 | 807318 | 761922 |
| Provision for tax on unrealised capital gains | 15 | 147 | 2594 |
| Secured and unsecured loans | 16 | | |
| Other liabilities | 17 | | |
| Total net assets (14-15-16-17) | 18 | 807171 | 759328 |

Directly held linked assets

| | | | |
|--------------------------------------|----|--|--|
| Value of directly held linked assets | 21 | | |
|--------------------------------------|----|--|--|

Total

| | | | |
|---|-----------|---------------|---------------|
| Value of directly held linked assets and units held (18+21) | 31 | 807171 | 759328 |
| Surplus units | 32 | 308 | |
| Deficit units | 33 | | 4414 |
| Net unit liability (31-32+33) | 34 | 806862 | 763742 |

Long-term insurance business : Revenue account for internal linked fundsName of insurer **Liverpool Victoria Friendly Society Limited**

Total business

Financial year ended **31 December 2011**Units **£000**

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

Income

| | | | |
|---|-----------|---------------|---------------|
| Value of total creation of units | 11 | 214750 | 207694 |
| Investment income attributable to the funds before deduction of tax | 12 | 36726 | 36578 |
| Increase (decrease) in the value of investments in the financial year | 13 | (56272) | 47198 |
| Other income | 14 | 3777 | 6900 |
| Total income | 19 | 198981 | 298370 |

Expenditure

| | | | |
|---|-----------|---------------|---------------|
| Value of total cancellation of units | 21 | 137719 | 144908 |
| Charges for management | 22 | 5961 | 6633 |
| Charges in respect of tax on investment income | 23 | | |
| Taxation on realised capital gains | 24 | | |
| Increase (decrease) in amount set aside for tax on capital gains not yet realised | 25 | | |
| Other expenditure | 26 | 7458 | 8445 |
| Total expenditure | 29 | 151138 | 159987 |

| | | | |
|--|----|--------|--------|
| Increase (decrease) in funds in financial year (19-29) | 39 | 47843 | 138383 |
| Internal linked fund brought forward | 49 | 759328 | 620945 |
| Internal linked funds carried forward (39+49) | 59 | 807171 | 759328 |

Long-term insurance business : Summary of new businessName of insurer **Liverpool Victoria Friendly Society Limited**

Total business

Financial year ended **31 December 2011**Units **£000**

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

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

| | | | | | | |
|--------------------------|-----------|--------------|--------------|--|---------------|--------------|
| Regular premium business | 11 | 88718 | 9 | | 88727 | 81967 |
| Single premium business | 12 | 1112 | 17487 | | 18599 | 13365 |
| Total | 13 | 89830 | 17496 | | 107326 | 95332 |

**Amount of new regular
premiums**

| | | | | | | |
|---------------------------|-----------|--------------|-----------|--|--------------|--------------|
| Direct insurance business | 21 | 32889 | 64 | | 32953 | 25172 |
| External reinsurance | 22 | | | | | |
| Intra-group reinsurance | 23 | | | | | |
| Total | 24 | 32889 | 64 | | 32953 | 25172 |

**Amount of new single
premiums**

| | | | | | | |
|---------------------------|-----------|--------------|---------------|--|---------------|---------------|
| Direct insurance business | 25 | 46374 | 819248 | | 865621 | 658943 |
| External reinsurance | 26 | | | | | |
| Intra-group reinsurance | 27 | | | | | |
| Total | 28 | 46374 | 819248 | | 865621 | 658943 |

Long-term insurance business : Analysis of new business

Name of insurer

Liverpool Victoria Friendly Society Limited

Total business

Financial year ended

31 December 2011

Units

£000

UK Life / Direct Insurance Business

| Product code number 1 | Product description 2 | Regular premium business | | Single premium business | |
|--------------------------|---|---|-------------------------|---|-------------------------|
| | | Number of policyholders / scheme members 3 | Amount of premiums 4 | Number of policyholders / scheme members 5 | Amount of premiums 6 |
| 300 | Regular premium non-profit WL/EA OB | 30003 | 6984 | | |
| 325 | Level term assurance | 20785 | 5117 | | |
| 330 | Decreasing term assurance | 9563 | 2562 | 17 | 78 |
| 340 | Accelerated critical illness (guaranteed premiums) | 9200 | 4581 | | |
| 345 | Accelerated critical illness (reviewable premiums) | 2974 | 1431 | | |
| 350 | Stand-alone critical illness (guaranteed premiums) | 127 | 25 | | |
| 355 | Stand-alone critical illness (reviewable premiums) | 574 | 242 | | |
| 360 | Income protection non-profit (guaranteed premiums) | 8028 | 3618 | | |
| 365 | Income protection non-profit (reviewable premiums) | 833 | 318 | | |
| 380 | Miscellaneous protection rider | | 162 | | |
| 400 | Annuity non-profit (CPA) | | | 86 | 689 |
| 435 | Miscellaneous non-profit | 9 | 0 | | |
| 500 | Life UWP single premium - All In One Bond | | | | |
| 500 | Life UWP single premium - Flexible Guarantee Bond | | | 1009 | 45613 |
| 500 | Life UWP single premium - With Profits Growth Bond (Series 3&4) | | | | (6) |

Long-term insurance business : Analysis of new business

Name of insurer

Liverpool Victoria Friendly Society Limited

Total business

Financial year ended

31 December 2011

Units

£000

UK Life / Direct Insurance Business

| Product code number | Product description | Regular premium business | | Single premium business | |
|---------------------|---|--|--------------------|--|--------------------|
| | | Number of policyholders / scheme members | Amount of premiums | Number of policyholders / scheme members | Amount of premiums |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 506 | Life UWP whole life regular premium (ISA) - Life ISA | 196 | 4324 | | |
| 510 | Life UWP endowment regular premium - savings - Child Trust Fund | | | | |
| 510 | Life UWP endowment regular premium - savings - Flexible Savings Plan (Series 2) | 32 | 9 | | |
| 510 | Life UWP endowment regular premium - savings - Maximum Investment Plan | 46 | 65 | | |
| 510 | Life UWP endowment regular premium - savings - Tax Free Savings Plan | 835 | 247 | | |
| 910 | Miscellaneous index linked - Accelerated CI (guaranteed) | 179 | 147 | | |
| 910 | Miscellaneous index linked - Accelerated CI (reviewable) | 56 | 30 | | |
| 910 | Miscellaneous index linked - Decreasing term assurance | 314 | 77 | | |
| 910 | Miscellaneous index linked - Income protection NP (guaranteed) | 4367 | 2596 | | |
| 910 | Miscellaneous index linked - Income protection NP (reviewable) | 350 | 197 | | |
| 910 | Miscellaneous index linked - Level term assurance | 176 | 45 | | |
| 910 | Miscellaneous index linked - Stand-alone (reviewable) | 37 | 11 | | |
| 915 | Additional reserves index linked | 34 | 101 | | |
| | | | | | |
| | | | | | |

Long-term insurance business : Analysis of new business

Name of insurer

Liverpool Victoria Friendly Society Limited

Total business

Financial year ended

31 December 2011

Units

£000

UK Pension / Direct Insurance Business

| Product code number | Product description | Regular premium business | | Single premium business | |
|---------------------|--|--|--------------------|--|--------------------|
| | | Number of policyholders / scheme members | Amount of premiums | Number of policyholders / scheme members | Amount of premiums |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 200 | Annuity with-profits (CPA) | | | 1562 | 7443 |
| 400 | Annuity non-profit (CPA) | | | 328 | 1649 |
| 400 | Annuity non-profit (CPA) | | | 472 | 7985 |
| 405 | Annuity non-profit (CPA impaired life) | | | 6935 | 440696 |
| 405 | Protected Retirement Plan | | | 3781 | 152645 |
| 525 | Individual pensions UWP - Appropriate Personal Pension | | | | 30 |
| 525 | Individual pensions UWP - Flexible Personal Pension | 4 | 1 | | |
| 525 | Individual pensions UWP - With Profits Retirement Plan | 5 | 63 | | |
| 725 | Individual pensions property linked | | | 70 | 3407 |
| 750 | Income drawdown property linked | | | 8 | 725 |
| 755 | Trustee investment plan | | | 4331 | 204668 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2011**
 Units **£000**

| Unadjusted assets | Economic exposure | Expected income from assets in column 2 | Yield before adjustment | Return on assets in financial year |
|-------------------|-------------------|---|-------------------------|------------------------------------|
| 1 | 2 | 3 | 4 | 5 |

Assets backing non-profit liabilities and non-profit capital requirements

| | | | | | | |
|------------------------------------|-----------|----------------|----------------|--------------|-------------|--|
| Land and buildings | 11 | | | | | |
| Approved fixed interest securities | 12 | 667808 | 672818 | 25299 | 2.31 | |
| Other fixed interest securities | 13 | 961101 | 1054394 | 57212 | 3.74 | |
| Variable interest securities | 14 | 110937 | 110937 | 4652 | (0.65) | |
| UK listed equity shares | 15 | | | | | |
| Non-UK listed equity shares | 16 | | | | | |
| Unlisted equity shares | 17 | | | | | |
| Other assets | 18 | 373104 | 274800 | 9131 | 3.32 | |
| Total | 19 | 2112949 | 2112949 | 96294 | 3.00 | |

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

| | | | | | | |
|------------------------------------|-----------|----------------|----------------|---------------|-------------|-------------|
| Land and buildings | 21 | 246829 | 270331 | 11310 | 4.18 | 5.27 |
| Approved fixed interest securities | 22 | 934797 | 1299429 | 41075 | 2.55 | 20.94 |
| Other fixed interest securities | 23 | 2839 | 211899 | 11605 | 4.16 | 6.38 |
| Variable interest securities | 24 | 55529 | 182931 | 8074 | (0.03) | 19.46 |
| UK listed equity shares | 25 | 654483 | 844513 | 34478 | 4.08 | (3.51) |
| Non-UK listed equity shares | 26 | 47119 | 344295 | 3270 | 0.95 | (7.03) |
| Unlisted equity shares | 27 | 211075 | 211075 | | | (3.18) |
| Other assets | 28 | 2061092 | 849291 | 5332 | 0.63 | 0.63 |
| Total | 29 | 4213763 | 4213763 | 115144 | 2.29 | 6.65 |

Overall return on with-profits assets

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

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **21 Long Term Insurance Business Assets**
 Financial year ended **31 December 2011**
 Units **£000**

| Unadjusted assets | Economic exposure | Expected income from assets in column 2 | Yield before adjustment | Return on assets in financial year |
|-------------------|-------------------|---|-------------------------|------------------------------------|
| 1 | 2 | 3 | 4 | 5 |

Assets backing non-profit liabilities and non-profit capital requirements

| | | | | | | |
|------------------------------------|-----------|----------------|----------------|--------------|-------------|--|
| Land and buildings | 11 | | | | | |
| Approved fixed interest securities | 12 | 268775 | 273786 | 7855 | 2.67 | |
| Other fixed interest securities | 13 | 961101 | 1054394 | 57212 | 3.74 | |
| Variable interest securities | 14 | 110937 | 110937 | 4652 | (0.65) | |
| UK listed equity shares | 15 | | | | | |
| Non-UK listed equity shares | 16 | | | | | |
| Unlisted equity shares | 17 | | | | | |
| Other assets | 18 | 373104 | 274800 | 9131 | 3.32 | |
| Total | 19 | 1713917 | 1713917 | 78850 | 3.22 | |

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

| | | | | | | |
|------------------------------------|-----------|----------------|----------------|--------------|-------------|-------------|
| Land and buildings | 21 | 227121 | 248865 | 10255 | 4.12 | 4.33 |
| Approved fixed interest securities | 22 | 615977 | 964417 | 27670 | 2.67 | 21.19 |
| Other fixed interest securities | 23 | 2515 | 131549 | 7138 | 3.74 | 6.77 |
| Variable interest securities | 24 | 52087 | 166351 | 6975 | (0.65) | 21.19 |
| UK listed equity shares | 25 | 529220 | 719250 | 30167 | 4.19 | (3.18) |
| Non-UK listed equity shares | 26 | 42816 | 286385 | 3176 | 1.11 | (8.63) |
| Unlisted equity shares | 27 | 211075 | 211075 | | | (3.18) |
| Other assets | 28 | 1762291 | 715210 | 5332 | 0.75 | 0.75 |
| Total | 29 | 3443101 | 3443101 | 90714 | 2.28 | 6.11 |

Overall return on with-profits assets

| | | | | | | |
|--|----|--|--|--|--|------|
| Post investment costs but pre-tax | 31 | | | | | 5.70 |
| Return allocated to non taxable 'asset shares' | 32 | | | | | 5.70 |
| Return allocated to taxable 'asset shares' | 33 | | | | | 5.08 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **22 RNPFN assets**
 Financial year ended **31 December 2011**
 Units **£000**

| Unadjusted assets | Economic exposure | Expected income from assets in column 2 | Yield before adjustment | Return on assets in financial year |
|-------------------|-------------------|---|-------------------------|------------------------------------|
| 1 | 2 | 3 | 4 | 5 |

Assets backing non-profit liabilities and non-profit capital requirements

| | | | | | | |
|------------------------------------|-----------|---------------|---------------|--------------|-------------|--|
| Land and buildings | 11 | | | | | |
| Approved fixed interest securities | 12 | 399033 | 399033 | 17444 | 2.06 | |
| Other fixed interest securities | 13 | | | | | |
| Variable interest securities | 14 | | | | | |
| UK listed equity shares | 15 | | | | | |
| Non-UK listed equity shares | 16 | | | | | |
| Unlisted equity shares | 17 | | | | | |
| Other assets | 18 | | | | | |
| Total | 19 | 399033 | 399033 | 17444 | 2.06 | |

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

| | | | | | | |
|------------------------------------|-----------|---------------|---------------|--------------|-------------|-------------|
| Land and buildings | 21 | 19708 | 21467 | 1055 | 4.92 | 16.21 |
| Approved fixed interest securities | 22 | 318821 | 335011 | 13406 | 2.22 | 20.21 |
| Other fixed interest securities | 23 | 324 | 80350 | 4467 | 4.85 | 5.75 |
| Variable interest securities | 24 | 3442 | 16579 | 1099 | 6.11 | 2.09 |
| UK listed equity shares | 25 | 125263 | 125263 | 4311 | 3.44 | (5.42) |
| Non-UK listed equity shares | 26 | 4303 | 57911 | 93 | 0.16 | 0.91 |
| Unlisted equity shares | 27 | | | | | |
| Other assets | 28 | 298802 | 134081 | | | |
| Total | 29 | 770663 | 770663 | 24431 | 2.31 | 9.07 |

Overall return on with-profits assets

| | | | | | | |
|--|----|--|--|--|--|------|
| Post investment costs but pre-tax | 31 | | | | | 9.41 |
| Return allocated to non taxable 'asset shares' | 32 | | | | | 9.41 |
| Return allocated to taxable 'asset shares' | 33 | | | | | 7.78 |

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2011**
 Units **£000**

| | | Value of assets 1 | Mean term 2 | Yield before adjustment 3 | Yield after adjustment 4 |
|---|-----------|----------------------|----------------|---------------------------------|--------------------------------|
| UK Government approved fixed interest securities | 11 | 1921314 | 14.51 | 2.47 | 2.47 |

| | | | | | |
|---|-----------|-------|-------|------|------|
| Other approved fixed interest securities | 21 | 50933 | 10.52 | 2.97 | 2.97 |
|---|-----------|-------|-------|------|------|

Other fixed interest securities

| | | | | | |
|--|-----------|---------|-------|------|------|
| AAA/Aaa | 31 | 76491 | 11.84 | 3.83 | 3.29 |
| AA/Aa | 32 | 161879 | 10.48 | 4.23 | 3.46 |
| A/A | 33 | 630460 | 8.86 | 4.76 | 3.67 |
| BBB/Baa | 34 | 333955 | 7.22 | 5.04 | 3.50 |
| BB/Ba | 35 | 9360 | 3.76 | 8.32 | 4.47 |
| B/B | 36 | | | | |
| CCC/Caa | 37 | | | | |
| Other (including unrated) | 38 | 54149 | 11.01 | 4.66 | 3.74 |
| Total other fixed interest securities | 39 | 1266294 | 8.86 | 4.73 | 3.58 |

| | | | | | |
|--|-----------|--------|-------|--------|--------|
| Approved variable interest securities | 41 | 173175 | 15.39 | (0.66) | (0.66) |
|--|-----------|--------|-------|--------|--------|

| | | | | | |
|---|-----------|--------|------|------|------|
| Other variable interest securities | 51 | 120692 | 7.87 | 9.31 | 6.62 |
|---|-----------|--------|------|------|------|

| | | | | | |
|-------------------------------|-----------|---------|-------|------|------|
| Total (11+21+39+41+51) | 61 | 3532407 | 12.25 | 3.37 | 2.86 |
|-------------------------------|-----------|---------|-------|------|------|

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **21 Long Term Insurance Business Assets**
 Financial year ended **31 December 2011**
 Units **£000**

| | | Value of assets 1 | Mean term 2 | Yield before adjustment 3 | Yield after adjustment 4 |
|---|-----------|----------------------|----------------|---------------------------------|--------------------------------|
| UK Government approved fixed interest securities | 11 | 1200538 | 16.88 | 2.67 | 2.67 |

| | | | | | |
|---|-----------|-------|-------|------|------|
| Other approved fixed interest securities | 21 | 37665 | 12.09 | 3.22 | 3.22 |
|---|-----------|-------|-------|------|------|

Other fixed interest securities

| | | | | | |
|--|-----------|---------|-------|------|------|
| AAA/Aaa | 31 | 66415 | 12.28 | 3.88 | 3.35 |
| AA/Aa | 32 | 150251 | 10.63 | 4.22 | 3.47 |
| A/A | 33 | 599309 | 8.77 | 4.75 | 3.66 |
| BBB/Baa | 34 | 310395 | 7.01 | 5.01 | 3.48 |
| BB/Ba | 35 | 8457 | 3.69 | 8.16 | 4.38 |
| B/B | 36 | | | | |
| CCC/Caa | 37 | | | | |
| Other (including unrated) | 38 | 51118 | 11.04 | 4.67 | 3.74 |
| Total other fixed interest securities | 39 | 1185943 | 8.80 | 4.72 | 3.58 |

| | | | | | |
|--|-----------|--------|-------|--------|--------|
| Approved variable interest securities | 41 | 169732 | 15.61 | (0.65) | (0.65) |
|--|-----------|--------|-------|--------|--------|

| | | | | | |
|---|-----------|--------|------|------|------|
| Other variable interest securities | 51 | 107555 | 8.83 | 9.46 | 6.74 |
|---|-----------|--------|------|------|------|

| | | | | | |
|-------------------------------|-----------|---------|-------|------|------|
| Total (11+21+39+41+51) | 61 | 2701434 | 12.87 | 3.64 | 3.03 |
|-------------------------------|-----------|---------|-------|------|------|

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Category of assets **22 RNPFN assets**
 Financial year ended **31 December 2011**
 Units **£000**

| | | Value of assets 1 | Mean term 2 | Yield before adjustment 3 | Yield after adjustment 4 |
|---|-----------|----------------------|----------------|---------------------------------|--------------------------------|
| UK Government approved fixed interest securities | 11 | 720776 | 10.58 | 2.13 | 2.13 |

| | | | | | |
|---|-----------|-------|------|------|------|
| Other approved fixed interest securities | 21 | 13268 | 6.07 | 2.27 | 2.27 |
|---|-----------|-------|------|------|------|

Other fixed interest securities

| | | | | | |
|--|-----------|-------|-------|------|------|
| AAA/Aaa | 31 | 10076 | 8.96 | 3.48 | 2.88 |
| AA/Aa | 32 | 11629 | 8.54 | 4.24 | 3.34 |
| A/A | 33 | 31152 | 10.47 | 4.91 | 3.79 |
| BBB/Baa | 34 | 23560 | 9.96 | 5.49 | 3.82 |
| BB/Ba | 35 | 903 | 4.44 | 9.82 | 5.28 |
| B/B | 36 | | | | |
| CCC/Caa | 37 | | | | |
| Other (including unrated) | 38 | 3031 | 10.46 | 4.60 | 3.71 |
| Total other fixed interest securities | 39 | 80350 | 9.78 | 4.85 | 3.63 |

| | | | | | |
|--|-----------|------|------|--------|--------|
| Approved variable interest securities | 41 | 3442 | 4.31 | (1.46) | (1.46) |
|--|-----------|------|------|--------|--------|

| | | | | | |
|---|-----------|-------|--|------|------|
| Other variable interest securities | 51 | 13137 | | 8.10 | 5.70 |
|---|-----------|-------|--|------|------|

| | | | | | |
|-------------------------------|-----------|--------|-------|------|------|
| Total (11+21+39+41+51) | 61 | 830973 | 10.23 | 2.48 | 2.32 |
|-------------------------------|-----------|--------|-------|------|------|

Long-term insurance business : Summary of mathematical reservesName of insurer **Liverpool Victoria Friendly Society Limited**Total business / subfund **Summary**Financial year ended **31 December 2011**Units **£000**

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

Gross

| | | | | | | |
|------------------------|-----------|----------------|----------------|-------------|----------------|----------------|
| Form 51 - with-profits | 11 | 717379 | 1296199 | | 2013578 | 1780541 |
| Form 51 - non-profit | 12 | 265160 | 1911252 | 1663 | 2178074 | 1417408 |
| Form 52 | 13 | 927207 | 330646 | 2806 | 1260659 | 1339353 |
| Form 53 - linked | 14 | 122597 | 684265 | | 806862 | 763742 |
| Form 53 - non-linked | 15 | 714 | 7268 | | 7982 | 8165 |
| Form 54 - linked | 16 | 74666 | 353 | | 75019 | 48138 |
| Form 54 - non-linked | 17 | | | | | |
| Total | 18 | 2107723 | 4229983 | 4469 | 6342175 | 5357347 |

Reinsurance - external

| | | | | | | |
|------------------------|-----------|---------------|--------------|--------------|---------------|---------------|
| Form 51 - with-profits | 21 | | | | | |
| Form 51 - non-profit | 22 | 153872 | 46325 | (210) | 199987 | 120461 |
| Form 52 | 23 | | | | | |
| Form 53 - linked | 24 | | | | | |
| Form 53 - non-linked | 25 | | | | | |
| Form 54 - linked | 26 | 23016 | 20 | | 23035 | 6548 |
| Form 54 - non-linked | 27 | | | | | |
| Total | 28 | 176888 | 46345 | (210) | 223023 | 127009 |

Reinsurance - intra-group

| | | | | | | |
|------------------------|-----------|--|--|--|--|--------------|
| Form 51 - with-profits | 31 | | | | | |
| Form 51 - non-profit | 32 | | | | | 45086 |
| Form 52 | 33 | | | | | |
| Form 53 - linked | 34 | | | | | |
| Form 53 - non-linked | 35 | | | | | 17 |
| Form 54 - linked | 36 | | | | | 43827 |
| Form 54 - non-linked | 37 | | | | | |
| Total | 38 | | | | | 88930 |

Net of reinsurance

| | | | | | | |
|------------------------|-----------|----------------|----------------|-------------|----------------|----------------|
| Form 51 - with-profits | 41 | 717379 | 1296199 | | 2013578 | 1780541 |
| Form 51 - non-profit | 42 | 111287 | 1864926 | 1873 | 1978087 | 1251861 |
| Form 52 | 43 | 927207 | 330646 | 2806 | 1260659 | 1339353 |
| Form 53 - linked | 44 | 122597 | 684265 | | 806862 | 763742 |
| Form 53 - non-linked | 45 | 714 | 7268 | | 7982 | 8148 |
| Form 54 - linked | 46 | 51651 | 334 | | 51984 | (2237) |
| Form 54 - non-linked | 47 | | | | | |
| Total | 48 | 1930835 | 4183638 | 4679 | 6119153 | 5141407 |

Long-term insurance business : Summary of mathematical reservesName of insurer **Liverpool Victoria Friendly Society Limited**Total business / subfund **Long Term Insurance Business**Financial year ended **31 December 2011**Units **£000**

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

Gross

| | | | | | | |
|------------------------|-----------|----------------|----------------|-------------|----------------|----------------|
| Form 51 - with-profits | 11 | 430545 | 1072589 | | 1503134 | 1284637 |
| Form 51 - non-profit | 12 | 240958 | 1532952 | | 1773909 | 1054024 |
| Form 52 | 13 | 884849 | 330646 | 2806 | 1218300 | 1291920 |
| Form 53 - linked | 14 | 3257 | 684265 | | 687522 | 607548 |
| Form 53 - non-linked | 15 | 59 | 7268 | | 7327 | 7601 |
| Form 54 - linked | 16 | 74666 | 353 | | 75019 | 48138 |
| Form 54 - non-linked | 17 | | | | | |
| Total | 18 | 1634333 | 3628074 | 2806 | 5265213 | 4293867 |

Reinsurance - external

| | | | | | | |
|------------------------|-----------|---------------|--------------|--|---------------|---------------|
| Form 51 - with-profits | 21 | | | | | |
| Form 51 - non-profit | 22 | 152328 | 26490 | | 178818 | 106897 |
| Form 52 | 23 | | | | | |
| Form 53 - linked | 24 | | | | | |
| Form 53 - non-linked | 25 | | | | | |
| Form 54 - linked | 26 | 23016 | 20 | | 23035 | 6548 |
| Form 54 - non-linked | 27 | | | | | |
| Total | 28 | 175343 | 26510 | | 201853 | 113446 |

Reinsurance - intra-group

| | | | | | | |
|------------------------|-----------|--|--|--|--|--------------|
| Form 51 - with-profits | 31 | | | | | |
| Form 51 - non-profit | 32 | | | | | 45086 |
| Form 52 | 33 | | | | | |
| Form 53 - linked | 34 | | | | | |
| Form 53 - non-linked | 35 | | | | | 17 |
| Form 54 - linked | 36 | | | | | 43827 |
| Form 54 - non-linked | 37 | | | | | |
| Total | 38 | | | | | 88930 |

Net of reinsurance

| | | | | | | |
|------------------------|-----------|----------------|----------------|-------------|----------------|----------------|
| Form 51 - with-profits | 41 | 430545 | 1072589 | | 1503134 | 1284637 |
| Form 51 - non-profit | 42 | 88630 | 1506462 | | 1595091 | 902040 |
| Form 52 | 43 | 884849 | 330646 | 2806 | 1218300 | 1291920 |
| Form 53 - linked | 44 | 3257 | 684265 | | 687522 | 607548 |
| Form 53 - non-linked | 45 | 59 | 7268 | | 7327 | 7584 |
| Form 54 - linked | 46 | 51651 | 334 | | 51984 | (2237) |
| Form 54 - non-linked | 47 | | | | | |
| Total | 48 | 1458990 | 3601563 | 2806 | 5063359 | 4091491 |

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Gross

| | | | | | | |
|------------------------|-----------|---------------|---------------|-------------|----------------|----------------|
| Form 51 - with-profits | 11 | 286834 | 223610 | | 510444 | 495904 |
| Form 51 - non-profit | 12 | 24202 | 378300 | 1663 | 404165 | 363385 |
| Form 52 | 13 | 42358 | | | 42358 | 47433 |
| Form 53 - linked | 14 | 119340 | | | 119340 | 156194 |
| Form 53 - non-linked | 15 | 655 | | | 655 | 564 |
| Form 54 - linked | 16 | | | | | |
| Form 54 - non-linked | 17 | | | | | |
| Total | 18 | 473390 | 601910 | 1663 | 1076963 | 1063480 |

Reinsurance - external

| | | | | | | |
|------------------------|-----------|-------------|--------------|--------------|--------------|--------------|
| Form 51 - with-profits | 21 | | | | | |
| Form 51 - non-profit | 22 | 1545 | 19835 | (210) | 21169 | 13564 |
| Form 52 | 23 | | | | | |
| Form 53 - linked | 24 | | | | | |
| Form 53 - non-linked | 25 | | | | | |
| Form 54 - linked | 26 | | | | | |
| Form 54 - non-linked | 27 | | | | | |
| Total | 28 | 1545 | 19835 | (210) | 21169 | 13564 |

Reinsurance - intra-group

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

Net of reinsurance

| | | | | | | |
|------------------------|-----------|---------------|---------------|-------------|----------------|----------------|
| Form 51 - with-profits | 41 | 286834 | 223610 | | 510444 | 495904 |
| Form 51 - non-profit | 42 | 22658 | 358465 | 1873 | 382996 | 349821 |
| Form 52 | 43 | 42358 | | | 42358 | 47433 |
| Form 53 - linked | 44 | 119340 | | | 119340 | 156194 |
| Form 53 - non-linked | 45 | 655 | | | 655 | 564 |
| Form 54 - linked | 46 | | | | | |
| Form 54 - non-linked | 47 | | | | | |
| Total | 48 | 471845 | 582075 | 1873 | 1055794 | 1049916 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 100 | Conventional whole life with-profits OB | 8921 | 29089 | 130 | | | | 20118 |
| 105 | Conventional whole life with-profits IB | 244652 | 284255 | 5965 | | | | 156512 |
| 115 | Conventional whole life with-profits (tax exempt) IB | 981177 | 64609 | 160 | | | | 111144 |
| 115 | Conventional whole life with-profits (tax exempt) OB | 909 | 578 | 1 | | | | 677 |
| 120 | Conventional endowment with-profits OB savings | 6538 | 83688 | 1818 | | | | 72556 |
| 130 | Conventional endowment with-profits IB | 13041 | 33669 | 631 | | | | 27624 |
| 140 | Conventional endowment with-profits (tax exempt) IB | 1460 | 596 | 3 | | | | 693 |
| 140 | Conventional endowment with-profits (tax exempt) OB | 1464 | 5084 | 81 | | | | 4786 |
| 165 | Conventional deferred annuity with-profits | 103 | 258 PA | 11 | | | | 2916 |
| 200 | Annuity with-profits (CPA) | 7 | 8 PA | | | | | 124 |
| 210 | Additional reserves with-profits OB | | | | | | | 29772 |
| 215 | Additional reserves with-profits IB | | | | | | | 3623 |
| 300 | Regular premium non-profit WL/EA OB | 107526 | 522151 | 24669 | | | | 29046 |
| 325 | Level term assurance | 100150 | 10526438 | 24443 | | | | 75451 |
| 330 | Decreasing term assurance | 56875 | 5246040 | 16149 | | | | 11564 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 340 | Accelerated critical illness (guaranteed premiums) | 35959 | 2854804 | 15091 | | | | 48551 |
| 345 | Accelerated critical illness (reviewable premiums) | 10941 | 932714 | 4702 | | | | 9870 |
| 350 | Stand-alone critical illness (guaranteed premiums) | 2520 | 169706 | 854 | | | | 6522 |
| 355 | Stand-alone critical illness (reviewable premiums) | 3804 | 289602 | 1468 | | | | 3428 |
| 360 | Income protection non-profit (guaranteed premiums) | 43084 | 633408 | 16556 | | | | 1168 |
| 365 | Income protection non-profit (reviewable premiums) | 19039 | 294421 | 6318 | | | | (2311) |
| 380 | Miscellaneous protection rider | 62870 | 27416 | 877 | | | | 4591 |
| 385 | Income protection claims in payment | 828 | 4603 | | | | | 19761 |
| 400 | Annuity non-profit (CPA) | 3 | | | | | | 3 |
| 425 | Group income protection claims in payment | 78 | 2449 | | | | | 21500 |
| 435 | Miscellaneous non-profit | 1410 | 74319 | 491 | | | | 3212 |
| 440 | Additional reserves non-profit OB | | | 6020 | | | | 8601 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 300 | Regular premium non-profit WL/EA OB | | 424711 | 22511 | | | | 18586 |
| 325 | Level term assurance | | 7622688 | 14416 | | | | 60930 |
| 330 | Decreasing term assurance | | 3788123 | 9700 | | | | 12137 |
| 340 | Accelerated critical illness (guaranteed premiums) | | 2119974 | 10318 | | | | 27153 |
| 345 | Accelerated critical illness (reviewable premiums) | | 683568 | 3247 | | | | 6083 |
| 350 | Stand-alone critical illness (guaranteed premiums) | | 126350 | 858 | | | | 2270 |
| 355 | Stand-alone critical illness (reviewable premiums) | | 223569 | 1126 | | | | 1381 |
| 360 | Income protection non-profit (guaranteed premiums) | | 205374 | 3208 | | | | 8057 |
| 365 | Income protection non-profit (reviewable premiums) | | 48071 | 533 | | | | 2487 |
| 385 | Income protection claims in payment | | 1180 | | | | | 4098 |
| 425 | Group income protection claims in payment | | 301 | | | | | 5356 |
| 435 | Miscellaneous non-profit | | 2939 | 17 | | | | 2393 |
| 440 | Additional reserves non-profit OB | | | 11 | | | | 1395 |
| | | | | | | | | |
| | | | | | | | | |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 165 | Conventional deferred annuity with-profits | 26887 | 77585 PA | 2919 | | | | 886743 |
| 200 | Annuity with-profits (CPA) | 10071 | 14231 PA | | | | | 185846 |
| 325 | Level term assurance | 15828 | 1981223 | 5941 | | | | 11987 |
| 330 | Decreasing term assurance | 2739 | 248801 | 914 | | | | 643 |
| 400 | Annuity non-profit (CPA) | 1071 | 675 PA | | | | | 13001 |
| 400 | Annuity non-profit (CPA) - Protected Retirement Plan | 3442 | 7539 PA | | | | | 208211 |
| 405 | Annuity non-profit (CPA impaired life) | 21328 | 67316 PA | | | | | 1298379 |
| 435 | Miscellaneous non-profit | 70 | 11436 | 36 | | | | 47 |
| 440 | Additional reserves non-profit OB | | | 368 | | | | 683 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 325 | Level term assurance | | 447165 | 1209 | | | | 2070 |
| 330 | Decreasing term assurance | | 29204 | 102 | | | | 11 |
| 405 | Annuity non-profit (CPA impaired life) | | 40390 PA | | | | | 24170 |
| 435 | Miscellaneous non-profit | | 5706 | 23 | | | | 14 |
| 440 | Additional reserves non-profit OB | | | 13 | | | | 225 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 100 | Conventional whole life with-profits OB | 13 | 43 | 1 | | | | 25 |
| 120 | Conventional endowment with-profits OB savings | 18607 | 152560 | 6147 | | | | 95189 |
| 165 | Conventional deferred annuity with-profits | 22406 | 18250 PA | 4835 | | | | 187256 |
| 165 | Conventional deferred annuity with-profits (bonus) | | 33469 | | | | | |
| 210 | Additional reserves with-profits OB | | | | | | | 4364 |
| 300 | Regular premium non-profit WL/EA OB | 198 | 1293 | 34 | | | | 759 |
| 325 | Level term assurance | 56 | 2438 | 16 | | | | 16 |
| 330 | Decreasing term assurance | 22 | 670 | 8 | | | | 8 |
| 390 | Deferred annuity non-profit | 182 | 86 PA | 12 | | | | 1387 |
| 400 | Annuity non-profit (CPA) post 92 | 971 | 931 PA | | | | | 16455 |
| 400 | Annuity non-profit (CPA) pre 92 | 1317 | 634 PA | | | | | 5576 |
| 440 | Additional reserves non-profit OB | | | | | | | |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|----------------------------------|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 400 | Annuity non-profit (CPA) post 92 | | 931 PA | | | | | 1044 |
| 400 | Annuity non-profit (CPA) pre 92 | | 634 PA | | | | | 501 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 165 | Conventional deferred annuity with-profits | 21802 | 13274 PA | 4472 | | | | 194053 |
| 210 | Additional reserves with-profits OB | | | | | | | 29557 |
| 315 | Individual deposit administration non-profit | 1113 | 10061 | 112 | | | | 9962 |
| 390 | Deferred annuity non-profit | 4 | 1 PA | | | | | 6 |
| 400 | Annuity non-profit (CPA) | 12916 | 19789 PA | | | | | 368331 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|---|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 500 | Life UWP single premium - All in One Bond | 1033 | 28066 | | 27788 | 27256 | 15 | 27271 |
| 500 | Life UWP single premium - Flexible Guarantee Bond | 2459 | 107870 | | 106802 | 99728 | 117 | 99845 |
| 500 | Life UWP single premium - Flexible Investment Bond | 705 | 4175 | | 4134 | 4134 | 508 | 4642 |
| 500 | Life UWP single premium - Mutual Investment Bond | 10651 | 83509 | | 82682 | 82682 | 3842 | 86523 |
| 500 | Life UWP single premium - With Profits Growth Bond (Series 1&2) | 14565 | 255776 | | 253244 | 253244 | (5924) | 247320 |
| 500 | Life UWP single premium - With Profits Growth Bond (Series 3&4) | 4872 | 70317 | | 69620 | 69102 | 3089 | 72191 |
| 500 | Life UWP single premium - With Profits Income Bond | 147 | 4985 | | 4935 | 4854 | 597 | 5451 |
| 500 | Life UWP single premium - With Profits Investment Bond (Series 1) | 3453 | 70355 | | 69658 | 69658 | 3907 | 73565 |
| 500 | Life UWP single premium - With Profits Investment Bond (Series 2) | 1334 | 25597 | | 25344 | 25344 | (282) | 25062 |
| 505 | Life UWP whole life regular premium - Family & Legacy Fund | 3360 | 15897 | 594 | 4108 | 4108 | 5743 | 9851 |
| 505 | Life UWP whole life regular premium - Flexible Whole of Life Plan | 196 | 11094 | 32 | 348 | 348 | 161 | 509 |
| 506 | Life UWP whole life regular premium (ISA) - Life ISA | 14115 | 42223 | 3330 | 42223 | 42223 | 2367 | 44590 |
| 510 | Life UWP endowment regular premium - savings - Flexible Savings Plan (Series 1) | 1924 | 7858 | 745 | 7794 | 7794 | 4 | 7798 |
| 510 | Life UWP endowment regular premium - savings- Flexible Savings Plan (Series 2) | 17330 | 37797 | 7948 | 39290 | 39290 | 2717 | 42007 |
| 510 | Life UWP endowment regular premium - savings- Maximum Investment Plan | 936 | 10352 | 1001 | 9739 | 9739 | 8 | 9747 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 510 | Life UWP endowment regular premium - savings- Regular Savings Plan | 8373 | 27927 | 793 | 33625 | 33625 | 1 | 33626 |
| 510 | Life UWP endowment regular premium - savings- Tax Free Savings Plan | 47014 | 99688 | 9139 | 93347 | 93347 | 386 | 93733 |
| 515 | Life UWP endowment regular premium - target cash - Mortgage Savings Plan | 64 | 1815 | 43 | 1116 | 1116 | | 1116 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|---|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 525 | Individual pensions UWP - Appropriate Personal Pension Policy | 26833 | 258005 | | 258005 | 258005 | | 258005 |
| 525 | Individual pensions UWP - Flexible Personal Pension Plan | 3668 | 29449 | 1114 | 29449 | 29449 | 96 | 29544 |
| 525 | Individual pensions UWP - Top-up Company Pension Plan | 89 | 567 | 21 | 567 | 567 | 2 | 569 |
| 525 | Individual pensions UWP - With Profits Retirement Plan | 4353 | 42389 | 1604 | 42389 | 42389 | 138 | 42527 |
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Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|---|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 500 | Life UWP single premium | 3418 | 29856 | | 28545 | 28545 | 75 | 28620 |
| 506 | Life UWP whole life regular premium (ISA) | 4391 | 14641 | 997 | 12965 | 13008 | 730 | 13738 |
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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|---|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 710 | Life property linked whole life regular premium | 86 | 162 | 11 | 2913 | 2913 | 37 | 2950 |
| 795 | Miscellaneous property linked | 437 | 12131 | 188 | 344 | 344 | 23 | 366 |
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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|-------------------------------------|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 725 | Individual pensions property linked | 3902 | 101307 | 1184 | 101307 | 101307 | 2162 | 103469 |
| 750 | Income drawdown property linked | 1737 | 106338 | | 106338 | 106338 | 350 | 106687 |
| 755 | Trustee investment plan | 11382 | 476621 | | 476621 | 476621 | 4756 | 481377 |
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Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 700 | Life property linked single premium | 16576 | 116750 | | 113395 | 113395 | 155 | 113550 |
| 715 | Life property linked endowment regular premium - savings | 664 | 5945 | 309 | 5945 | 5945 | 500 | 6445 |
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Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 901 | Index linked income protection claims in payment | 518 | 9202 | | 58233 | 58233 | | 58233 |
| 910 | Miscellaneous index linked | 20274 | 12312 | 442 | 2001 | 2001 | | 2001 |
| 910 | Miscellaneous index linked - Accelerated CI (guaranteed) | 352 | 40064 | 271 | 1119 | 1119 | | 1119 |
| 910 | Miscellaneous index linked - Accelerated CI (reviewable) | 796 | 83396 | 510 | 712 | 712 | | 712 |
| 910 | Miscellaneous index linked - Decreasing term assurance | 5469 | 1189406 | 1667 | (3063) | (3063) | | (3063) |
| 910 | Miscellaneous index linked - Income protection NP (guaranteed) | 26072 | 528578 | 14126 | 10876 | 10876 | | 10876 |
| 910 | Miscellaneous index linked - Income protection NP (reviewable) | 2000 | 39013 | 994 | 1010 | 1010 | | 1010 |
| 910 | Miscellaneous index linked - Level term assurance | 1075 | 179677 | 368 | 619 | 619 | | 619 |
| 910 | Miscellaneous index linked - Stand-alone CI (guaranteed) | 25 | 1301 | 10 | 34 | 34 | | 34 |
| 910 | Miscellaneous index linked - Stand-alone CI (reviewable) | 615 | 68939 | 378 | 772 | 772 | | 772 |
| 915 | Additional reserves index linked | 651 | 5737 | 883 | 2354 | 2354 | | 2354 |
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Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Life / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 901 | Index linked income protection claims in payment | | 1377 | | 12447 | 12447 | | 12447 |
| 910 | Miscellaneous index linked - Accelerated CI (guaranteed) | | 27130 | 152 | 999 | 999 | | 999 |
| 910 | Miscellaneous index linked - Accelerated CI (Reviewable) | | 48143 | 360 | 120 | 120 | | 120 |
| 910 | Miscellaneous index linked - Decreasing term assurance | | 762900 | 550 | 1172 | 1172 | | 1172 |
| 910 | Miscellaneous index linked - Income protection NP (guaranteed) | | 272838 | 5971 | 7330 | 7330 | | 7330 |
| 910 | Miscellaneous index linked - Income Protection NP (Reviewable) | | 20625 | 396 | 984 | 984 | | 984 |
| 910 | Miscellaneous index linked - Level term assurance | | 106850 | 135 | 850 | 850 | | 850 |
| 910 | Miscellaneous index linked - Stand-alone CI (guaranteed) | | 976 | 8 | 4 | 4 | | 4 |
| 910 | Miscellaneous index linked - Stand-alone CI (Reviewable) | | 43090 | 327 | 92 | 92 | | 92 |
| 915 | Additional reserves index linked | | 4092 | 188 | (981) | (981) | | (981) |
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Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Gross

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 910 | Miscellaneous index linked - Decreasing term assurance | 328 | 40062 | 190 | 96 | 96 | | 96 |
| 910 | Miscellaneous index linked - Level term assurance | 518 | 103205 | 308 | 243 | 243 | | 243 |
| 915 | Additional reserves index linked | | | 14 | 14 | 14 | | 14 |
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Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**
 UK Pension / Reinsurance ceded external

| Product code number | Product description | Number of policyholders / scheme members | Amount of benefit | Amount of annual office premiums | Nominal value of units | Discounted value of units | Other liabilities | Amount of mathematical reserves |
|---------------------|--|--|-------------------|----------------------------------|------------------------|---------------------------|-------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 910 | Miscellaneous index linked - Decreasing term assurance | | 4771 | 6 | | | | |
| 910 | Miscellaneous index linked - Level term assurance | | 14212 | 32 | 20 | 20 | | 20 |
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Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Liverpool Victoria Friendly Society Limited**
Subfund **Long Term Insurance Business**
Financial year ended **31 December 2011**
Units **£000**

| Product group 1 | Net mathematical reserves 2 | Net valuation interest rate 3 | Gross valuation interest rate 4 | Risk adjusted yield on matching assets 5 |
|----------------------------------|--------------------------------|----------------------------------|------------------------------------|---|
| UK L&GA NP | 26230 | 1.88 | 2.35 | 3.17 |
| UK Pens NP | 10570 | 2.35 | 2.35 | 3.17 |
| UK PHI NP | 24388 | 2.35 | 2.35 | 3.17 |
| UK PHI NP claims in payment | 31806 | 1.65 | 1.65 | 3.17 |
| OB Pension With-Profits | 1074075 | 2.70 | 2.70 | 2.81 |
| OB Pension Non-Profit | 1287647 | 3.40 | 3.40 | 3.53 |
| OB L&GA With-Profit Taxable | 96643 | 4.70 | 4.94 | 5.45 |
| OB L&GA With-Profit Non-Taxable | 5522 | 3.70 | 3.70 | 3.93 |
| OB L&GA Non-Profit | 5447 | 1.90 | 1.90 | 2.22 |
| OB L&GA UWP Pension | 330646 | 2.60 | 2.60 | 3.48 |
| OB L&GA UWP Taxable | 749331 | 1.80 | 1.90 | 2.22 |
| OB L&GA UWP Non-Taxable | 138324 | 2.40 | 2.40 | 2.79 |
| OB Special Reserve | 27950 | | | |
| IB L&GA With-Profits Taxable | 185432 | 5.60 | 5.94 | 6.30 |
| IB L&GA With-Profits Non-Taxable | 112000 | 6.00 | 6.00 | 6.30 |
| IB Special Reserve | 5445 | | | |
| Unit Linked Sterling Reserve | 10177 | 1.90 | 1.90 | 2.22 |
| UK Misc NP | 852 | n/a | n/a | 3.17 |
| | | | | |
| Total | 4122485 | | | |

Long-term insurance business: Analysis of valuation interest rateName of insurer **Liverpool Victoria Friendly Society Limited**Subfund **RNPFN**Financial year ended **31 December 2011**Units **£000**

| Product group 1 | Net mathematical reserves 2 | Net valuation interest rate 3 | Gross valuation interest rate 4 | Risk adjusted yield on matching assets 5 |
|-----------------------------------|--------------------------------|----------------------------------|------------------------------------|---|
| Life & GA WP Life WP | 95214 | 1.80 | 2.25 | 2.32 |
| Life & GA NP Life NP | 783 | 1.56 | 1.95 | 2.06 |
| Life & GA WP GA WP | 187256 | 3.80 | 4.75 | 4.91 |
| Life & GA NP GA NP | 1387 | 1.56 | 1.95 | 2.06 |
| Life & GA NP GAF IA Post 92 | 15411 | 1.56 | 1.95 | 2.06 |
| Life & GA NP GAF IA Pre 92 | 5076 | 1.95 | 1.95 | 2.06 |
| Life & GA WP UWP Bond | 28620 | 1.64 | 2.05 | 2.19 |
| Life & GA NP UL Sterling | 655 | 1.56 | 1.95 | 2.06 |
| Life & GA NP Misc | | | | |
| Pension WP | 194053 | 4.75 | 4.75 | 4.91 |
| Pension NP | 6 | 4.75 | 4.75 | 4.91 |
| Pension DAP | 9962 | 4.75 | 4.75 | 4.91 |
| Pension NP IA OS | 1873 | 1.95 | 1.95 | 2.06 |
| Pension NP IA UK | 348496 | 1.95 | 1.95 | 2.06 |
| Other Business WP ISA UWP | 13738 | 2.05 | 2.05 | 2.19 |
| Other Business WP Swaption | 29557 | | | |
| Other Business WP Financing Costs | 4364 | | | |
| 0 | | | | |
| | | | | |
| Total | 936453 | | | |

Long-term insurance business : Distribution of surplus

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2011**
 Units **£000**

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

Valuation result

| | | | |
|---|----|---------|---------|
| Fund carried forward | 11 | 6287578 | 5329208 |
| Bonus payments in anticipation of a surplus | 12 | 100897 | 84064 |
| Transfer to non-technical account | 13 | | |
| Transfer to other funds / parts of funds | 14 | | |
| Subtotal (11 to 14) | 15 | 6388475 | 5413273 |
| Mathematical reserves | 21 | 6119153 | 5141407 |
| Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21) | 29 | 269322 | 271866 |

Composition of surplus

| | | | |
|---|----|--------|--------|
| Balance brought forward | 31 | 183887 | 236296 |
| Transfer from non-technical account | 32 | | |
| Transfer from other funds / parts of fund | 33 | | |
| Surplus arising since the last valuation | 34 | 85436 | 35569 |
| Total | 39 | 269322 | 271866 |

Distribution of surplus

| | | | |
|---|----|--------|--------|
| Bonus paid in anticipation of a surplus | 41 | 100897 | 84064 |
| Cash bonuses | 42 | | |
| Reversionary bonuses | 43 | 3935 | 3914 |
| Other bonuses | 44 | | |
| Premium reductions | 45 | | |
| Total allocated to policyholders (41 to 45) | 46 | 104832 | 87979 |
| Net transfer out of fund / part of fund | 47 | | |
| Total distributed surplus (46+47) | 48 | 104832 | 87979 |
| Surplus carried forward | 49 | 164490 | 183887 |
| Total (48+49) | 59 | 269322 | 271866 |

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **Long Term Insurance Business**
 Financial year ended **31 December 2011**
 Units **£000**

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

Valuation result

| | | | |
|---|----|---------|---------|
| Fund carried forward | 11 | 5067295 | 4095406 |
| Bonus payments in anticipation of a surplus | 12 | 80698 | 66937 |
| Transfer to non-technical account | 13 | | |
| Transfer to other funds / parts of funds | 14 | | |
| Subtotal (11 to 14) | 15 | 5147993 | 4162343 |
| Mathematical reserves | 21 | 5063359 | 4091491 |
| Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21) | 29 | 84634 | 70852 |

Composition of surplus

| | | | |
|---|----|-------|-------|
| Balance brought forward | 31 | 1 | 69044 |
| Transfer from non-technical account | 32 | | |
| Transfer from other funds / parts of fund | 33 | | |
| Surplus arising since the last valuation | 34 | 84633 | 1807 |
| Total | 39 | 84634 | 70852 |

Distribution of surplus

| | | | |
|---|----|-------|-------|
| Bonus paid in anticipation of a surplus | 41 | 80698 | 66937 |
| Cash bonuses | 42 | | |
| Reversionary bonuses | 43 | 3935 | 3914 |
| Other bonuses | 44 | | |
| Premium reductions | 45 | | |
| Total allocated to policyholders (41 to 45) | 46 | 84633 | 70851 |
| Net transfer out of fund / part of fund | 47 | | |
| Total distributed surplus (46+47) | 48 | 84633 | 70851 |
| Surplus carried forward | 49 | 1 | 1 |
| Total (48+49) | 59 | 84634 | 70852 |

Percentage of distributed surplus allocated to policyholders

| | | | |
|------------------|----|--------|--------|
| Current year | 61 | 100.00 | 100.00 |
| Current year - 1 | 62 | 100.00 | 100.00 |
| Current year - 2 | 63 | 100.00 | 100.00 |
| Current year - 3 | 64 | 100.00 | 100.00 |

Long-term insurance business : Distribution of surplus

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Total business / subfund **RNPFN**
 Financial year ended **31 December 2011**
 Units **£000**

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

Valuation result

| | | | |
|---|----|---------|---------|
| Fund carried forward | 11 | 1220283 | 1233802 |
| Bonus payments in anticipation of a surplus | 12 | 20199 | 17128 |
| Transfer to non-technical account | 13 | | |
| Transfer to other funds / parts of funds | 14 | | |
| Subtotal (11 to 14) | 15 | 1240482 | 1250930 |
| Mathematical reserves | 21 | 1055794 | 1049916 |
| Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21) | 29 | 184689 | 201014 |

Composition of surplus

| | | | |
|---|----|--------|--------|
| Balance brought forward | 31 | 183886 | 167252 |
| Transfer from non-technical account | 32 | | |
| Transfer from other funds / parts of fund | 33 | | |
| Surplus arising since the last valuation | 34 | 803 | 33762 |
| Total | 39 | 184689 | 201014 |

Distribution of surplus

| | | | |
|---|----|--------|--------|
| Bonus paid in anticipation of a surplus | 41 | 20199 | 17128 |
| Cash bonuses | 42 | | |
| Reversionary bonuses | 43 | | |
| Other bonuses | 44 | | |
| Premium reductions | 45 | | |
| Total allocated to policyholders (41 to 45) | 46 | 20199 | 17128 |
| Net transfer out of fund / part of fund | 47 | | |
| Total distributed surplus (46+47) | 48 | 20199 | 17128 |
| Surplus carried forward | 49 | 164489 | 183886 |
| Total (48+49) | 59 | 184688 | 201014 |

Percentage of distributed surplus allocated to policyholders

| | | | |
|------------------|----|--------|--------|
| Current year | 61 | 100.00 | 100.00 |
| Current year - 1 | 62 | 100.00 | 100.00 |
| Current year - 2 | 63 | 100.00 | 100.00 |
| Current year - 3 | 64 | 100.00 | 100.00 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Original insurer **Liverpool Victoria Friendly Society Limited**
 Date of maturity value / open market option **01 March 2012**

| Category of with-profits policy | Original term (years) | Maturity value / open market option | Terminal bonus | MVA | CWP / UWP | MVA permitted? | Death benefit |
|---------------------------------|-----------------------|-------------------------------------|----------------|-----|-----------|----------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Endowment assurance | 10 | 7428 | 1423 | 0 | UWP | N | 7428 |
| Endowment assurance | 15 | 12620 | 2527 | 0 | UWP | N | 12620 |
| Endowment assurance | 20 | 23499 | 4046 | 0 | CWP | N | 23499 |
| Endowment assurance | 25 | 44108 | 15223 | 0 | CWP | N | 44108 |
| Regular premium pension | 5 | 13789 | 1061 | 0 | UWP | N | 13789 |
| Regular premium pension | 10 | 32293 | 4819 | 0 | UWP | N | 32293 |
| Regular premium pension | 15 | 50262 | 7067 | 0 | UWP | N | 50262 |
| Regular premium pension | 20 | 108561 | 0 | 0 | CWP | N | 48000 |
| Single premium pension | 5 | 12329 | 986 | 0 | UWP | N | 12329 |
| Single premium pension | 10 | 14465 | 975 | 0 | UWP | N | 14465 |
| Single premium pension | 15 | 23798 | 6536 | 0 | UWP | N | 23798 |
| Single premium pension | 20 | 51192 | 0 | 0 | CWP | N | 10000 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Original insurer **Liverpool Victoria Friendly Society Limited**
 Date of surrender value **01 March 2012**

| Category of with-profits policy | Duration at surrender (years) | Surrender value | Terminal bonus | MVA | CWP / UWP | MVA permitted? | Death benefit |
|---------------------------------|-------------------------------|-----------------|----------------|-----|-----------|----------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Endowment assurance | 5 | 2770 | 264 | N/A | UWP | Y | 11250 |
| Endowment assurance | 10 | 7155 | 1311 | N/A | UWP | Y | 11250 |
| Endowment assurance | 15 | 12284 | 2351 | N/A | UWP | Y | 12284 |
| Endowment assurance | 20 | 20700 | 3452 | N/A | CWP | N | 29697 |
| With-profits bond | 2 | 11270 | 1664 | N/A | UWP | Y | 12093 |
| With-profits bond | 3 | 10977 | 1082 | N/A | UWP | Y | 11598 |
| With-profits bond | 5 | 12292 | 1602 | N/A | UWP | Y | 12398 |
| With-profits bond | 10 | 14388 | 2217 | N/A | UWP | Y | 14509 |
| Single premium pension | 2 | 12279 | 1849 | N/A | UWP | Y | 12279 |
| Single premium pension | 3 | 11424 | 731 | N/A | UWP | Y | 11424 |
| Single premium pension | 5 | 12329 | 986 | N/A | UWP | Y | 12329 |
| Single premium pension | 10 | 14465 | 975 | N/A | UWP | Y | 14465 |

Long-term insurance business : With-profits payouts on maturity (normal retirement)Name of insurer **Liverpool Victoria Friendly Society Limited**Original insurer **RNPFN**Date of maturity value / open market option **01 March 2012**

| Category of with-profits policy | Original term (years) | Maturity value / open market option | Terminal bonus | MVA | CWP / UWP | MVA permitted? | Death benefit |
|---------------------------------|-----------------------|-------------------------------------|----------------|-----|-----------|----------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Endowment assurance | 10 | 6713 | 1024 | N/A | CWP | N | 6713 |
| Endowment assurance | 15 | 13077 | 3245 | N/A | CWP | N | 13077 |
| Endowment assurance | 20 | 20805 | 4423 | N/A | CWP | N | 20805 |
| Endowment assurance | 25 | 31611 | 5700 | N/A | CWP | N | 31611 |
| Regular premium pension | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| Regular premium pension | 10 | 28169 | 4889 | N/A | CWP | N | 28169 |
| Regular premium pension | 15 | 55401 | 14057 | N/A | CWP | N | 55401 |
| Regular premium pension | 20 | 94989 | 19601 | N/A | CWP | N | 94989 |
| Single premium pension | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| Single premium pension | 10 | 15500 | 0 | N/A | CWP | N | 15500 |
| Single premium pension | 15 | 24143 | 1367 | N/A | CWP | N | 24143 |
| Single premium pension | 20 | 38803 | 0 | N/A | CWP | N | 38803 |

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

Name of insurer **Liverpool Victoria Friendly Society Limited**
 Original insurer **RNPFN**
 Date of surrender value **01 March 2012**

| Category of with-profits policy 1 | Duration at surrender (years) 2 | Surrender value 3 | Terminal bonus 4 | MVA 5 | CWP / UWP 6 | MVA permitted? 7 | Death benefit 8 |
|--------------------------------------|------------------------------------|----------------------|---------------------|----------|----------------|---------------------|--------------------|
| Endowment assurance | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| Endowment assurance | 10 | 7964 | 2276 | N/A | CWP | N | 21005 |
| Endowment assurance | 15 | 13077 | 3245 | N/A | CWP | N | 22648 |
| Endowment assurance | 20 | 20805 | 4423 | N/A | CWP | N | 26523 |
| With-profits bond | 2 | N/A | N/A | N/A | N/A | N/A | N/A |
| With-profits bond | 3 | N/A | N/A | N/A | N/A | N/A | N/A |
| With-profits bond | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| With-profits bond | 10 | 12884 | 574 | N/A | UWP | N | 13007 |
| Single premium pension | 2 | N/A | N/A | N/A | N/A | N/A | N/A |
| Single premium pension | 3 | N/A | N/A | N/A | N/A | N/A | N/A |
| Single premium pension | 5 | N/A | N/A | N/A | N/A | N/A | N/A |
| Single premium pension | 10 | 15489 | N/A | N/A | CWP | N | 15489 |

Long-term insurance capital requirementName of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**Units **£000**

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

Insurance death risk capital component

| | | | | | | | |
|------------------------------|-----------|-------|----------|---------|------|-------|-------|
| Life protection reinsurance | 11 | 0.0% | | | | | |
| Classes I (other), II and IX | 12 | 0.1% | | | | | |
| Classes I (other), II and IX | 13 | 0.15% | | | 0.50 | | |
| Classes I (other), II and IX | 14 | 0.3% | 22465279 | 6421322 | | 33698 | 30405 |
| Classes III, VII and VIII | 15 | 0.3% | 1653584 | 744569 | 0.50 | 2480 | 2385 |
| Total | 16 | | 24118863 | 7165891 | | 36178 | 32790 |

Insurance health risk and life protection reinsurance capital component

| | | | | | | | |
|--|----|--|--|--|--|------|------|
| Class IV supplementary classes 1 and 2 and life protection reinsurance | 21 | | | | | 4479 | 4479 |
|--|----|--|--|--|--|------|------|

Insurance expense risk capital component

| | | | | | | | |
|--|-----------|-----|---------|---------|------|-------|-------|
| Life protection and permanent health reinsurance | 31 | 0% | | | | | |
| Classes I (other), II and IX | 32 | 1% | 5349892 | 5204613 | 0.97 | 52046 | 43762 |
| Classes III, VII and VIII (investment risk) | 33 | 1% | 8080 | 6848 | 0.85 | 69 | 67 |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 34 | 1% | 2913 | 2913 | 1.00 | 29 | 33 |
| Classes III, VII and VIII (other) | 35 | 25% | | | | 540 | 400 |
| Class IV (other) | 36 | 1% | 181275 | 104764 | 0.85 | 1541 | 1078 |
| Class V | 37 | 1% | | | | | |
| Class VI | 38 | 1% | | | | | |
| Total | 39 | | | | | 54225 | 45339 |

Insurance market risk capital component

| | | | | | | | |
|--|-----------|----|---------|---------|------|--------|--------|
| Life protection and permanent health reinsurance | 41 | 0% | | | | | |
| Classes I (other), II and IX | 42 | 3% | 5349892 | 5204613 | 0.97 | 156138 | 131287 |
| Classes III, VII and VIII (investment risk) | 43 | 3% | 8080 | 6848 | 0.85 | 206 | 200 |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 44 | 0% | 2913 | 2913 | | | |
| Classes III, VII and VIII (other) | 45 | 0% | 803949 | 803949 | | | |
| Class IV (other) | 46 | 3% | 181275 | 104764 | 0.85 | 4623 | 3233 |
| Class V | 47 | 0% | | | | | |
| Class VI | 48 | 3% | | | | | |
| Total | 49 | | 6346110 | 6123087 | | 160967 | 134720 |

| | | | | | | | |
|--|-----------|--|--|--|--|--------|--------|
| Long term insurance capital requirement | 51 | | | | | 255849 | 217328 |
|--|-----------|--|--|--|--|--------|--------|

Supplementary Notes to the ReturnName of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

0201 The Financial Services Authority, on the application of the firm, made a direction in February 2010 under section 148 of the Financial Services and Markets Act 2000. The direction took effect from 01 February 2010 and ends 31 January 2012. The direction allows the firm to reduce the deduction for intangible assets by an amount equal to the provision for any deferred tax liability arising on goodwill and the acquired value of in-force business.

***0301* Reconciliation of Net Admissible Assets**

| Net Admissible Assets | | 2011 | 2010 |
|---------------------------------------|--------------|----------------|------------------|
| | | £000's | £000's |
| Form 13 Line 89 | F13.89 | 7,185,868 | 6,298,018 |
| Form 14 Line 11, 12 and 49 | F14.71 | (6,503,623) | (5,450,908) |
| CRR of regulated related undertakings | F13.94 | 241,494 | 203,777 |
| Total Admissible Assets | F3.79 | 923,738 | 1,050,887 |

***0310* Positive Valuation Difference**

The value of liabilities included in Form 14 exceeds the value shown in the statutory accounts by £361,447k (2010: £460,782k) The elements included in this amount are:

| | 2011 | 2010 |
|-------------------------------------|----------------|----------------|
| Description | £000s | £000s |
| Peak two adjustment re LVFS | 221,542 | 291,784 |
| FFA adjustment re. RNPFN | 164,489 | 183,886 |
| New business reserve | (10,495) | (5,778) |
| Closure reserve | (12,400) | (9,400) |
| Data Reserve | (2,000) | - |
| Value of Non-Regulated Subsidiaries | 311 | 290 |
| Total F3.14 | 361,447 | 460,782 |

***1308* Investments – long term insurance business**

- (a) The aggregate value of unlisted investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with GENPRU 1.3 is £110,360k (2010: £107,490k)
- (b) The aggregate value of listed investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with GENPRU 1.3 which are not readily realisable is £ Nil. (2010: £Nil)
- (c) The aggregate value of beneficial interests in collective investment schemes that:
- are not schemes falling within the UCITS Directive;
 - are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act;
 - do not employ derivative contracts unless they meet the criteria in INSPRU 3.2.5R;
 - do not employ contracts or assets having the effect of derivative contracts unless they have the effect of derivative contracts that meet the criteria in INSPRU 3.2.5R; and
 - do not include assets other than admissible assets among their property;
- is £Nil. (2010: £Nil)
- (d) The aggregate value of reversionary interests or remainders in property other than land or buildings is £ Nil. (2010: £Nil)

***1309* Hybrid Securities**

The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities is £34,356k. (2010: £42,260k)

***1310* Amounts receivable and payable**

Amounts due to and from any one person have been offset where appropriate in accordance with generally accepted accounting principles.

***1311* Restatement of 2010 numbers**

The comparatives on the following lines for the Long Term Insurance Business have been restated:

| Line Ref | 2010 Restated | 2010 Original |
|----------|---------------|---------------|
| | £000's | £000's |
| 13.43 | 875,492 | 847,029 |
| 13.81 | 78,122 | 106,585 |

Form 13 comparatives for the Long Term Insurance Business have been amended to reflect a comparable split of Bank Deposits due to a money market account invested in underlying OEICS's rather than cash.

***1313* Aggregate Value of Rights**

The aggregate value of rights falling under INSPRU 2.1.35R, INSPRU 2.1.36R and INSPRU 2.1.37R is £Nil (2010: £Nil)

***1316* Tangible Leased Assets**

There are no tangible leased assets included in Line 80

***1318* Other Asset Adjustments**

The following gross up adjustments form part of the reconciliation of the FSA Forms to the stat accounts as per Line 13.101. The equal & opposite contra entries are reflected in Summary Form 14 Line 74

| | 2011 | 2010 |
|---|------------------|-----------------|
| | £'000 | £'000 |
| Long Term Insurance Business: | | |
| Gross up of Bank accounts | (27,321) | (14,268) |
| Gross up currency accounts | (38,600) | - |
| Gross up debtors | (306) | - |
| Gross up of intercompany debtor | (15,618) | - |
| Gross up of tax debtor | (769) | (400) |
| Liabilities included in line 13.59 | | |
| RNPFN: | | |
| Gross up of bank accounts | (11,231) | (4,806) |
| Gross up of currency accounts | (28,212) | (11,210) |
| Gross up of intercompany debtor | (1,933) | (10,936) |
| Gross of tax debtors | (421) | (2,062) |
| Adjustment to the value of the linked fund per line 13.59 | 942 | 3,432 |
| | (123,469) | (40,250) |

For the purposes of calculating the Business Amount the RNPFN intercompany debtor balance has been netted of against the Long Term Insurance Business intercompany creditor.

***1305* and *1319* Maximum permitted counterparty limits**

(a) Except where the Board resolves otherwise, the maximum extent to which, in accordance with the investment guidelines operated by the Society, it was permitted to be exposed to any one counterparty was as follows:

- Equities: The total holding across all funds in any equity shall not exceed 2.99% of the total capitalisation.
- Fixed Interest: All deposits and other money market investments must be made with institutions rated at least A1 with SandP, P1 with Moody or F1 with Fitch. No single holding of Aaaa rated G7 Government shall represent more than 35% of the total bond fund.
- Index Derivatives: Short positions covered by exposure to that market.
Net long positions covered by cash.
- Stock Derivatives: Short positions covered by stock.

Currency Derivatives: Net Long positions up to 5% of total fund.

Short positions covered by exposure to assets in that currency.

There are no formal guidelines in relation to counterparty exposure other than as stated above.

(b) The maximum extent to which, in accordance with the guidelines operated by the Society, it was permitted to be exposed to any one counterparty, during the financial year, was as set out in section (a) above.

(c) There were no occasions, during the financial year, on which any of these limits were exceeded.

1321

Shares in Non Insurance Dependents

The negative value in certain non-regulated subsidiaries has been netted off against the value of the investment in subsidiaries made by the Society.

1401

Provision for reasonably foreseeable adverse variations

No provision was thought necessary as the company maintains sufficient admissible assets to meet reasonably foreseeable adverse variations.

1402

Liabilities

- (a) There are no charges over the assets of the Society;
- (b) The potential liability to tax on capital gains that might arise if the Society disposed of its assets was £Nil. (2010 £Nil).
- (c) The Society has granted a contingent loan facility to the RNPFN fund, a closed fund within the Group, up to a maximum of £100.0m, to be used in the event of a shortfall in the capital resources of that fund. No drawdown of this facility is anticipated. Other than this there were no contingent liabilities (other than insurance liabilities) applicable to the Society.
- (d) There were no guarantees, indemnities or other contractual commitments (other than in the course of ordinary insurance business) in respect of the existing or future liabilities of any associated bodies.
- (e) The Directors are not aware of any fundamental uncertainties affecting its business.

1403

Provisions

Amounts in line 22 do not include any provisions in respect of a deficit in a regulated related undertaking.

1405

Other Differences

| | 2011 | 2010 |
|--------------------------------------|----------------|----------------|
| Description | £000s | £000s |
| Peak two adjustment re LVFS | 221,542 | 291,785 |
| FFA adjustment re. RNPFN | 164,489 | 183,886 |
| New business reserve | (10,495) | (5,778) |
| Closure reserve | (12,400) | (9,400) |
| Data contingency | (2,000) | - |
| Gross up adjustments (see note 1318) | (123,469) | (40,250) |
| Rounding | | |
| Total F14.74 | 237,667 | 420,243 |

1406

Movement of With Profits Fund

The non-linked assets of the RNPFN fund have increased by £61,150k (2010:decrease of £6,284k)

1600

Profit and Loss Account - Non Technical Account

No Form 16 is included as there are no shareholders.

1701

Derivative Contracts Transferred by Variation Margin

- (a) The aggregate amount of any liability to repay such assets or equivalent assets is £ Nil (2010: £Nil)
- (b) The amount included on each line on Form 13 is: £Nil. (2010: £Nil)
- (c) The amount of any requirement to repay such assets or equivalent assets included on each line on Form 13 is: £Nil. (2010: £Nil)

1703

Derivative Contracts

The aggregate value of rights under derivative contracts does not exceed 2.5% of the aggregate of the amounts shown in lines 17 to 39 of Form 14.

4002

Other Income

Income relates to fee and commission income, and income from transfer of investment business to external fund manager.

4002

Other Expenditure

Expenditure relates to depreciation on premises.

4005

Basis of conversion of foreign currency

Any income & expenditure denominated in foreign currency has been translated at rates of exchange ruling as at the date of the transaction.

4006

Apportionment to Long Term Insurance Business Funds

The two long term insurance business funds are independently maintained and each has its own identifiable assets. Investment income, taxation, expenses and any increase or decrease in the value of assets are allocated as they occur for each fund.

4008

Provision of Management Services

The Group has entered into several long-term contracts following service outsourcing. These contracts will end no later than 2018. An option to withdraw from some of these commitments in 2012 is available. The present value of the remaining commitment is estimated at £89.1m (2010 £27.2m) for the Society.

4401

Basis of Valuation of Assets

Assets shown in this form have been valued at published bid values at the close of business on 31 December 2011.

4502

Other Income

Income relates to fee and commission income.

4502

Other Expenditure

Other expenditure relates to commission paid

4702

Apportionment Approximations

No approximations have been used to apportion between product codes

4801

Brand Names of Bonus Series

No bonus series, with a reserve greater than 10% of the total with-profits mathematical reserves, uses a different 'asset share' philosophy.

4802

Interest in Default

The expected income on defaulted bonds is zero.

4803

Assumptions Regarding Redemption Dates

All securities assume the latest possible redemption date except for callable bonds, where the more onerous of the earliest and latest date is assumed.

4804

Significantly Different Yields

No 'Other Assets' have a yield that is significantly different to the weighted average shown in column 4.

4805

Excess Exposure to a Counterparty etc

LVFS has no Excess Exposure to a Counterparty as demonstrated by F13 L87 C1.

4806

Assets used to Calculate Return on Assets

All assets shown in Column 2 are used to calculate the investment returns in Column 5.

4901

Disclosure of Rating Agency Used

A combination of Moody's, S&P and Fitch Credit Ratings have been used to classify the Other Fixed Interest Securities.

5102

Details of Approximations made in Estimating the Number of Policyholders

The total number of contracts shown in column 3 of Form 51 exceeds the actual number of contracts in force at 31 December 2011 by 63,776 (2010: 61,714) of which 62,870 are waiver benefits and 906 are claims in payment.

5103

Business for a Product Classified as Miscellaneous

Product code 380 includes FPP waiver of premium reserves. Product code 435 includes reserves for FPP integrated Policies, non-FPP Income Shield and Flexi Protector products.

5303

Business for a Product Classified as Miscellaneous

Product code 795 includes reserves for Unit Linked Critical Illness and Income Protector Policies

5402

Details of Approximations made in Estimating the Number of Policyholders

The total number of contracts shown in column 3 of Form 54 exceeds the actual number of contracts in force at 31 December 2011 by 20,766 (2010:19,796) of which 20,248 (2010:19290) are waiver benefits and 518 are claims in payment.

5403

Business for a Product Classified as Miscellaneous

The product description applying to product code 910 has been expanded in Form 54.

5600

Omission of Form

Form 56 – Index-Linked Business has been omitted in respect of all categories because the entries would be blank

5801

Details of Advance Interim, Mortuary or Terminal Bonuses

The Society makes no special provision for the cost of bonuses paid on future claims.

Returns under the Accounts and Statements Rules

Statement of additional information on derivatives required by Rule 9.29

Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

DERIVATIVES COMMENTARY

- a) Investment guidelines operated by the Society:
 - (i) Derivatives are only to be used for the purpose of efficient portfolio management and not for speculation; and
 - (ii) All positions involving contingent liabilities must be fully covered throughout the term of the derivative either by the underlying security or by the equivalent value in cash.
- b) The Society's derivative transactions during 2011 were all made only for the purposes of efficient portfolio management and as such were deemed potentially exercisable at some time during the term of the contract.
- c) The Society was not party to any derivative contracts during the financial year which were never likely to be exercised.
- d) The Society did not use any derivative contracts during the financial year which required a significant provision to be made for it under INSPRU 3.2.17R or (where appropriate) did not fall within the definition of a permitted derivative contract.
- e) The total value of fixed consideration received by the Society in return for granting rights under derivative contracts during the year was: £Nil.

Returns under the Accounts and Statements Rules

Statement on Controllers required by Rule 9.30

Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

CONTROLLERS

At 31 December 2011 Liverpool Victoria Friendly Society Limited had no controllers within the meaning of the rules.

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APPENDIX 9.4 (rule 9.31(a))

ABSTRACT OF VALUATION REPORT ON THE INVESTIGATION INTO THE FINANCIAL CONDITION OF THE SOCIETY IN RESPECT OF ITS LONG-TERM BUSINESS

In accordance with Part VII of the Financial Services and Markets Act 2000, Liverpool Victoria Friendly Society (“LVFS”) acquired the business of Liverpool Victoria Life Company Limited (“LVLC”) at 11.59pm on 31st December 2008, with the exception of a small volume of life business previously acquired by LVLC from UIA (Insurance) Limited (“UIA”) at 11.59pm on 31st October 2005. This transfer to LVFS included the business of The Royal National Pension Fund for Nurses (“RNPFN”) which was acquired by LVLC at 11.59pm on 31st December 2001 by way of a scheme sanctioned by the High Court pursuant to Section 112(1) of the Financial Services and Markets Act 2000. A closed sub-fund, The Royal National Pension Fund for Nurses Fund (“RNPFN Fund”) contains all the business transferred from RNPFN and is now totally ring-fenced within LVFS. For ease of reference, the non-profit business transferred from LVLC into LVFS is referred to as “Contracts Written in NP Fund”. The business written in LVFS, excluding business transferred from LVLC, is referred to as “Contracts Written in LVFS”.

INTRODUCTION

- 1.(1) The valuation date to which the actuarial investigation relates is 31st December 2011.
- (2) The valuation date to which the previous actuarial investigation relates is 31st December 2010.
- (3) No interim valuations (for the purposes of rule 9.4) have been carried out since the previous valuation date.

PRODUCT RANGE

- 2.(1) During the financial year there have been some changes to the product range offered by LVFS, details of which are provided below. The RNPFN with-profits sub-fund is open only to new non-profit business arising from the vesting of deferred annuities from within the sub-fund.
- (2) With-profit policies that were previously held in the LVLC Fund and transferred to LVFS are now treated as non-profit policies with guaranteed rates of future bonus.

PHI business net of external reinsurance within LVFS previously ceded to LVLC has been recaptured. The underlying internal reinsurance arrangement between LVFS and LVLC collapsed on 30th November 2011.

- (3) New products launched during the year are listed below. The name used to reference them in the Appendices is given in brackets.

Term Insurance Plan (Union Income Benefit / “UIB”)

The is a regular premium non-profit life protection plan which provides a guaranteed sum assured of up to £50,000 on the death of the customer

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It is available as a single life policy only to UK residents aged between 19 next birthday and 65 next birthday and expires at age 70 for all policies. Only level cover is available and the plan guarantees acceptance with no medical underwriting or health declaration required.

Premiums are payable throughout the term of the policy or until earlier claim and are guaranteed. If no claim has been paid on the plan at expiry and all premiums due have been paid then a refund equal to 20% of the total premiums paid less administration fees will be paid. There is no surrender value.

Pension Income plus annuity (PIPA)

This is a conventional with profit single premium immediate annuity invested in the LV01 fund.

The policyholder chooses an anticipated investment return (AIR) at outset that their annuity will decrease by, per annum. At the same time the annuity will increase by the declared investment return (DIR) that distributes investment return generated.

Standard product guarantees:

- A guarantee that the income will not fall in the first two years
- A guaranteed minimum income level that the income will not fall below over the lifetime of the annuitant. This minimum income guarantee also ratchets up over the lifetime of the annuitant subject to DIRs to date.

Optional additional guarantees:

- Value protection: ensures that a portion of the initial investment less the aggregate amount of income paid from the annuity is paid as a lump sum if the annuitant dies.
- Income guarantee: If the annuitant dies within the guarantee period, the annuity can normally continue to be paid as a regular income until the end of the guarantee period.
- Lump sum guarantee: This allows any remaining annuity payments due after the annuitant dies until the end of the guaranteed period to be paid as a lump sum

Other policyholder options include:

Change AIR level, convert to non profit income, Joint life/single life, income frequency, dependant's income

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DISCRETIONARY CHARGES AND BENEFITS

- 3.(1) Market value reductions (“MVRs”) have been applied during the period since the previous valuation date as follows:-

| Product | Policy Years of Entry to Which MVR Applied | Period for Which MVR Applied |
|---|--|------------------------------|
| With Profits Investment Bond (Series 1) | 2000 – 2002 | Jan – Aug |
| Mutual Investment Bond (Series GB) | 2000 – 2001 | Jan – Feb |
| Mutual Investment Bond (Series NB) | 2001 | Jan |
| With Profits Growth Bond (Series 1) | 2001 | Jan – Feb |
| Bank of Ireland With Profits Bond | 2001 – 2002 | Jan – Feb |
| With Profits Income Bond | 2006 – 2008 | Throughout 2011 |
| With Profits Growth Bond (Series 2) | 2007 – 2008 | Throughout 2011 |
| With Profits Growth Bond (Series 2) | 2007 – 2008 | Jan – Apr |

- (2) The details of changes to premiums on reviewable protection policies since the previous actuarial investigation are shown below:-

| Product | Range of Premium Changes | Number of Policies Affected by the Change | Number of Policies Not Changed Although Permitted |
|------------------|--------------------------|---|---|
| Individual PHI | Nil | Nil | 17,610 |
| Critical illness | Nil | Nil | 5,219 |
| Income protector | Nil | Nil | 237 |
| Care protector | Nil | Nil | 4 |

- (3) The rate of interest added to non-profit deposit administration policies written in the RNPFN Fund during 2011 was 3.6% until 5/4/2011 and then an interim rate 3.7% for the remainder of the year. The final rate from 5/4/2012 onwards has not yet been declared and reserves have been calculated using the interim rate.
- (4) There have been no changes to service charges on linked policies since the previous valuation date.
- (5) There have been no changes to benefit charges on linked policies since the previous valuation date.

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- (6) The Society has not made any changes to unit management charges or notional charges to accumulating with-profits policies since the previous valuation date.
- (7) The methods used for the creation and cancellation of units in internal linked funds and determining unit prices for the allocation of units to, and the cancellation of units from, policies are described in the following paragraphs.

(a) **CONTRACTS WRITTEN IN LVFS**

- (i) Units are allocated and cancelled from pension policies daily. Units are created and cancelled in the pension internal linked funds daily.
- (ii) The prices used are those derived from fund valuations at the close of markets on the day immediately preceding the date the units are created or cancelled. The corresponding cash transfers into or out of the funds are made on the same day as the units are created or cancelled.
- (iii) In general, the prices used are derived on an offer basis where the units are being created and on a bid basis where the units are being cancelled. However, where units are to be cancelled in a fund that is normally expanding, or created in a fund that is normally contracting, the long term pricing basis may be retained, subject to there being adequate liquidity in the fund.
- (iv) The prices used in general are those derived from fund valuations at the close of markets on the valuation day on or immediately following the due date of the premium or the date the request to encash units is received, as appropriate. The pricing basis follows that in force for the creation and cancellation of units in the funds themselves.

(b) The same pricing basis applies to different policies at all times.

(c) A number of the internal linked pension funds invest in units in collective investment schemes. The price used to deal is the one immediately following receipt of the dealing instruction by the relevant external manager. The collective investment schemes are all priced daily.

CONTRACTS WRITTEN IN NP FUND

(a) The NP Fund maintains one internal linked fund, the Managed Life Fund invests primarily in a range of UK and overseas shares via a number of unit trusts managed by Invesco Fund Managers Ltd. All units are Accumulation units.

(i) Valuations are carried out daily. The creation or cancellation of units takes place after the calculation of unit prices and is based on the maximum value of the fund (if the fund is on an offer basis) or the minimum value of the fund (if the fund is on a bid basis). Decisions on the creation or cancellation of units are made daily, within agreed guidelines.

(ii) The NP Fund is entitled to deduct from the fund all costs and expenses incurred in the purchase, sale, maintenance or valuation of any assets; such amounts as the NP

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Fund shall determine in respect of tax on income and capital gains; and an appropriate share of any other taxes or levies made on the NP Fund. In addition the NP Fund is entitled to deduct a management charge at a rate determined from time to time by the NP Fund. The management charge is currently 0.5% per annum and is deducted daily.

Each unit has a bid price and an offer price. The bid price is not less than the minimum value of the fund divided by the number of units in the fund with the result rounded down by not more than 1% (a bid basis). The offer price does not exceed the maximum value of the fund divided by the number of units in the fund and multiplied by 100/95 with the result rounded up by not more than 1% (an offer basis). Normally, the bid price is not less than the offer price multiplied by 95%.

- (iii) The NP Fund undertakes valuations of the fund in order to establish a maximum and a minimum value of that fund. The maximum value is based on the price at which the fund's assets might be purchased by the NP Fund increased by any taxes, charges or other expenses payable upon purchase. The minimum value is based on the price at which the fund's assets might be sold by the NP Fund reduced by any taxes, charges or other expenses payable upon sale.

Where the fund is in general expanding, an offer basis will normally be adopted. When it is contracting, this might change to a bid basis but only after discussion with, or on the basis of guidelines agreed with, the Actuarial Function Holder. In certain circumstances a basis in between the offer basis and the bid basis might be adopted, in order to smooth the transition from one basis to another. In this event the price used for the creation or cancellation of units would be such as to avoid disadvantaging the continuing unitholders.

- (iv) The fund operates on a forward pricing basis, and is normally valued at the prices ruling at the 4.00pm valuation point. Unit transactions by policyholders can only take advantage of these prices if written confirmation of the transaction has been received by 2.00pm that day.

CONTRACTS WRITTEN IN RNPFN FUND

- (a) The RNPFN Fund maintains one internal linked fund, the Managed Growth Fund. All units are Accumulation units.
 - (i) Valuations are carried out weekly and at the month end. The creation or cancellation of units takes place at the valuation on or following the receipt of premiums or request to cancel units.
 - (ii)(iii) The determination of unit prices for the Managed Growth Fund depends on whether the pricing is for a net inflow or outflow of funds.

When the fund is valued for a net inflow position, units are created or cancelled at the creation price. This price is determined by valuing the assets at the middle market price adjusted by an Acquisition Factor. This Factor is estimated to give the lowest offered dealing price on the bid/offer spread of the underlying investments including all costs that would be incurred in purchasing such assets and net of all

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investment management charges, charges on the investments, liabilities and provisions in respect of the investments and deductions, if any, for tax. This total is divided by the number of units to give the creation price.

When the fund is valued for a net outflow position, units are created or cancelled at the cancellation price. This is determined by valuing the assets at the middle market price adjusted by a Realisation Factor. This Factor is estimated to give the highest bid dealing price on the bid/offer spread of the underlying investment net of all costs that would be incurred in disposing of the assets, investment management charges, charges on investments, liabilities and provisions in respect of investments and deductions, if any, for tax. This total is divided by the number of units to give the cancellation price.

At the present time the Managed Growth Fund is in a net outflow position and so units are allocated to policies at the offer price which is determined as the cancellation price multiplied by 100/95 plus a rounding adjustment of up to a maximum of 1%. Units are de-allocated at 95% of the offer price.

- (iv) The fund operates on a forward pricing basis, and is normally valued at the prices ruling at the close of business on the valuation day. Unit transactions by policyholders can only take advantage of these prices if written confirmation of the transaction has been received by 10.00am that day.
 - (b) The same pricing basis applies to different RNPFN policies at all times.
 - (c) For policies linked to authorised unit trusts, the prices used for the allocation and cancellation of units are the published unit prices for the relevant assets. Unit transactions by policyholders can only take advantage of these prices if written confirmation of the transaction has been received by 10.00am that day.
- (8)(9)The methods used to determine the provision for tax on realised and unrealised capital gains and the percentage or percentages of those gains deducted or provided for during 2011 are described in the following paragraphs.

CONTRACTS WRITTEN IN LVFS

Deductions in respect of tax are made from the internal linked funds to remove previously established provisions in respect of tax on realised capital gains; this typically occurs annually.

CONTRACTS WRITTEN IN NP FUND

The internal linked fund includes a provision for tax on unrealised gains. This is calculated daily and is based on the full rate of tax on the gain after the indexation of book costs where applicable. Unrealised losses are offset against unrealised gains up to a maximum level of the unrealised gains. During 2011 the rate of tax used was 20%. When gains are realised, the relevant part of this provision is removed and charged directly to the fund against the proceeds of the disposal.

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For assets subject to a deemed disposal treatment at the end of each year, the tax liabilities and provisions in the funds on the relevant date are calculated accordingly, as if the assets had actually been disposed of on that date.

For policies linked to authorised unit trusts, the liability to tax on capital gains is deducted from the value of units allocated when determining policy benefits. This deduction is calculated individually for each claim based on the full rate of tax on the gain with an estimate of the effect of the indexation of book costs. During 2011 the rate of tax used was 20%.

CONTRACTS WRITTEN IN RNPFN FUND

A calculation has been performed to determine whether an asset in respect of potential tax savings arises on capital losses throughout the year for the RNPFN Fund. This is based on the actual rate payable for net realised gains, reduced by unrealised gains at the expected rate payable by the RNPFN Fund when any future gains are realised.

During the year ended 31st December 2011 the rates used for realised gains was 20% for equities and unit trusts and 20% for bonds.

- (10) The rate of discount, commission or other allowances made to the Society on the purchase, sale or holding of units and the extent to which the policyholder benefits from such discounts, commission or other allowance is described in the following paragraphs.

CONTRACTS WRITTEN IN LVFS

A number of internal linked pension funds hold units of the type referred to in paragraph 5 of part 1 of Appendix 3.2 of IPRU(INS). Part of the charge levied by the external manager on the assets underlying the units is rebated to the insurer. The size of the rebate is up to 0.75% per annum and accrues to the relevant internal linked fund.

No other discount, commission or other allowance is received by the insurer on the purchase, sale or holding of any units of the type referred to in paragraph 5 of part 1 of Appendix 3.2 of IPRU(INS), to which any of the insurer's contracts are linked.

CONTRACTS WRITTEN IN NP FUND

The NP Fund has an agreement with Invesco Fund Managers Limited under which a rebate (calculated monthly and received quarterly) is paid to the NP Fund, sufficient to reduce the periodic management charge on the units to the equivalent of 0.5% per annum.

The full benefit of this rebate (less any tax thereon) is credited to the funds and hence received by the NP Fund's policyholders.

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VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)

- 4.(1) The investigation has involved the determination for each type of insurance of the net liability in respect of the contracts in force at the date of the investigation.

The following principles and methods have been adopted in the valuation:

CONTRACTS WRITTEN IN LVFS

- (i) For all types of insurance other than those for which a different method has been explicitly described below, the gross premium method of valuation has been adopted using the bases described in sub-paragraphs 4.(2), 4.(4), 4.(6), 4.(7), 4.(8) and 4.(9). The bases so described have been determined so as to have regard to the nature and the terms of the assets already available and those anticipated will become available in the future. The liability has been calculated as present value of the benefits plus the present value of expenses less the present value of gross premiums. The liability has been calculated using cash flow methods, except for the vested with-profit pensions now in payment, where commutation functions have been used.
- (ii) Allowance has been made for the payment of claims immediately on the occurrence of the event giving rise to the claim.
- (iii) All policies have been valued using model points (except those policies referred to in sub-paragraph 4.(1)(iv)) and any negative reserve in respect of any single model point eliminated. Where model points are shown to understate the reserves, an adjustment factor is applied to remove any understatement in the reserves. The model point groupings used are as described in sub-paragraph 6.(2)(b)(iii) of Appendix 9.4A.
- (iv) Term assurances have been valued individually according to the calendar year of expiry and according to the exact age at the date of investigation. Protected Retirement Plan policies have been valued individually.
- (v) For accumulating with-profit policies, the liability has been determined as the greater of two values:
 - (a) a gross premium valuation, using discounted cash flow methods, allowing for future benefits including guaranteed benefits payable on death or on surrender at a specified date, future expenses and future premiums, and
 - (b) the surrender value, excluding any allowance for terminal bonus.For regular premium policies, the liability is increased where necessary, to allow for premiums ceasing in future. For single premium bonds, the liability is increased where necessary to allow for future benefit guarantees on surrender, as described in sub-paragraph 5.(2)(a).

The assumptions used in the discounted cash flow calculations are described in sub-paragraphs 4.(2), 4.(4), 4.(6), 4.(7), 4.(8) and 4.(9).

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(vi) Allowance has been made in the determination of the CWP Pension discount rate for an interest rate SWAP. The SWAP has been arranged with Morgan Stanley to hedge the guarantee costs of the CWP Pension. The SWAP is made up of a basket of payer and receiver SWAPs of increasing tenor. The yield assumed on this asset has been calculated by taking the weighted average yield on the individual SWAPs, as required by INSPRU 3.1.30R.

(vii) Due regard has been taken of the duty to treat customers fairly, as required by INSPRU 1.2.10R(6) by ensuring that the reserves are sufficiently strong to meet liabilities to policyholders as they become due and include adequate margins to meet adverse deviations in experience.

The custom and practice of the Society in the manner and timing of the distribution of profits or the grant of discretionary additions over the duration of each policy, as required by INSPRU 1.2.10R(5) has been taken into account by including previously declared reversionary bonus in future cash flows. The valuation method adopted makes no provision for future bonuses on with profits policies except as described in sub-paragraph 5.(2)(a). Total policy proceeds, consistent with policyholders' reasonable expectations, will be met by future reversionary bonuses and terminal bonus additions at the time of claim. Such additions are not specifically reserved for in advance but are implicitly covered by the excess of admissible assets over mathematical reserves.

(viii) For each individual contract as described above, the value of the sum assured has been increased so that it is not less than the value of the future office premiums.

(ix) The provision made for any prospective liability for tax on unrealised capital gains is equal to the capital gains tax liability that would be incurred if all assets were sold at the valuation date.

(x) For policies linked to the internal linked fund, a unit reserve is held equal to the value of the units allocated to the policies based on the valuation price per unit shown in Form 55. A sterling reserve has also been calculated using a gross premium cash flow approach. Items of future income and outgo were projected and if necessary a sterling reserve established which is sufficient to eliminate any resulting strains. A check has been made to ensure that the total reserve is always no less than the surrender value at any time. The sterling reserve was calculated using the bases described in sub-paragraphs 4(2), 4(4), 4(6) and 4(7).

(xi) For conventional with-profit pension deferred annuities, it is assumed that 95% will take the guaranteed annuity at retirement rather than the alternative cash option.

CONTRACTS WRITTEN IN NP FUND

(xii) The liability has been calculated using cash flow methods, as the present value of the benefits plus the present value of expenses less the present value of gross premiums.

(xiii) Index-linked policies not linked to internal linked funds or to unit trusts have been valued using the basis for non-linked policies.

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- (xiv) Most individual permanent health insurance policies issued by the NP Fund under its standard tables terminate on a specified birthday. The termination date has been taken into account in determining the value of benefits. Where appropriate, the reserve in respect of waiver of premium has been included in the value of benefits and the value of premiums assumes that all future premiums are paid when due.
- (xv) For non-linked permanent health insurance policies and index-linked permanent health insurance policies, the reserve has been calculated assuming rates of claim inception and terminations for healthy lives and rates of claim termination for disabled lives.
- (xvi) Policies subject to an extra premium on account of health have been valued as ordinary policies and an additional reserve of one year's extra premium has been included.
- (xvii) For group permanent health insurance policies a reserve has been made in respect of disabled lives calculated by valuing the claim as the value of the benefits plus the value of expenses. An additional reserve of £200,000 has been set up to cover potential disputes from claims arising on permanent health insurance policies.
- (xviii) Policies linked to authorised unit trusts were valued by reserving the full amount of the market value of the units deemed to be standing to the credit of policies, plus one year's premium not invested in units.
- (xix) All policies have been valued individually and for products where Policy Standard 06/14 has not been applied, negative reserves in respect of any single policy eliminated.

CONTRACTS WRITTEN IN RNPFN FUND

- (xx) Other than temporary assurances, all policies are valued on model points using a gross premium method taking account of the age of the policyholder(s) at the valuation date.
- (xxi) For non-linked policies valued using the gross premium method, the reserve has been calculated as the present value of benefits plus the present value of expenses less the present value of gross premiums.
- (xxii) For endowments with guaranteed surrender values the mathematical reserve established is the greater of the gross premium reserve and the guaranteed surrender value.
- (xxiii) For temporary assurances a manual reserve is held equal to the single premium or one times annual premium as appropriate.
- (xxiv) For immediate annuity policies, the reserve is calculated as the present value of benefits plus the present value of expenses, with an allowance for the reinsurance

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premiums. Allowance is made for the unexpired guarantee period. The standard guarantee period is 5 years but exceptions are possible.

- (xxv) The valuation method adopted makes no provision for future bonuses on with-profits life policies. Total policy proceeds, consistent with policyholders' reasonable expectations, will be met by terminal bonus additions at the time of claim. Such additions are not explicitly reserved for in advance but are implicitly covered by the excess of admissible assets over mathematical reserves.
- (xxvi) All policies have been valued using model points and any negative reserve in respect of any single model point eliminated. Where model points are shown to understate the reserves, by comparison with the reserve based on individual policies, an adjustment factor is applied to remove any understatement in reserves. The model point groupings used are as described in Appendix 9.4A.
- (xxvii) No specific reserve has been made for future bonuses.
- (xxviii) The provision made for any prospective liability for tax on unrealised capital gains is equal to the capital gains tax liability that would be incurred if all assets were sold at the valuation date. No reserve was necessary in respect of tax on unrealised capital gains in the internal linked funds, as unrealised gains are offset by realised losses.
- (xxix) For policies linked to the internal linked fund, a unit reserve is held equal to the value of the units allocated to the policies based on the valuation price per unit shown in Form 55. A sterling reserve has also been calculated using a gross premium cash flow approach. Items of future income and outgo were projected and if necessary a sterling reserve established which is sufficient to eliminate any resulting strains. A check has been made to ensure that the total reserve is always no less than the surrender value at the time. The sterling reserve was calculated using the bases described in sub-paragraphs 4.(2), 4.(4), 4.(6) and 4.(7).

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- (2) The annual percentage rates of interest, net of tax where appropriate, used for determining the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Product Code Number | Interest Rate as at:- | |
|--|---------------------------------|--------------------------------|--------------------------------|
| | | 31 st December 2011 | 31 st December 2010 |
| <u>ORDINARY BRANCH</u> | | | |
| L&GA With-Profits Taxable | 100, 120, 125 | 4.70% | 3.90% |
| L&GA With-Profits Non-Taxable | 115, 140 | 3.70% | 4.00% |
| L&GA Non-Profit | 300,325, 330 | 1.52% | 1.76% |
| Pension With-Profits | 165 | 2.70% | 3.70% |
| | 200 | 6.00% | 5.50% |
| Pension Non-Profit | 400 | 2.70% | 3.70% |
| | 405 | 3.40% | 4.50% |
| | 725, 750, 755 | 1.90% | 2.20% |
| L&GA UWP Taxable | 500, 505, 510 | 1.80% | 2.20% |
| L&GA UWP Non-Taxable | 506, 516, 525, 510 (tax exempt) | 2.40% | 3.00% |
| L&GA UWP Pension | 525 | 2.60% | 3.50% |
| <u>INDUSTRIAL BRANCH</u> | | | |
| L&GA With-Profits Taxable | 105, 130 (taxable) | 5.60% | 5.10% |
| L&GA With-Profits Non-Taxable | 105,115, 130,140 (tax exempt) | 6.00% | 5.50% |
| <u>CONTRACTS WRITTEN IN NP FUND</u> | | | |
| L&GA Non-Profit | 435 installments | 1.32% | 2.00% |
| | 910 ¹ | 1.88% | 2.80% |
| | All others | 1.88% | 2.80% |
| Pensions Non-Profit | 435 annuity | 1.65% | 2.50% |
| | 910 ¹ | 2.35% | 3.50% |
| | 910 installments ¹ | 1.65% | 2.50% |
| | All others | 2.35% | 3.50% |
| PHI Non-Profit – active lives | 910 ¹ | 2.35% | 3.50% |
| | All others | 2.35% | 3.50% |
| PHI Non-Profit – claims in payment | 901 ¹ | 1.65% | 2.50% |
| | All others | 1.65% | 2.50% |
| <u>CONTRACTS IN RNPEN FUND</u> | | | |
| L&GA With-Profits | 100,120 | 1.80% | 2.80% |
| | 165 | 3.80% | 3.60% |
| L&GA Non-Profit | 390 | 1.56% | 2.56% |
| | 400 post 92 entry | 1.56% | 2.56% |
| | 400 pre 92 entry | 1.95% | 3.20% |
| | 440,700,715 | 1.56% | 2.56% |
| | All others | 1.56% | 2.56% |
| Pensions With-Profit | All | 4.75% | 4.15% |
| Pensions Non-Profit | 315 | 4.75% | 4.50% |
| | 400 | 4.75% | 4.50% |
| | All others | 4.75% | 4.50% |
| L&GA UWP Taxable | All | 1.64% | 2.65% |
| L&GA UWP Non-Taxable | All | 2.05% | 3.30% |

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¹ The interest rates given against these product codes are nominal rates of interest. Benefits are assumed to increase explicitly at a rate of 3.54% per annum as at the valuation date.

(3) CONTRACTS WRITTEN IN RNPFN FUND

The method used to adjust the yield on corporate bonds, in accordance with INSPRU 3.1.41R was to reduce the yields by an average of 40% of the spread over gilts of equivalent durations, subject to a minimum of three times the historical default rate by ratings category using Standard & Poors' data, to allow for the risk of default.

For callable bonds, where the borrower has the option to repay earlier than the maturity date, the yield is calculated at both the next call date and maturity date and the lower yield is used.

For assets that are equity shares or land, such assets were divided for the purpose of INSPRU 3.1.33R according to whether they were equity shares or land. They were then divided according to their yield. The method used to adjust the yield on equity shares and land was to:

- (a) consider both retrospective and prospective earnings and rental yields (where available) and use the lower, unless further information was available to justify the higher;
- (b) review the portfolio on a stock by stock basis for high yields arising due to risk and to reduce such yields so that the margin over the long-term gilt yield did not exceed 1%;
- (c) Yields on overseas equities are reduced by 15% to allow for withholding tax.

CONTRACTS WRITTEN IN LVFS FUND

The method used to adjust the yield on corporate bonds, in accordance with INSPRU 3.1.41R was to reduce the yields by an average of 40% of the spread over gilts of equivalent durations, subject to a minimum of three times the historical default rate by ratings category using Standard & Poors' data, to allow for the risk of default.

For callable bonds, where the borrower has the option to repay earlier than the maturity date, the yield is calculated at both the next call date and maturity date and the lower yield is used.

In accordance with INSPRU 3.1.33R and 3.1.36R the method used to adjust the yield on real estate was to:

- (a) consider both retrospective and prospective earnings and rental yields (where available) and use the lower, unless further information was available to justify the higher;

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- (b) reduce yields by 0.65% to allow for future voids;
- (c) cap yields on any individual asset at 10%.

In accordance with INSPRU 3.1.33R and 3.1.37R the method used to adjust the yield on equities was to:

- (a) take the average of the dividend and earnings yields;
- (b) reduce the yield on overseas equities by 15% to allow for withholding tax;
- (c) cap yields on any individual asset at 10%.

CONTRACTS WRITTEN IN NP FUND

For the purpose of INSPRU 3.1.33R for assets matching contracts written in the NP Fund, equities were treated as one category and no adjustment was made to the yield on those assets.

- (4) The mortality bases used to determine the mathematical reserves described in subparagraph 4.(1) are shown below:-

| Product Group | Product Code Number | Mortality Basis as at:- | |
|---|---------------------|--|--|
| | | 31 st December 2011 | 31 st December 2010 |
| <u>CONTRACTS WRITTEN IN LVFS</u> ORDINARY BRANCH L&GA With-Profits Non-Taxable | 165 deferred | 55.25% AM80ult -3F | 55.25% AM80ult -3F |
| | 165,195 in payment | Male: 85% RMV00 ¹ Female: 85% RFV00 ² | Male: 85% RMV00 ¹ Female: 85% RFV00 ² |
| | All others | 86.25% AM80ult -3F | 86.25% AM80ult -3F |
| L&GA With-Profits Taxable | All | 86.25% AM80ult -3F | 86.25% AM80ult -3F |
| L&GA Non-Profit | 325,330 | NS: 95% AM/F80 S: 165% AM/F80 | NS: 95% AM/F80 S: 165% AM/F80 |
| | 400 | Male: 85% RMV00 ¹ Female: 85% RFV00 ² | Male: 85% RMV00 ¹ Female: 85% RFV00 ² |
| | 300 | 86.25% AM80ult -3F | 86.25% AM80ult -3F |
| Pension With-Profits | 165 deferred | 55.25% AM80ult -3F | 59.5% AM80ult -3F |
| | 165 in payment | Male: 85% RMV00 ¹ Female: 85% RFV00 ² | Male: 85% RMV00 ¹ Female: 85% RFV00 ² |
| | 200 in payment | Male: 85% RMV00 ¹ Female: 85% RFV00 ² | Male: 85% RMV00 ¹ Female: 85% RFV00 ² |

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| | | | |
|---|--|--|--|
| Pension Non-Profit | 325 | NS: 95% AM/F80 S: 165% AM/F80 | NS: 95% AM/F80 S: 165% AM/F80 |
| | 400 | Male: 85% RMV00 ¹ Female: 85% RFV00 ² | Male: 85% RMV00 ¹ Female: 85% RFV00 ² |
| | 405 | Males: 80% RGALV2011M ¹¹ Females: 80% RGALV2011F ¹² | Males: 82.45% RGALV2008M ⁸ Females: 82.45% RGALV2008F ⁹ |
| | 725,750,755 | 92% AX92C20mc | 92% AX92C20mc |
| L&GA UWP Taxable | 500 | 92% AM80ult | 92% AM80ult |
| | All others | 92% AM/F80 2yr select | 92% AM/F80 2yr select |
| L&GA UWP Non- Taxable | 506 | 92% AM/F80 2yr select | 92% AM/F80 2yr select |
| | All others | 92% AM/F80ult | 92% AM/F80ult |
| L&GA UWP Pension | 525 APPS | 74.75% AM80ult | 74.75% AM80ult |
| | All others | 92% AM80ult | 92% AM80ult |
| <u>INDUSTRIAL BRANCH</u> L&GA With-Profits Taxable | All | 92% up to age 80, rising linearly to 115% at age 100 ELT16 | 63.25% ELT14(M) |
| L&GA With-Profits Non-Taxable | All | 92% up to age 80, rising linearly to 115% at age 100 ELT16 | 63.25% ELT14(M) |
| <u>CONTRACTS WRITTEN IN NP FUND</u> L&GA Non-Profit | 300 50+ Plan | 72% Modified AMC00/AFC00 Ult ³ | 80% Modified AMC00/AFC00 Ult |
| | 300 ASDA 50+ Plan | 70% Modified AMC00/AFC00 Ult ³ | 70% Modified AMC00/AFC00 Ult |
| | 300 Lifetime + | 70% Modified AMN00/AMS00/ AFN00/AFS00 (3yr select) ³ | 70% Modified AMN00/AMS00/ AFN00/AFS00 (3yr select) |
| | 300 Others | 100% AM92/AF92 | 100% AM92/AF92 |
| | 325, 330 & 910 FPP ¹⁰ Life | 146% Modified TMN00/ TMS00/TFN00/TFS00 ³ | 155% Modified TMN00/ TMS00/TFN00/TFS00 |
| | 325, 330 & 910 Non-FPP ¹⁰ Life | 146% Modified TMN00/ TMS00/TFN00/TFS00 ³ | 155% Modified TMN00/ TMS00/TFN00/TFS00 |
| | 360, 365, 380 & 910 Income Protection | 70% AM92/AF92 | 70% AM92/AF92 |
| | 325, 330, 910 Vanilla Term Assurance | 115% Modified TMN00/ TMS00/TFN00/TFS00 | 100% Modified TMN00/ TMS00/TFN00/TFS00 ⁴ |

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| | | | |
|--|---|---|---|
| Pensions Non-Profit | 325, 330 & 910 | 146% TMN00/TMS00/ TFN00/TFS00 ³ | 155% TMN00/TMS00/ TFN00/TFS00 |
| PHI Non-Profit | All | 70% AM92/AF92 | 70% AM92/AF92 |
| <u>CONTRACTS WRITTEN IN RNPFN FUND</u> L&GA With-Profits | 165 deferred All others | 85% AM/F92ult 115% AM/F92ult | 85% AM/F92ult 115% AM/F92ult |
| L&GA Non-Profit | 300 500,575,700 390 400 ⁵ | 115% AM/F92ult 115% AM/F92ult 85% AM/F92ult Male: 61.2% IML00 ⁶ Female: 72.3% IFL00 ⁷ | 115% AM/F92ult 115% AM/F92ult 85% AM/F92ult Male: 61.2% IML00 ⁶ Female: 72.3% IFL00 ⁷ |
| Pensions With-Profit | All deferred | 85% AM/F92ult | 85% AM/F92ult |
| L&GA UWP Taxable | All | 115% A67/70ult | 115% A67/70ult |
| L&GA UWP – Non- Taxable | All | 115% A67/70ult | 115% A67/70ult |
| Pension Non-Profit | All Deferred In Payment | 85% AM/F92ult Male: 61.2% IML00 ⁶ Female: 72.3% IFL00 ⁷ | 85% AM/F92ult Male: 61.2% IML00 ⁶ Female: 72.3% IFL00 ⁷ |

¹ Adjusted with improvements of 100% of 2009 CMI mortality improvement model, (core assumption, 2.00% long-term improvement factor to age 90, tapering to 0% at age 120).

² Adjusted with improvements of 100% of 2009 CMI mortality improvement model, (core assumption, 1.50% long-term improvement factor to age 90, tapering to 0% at age 120).

³ Mortality sample rates are given as follows:

50+ Plan (Product code 300)

| Age | Male | | Female | |
|-----|----------|------------|----------|------------|
| | Smoker | Non-Smoker | Smoker | Non-Smoker |
| 25 | N/A | N/A | N/A | N/A |
| 35 | N/A | N/A | N/A | N/A |
| 45 | N/A | N/A | N/A | N/A |
| 55 | 0.005338 | 0.005338 | 0.003484 | 0.003484 |

ASDA 50+ Plan (Product code 300)

| Age | Male | | Female | |
|-----|----------|------------|----------|------------|
| | Smoker | Non-Smoker | Smoker | Non-Smoker |
| 25 | N/A | N/A | N/A | N/A |
| 35 | N/A | N/A | N/A | N/A |
| 45 | N/A | N/A | N/A | N/A |
| 55 | 0.009192 | 0.004234 | 0.006266 | 0.002709 |

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Lifetime + (Product code 300)

| Age | Male | | Female | |
|-----|----------|------------|----------|------------|
| | Smoker | Non-Smoker | Smoker | Non-Smoker |
| 25 | 0.000399 | 0.000404 | 0.000165 | 0.000147 |
| 35 | 0.000810 | 0.000515 | 0.000477 | 0.000299 |
| 45 | 0.001465 | 0.000780 | 0.001263 | 0.000624 |
| 55 | 0.003981 | 0.001834 | 0.003367 | 0.001585 |

FPP Life and Non FPP Life and Pension (Product code 325, 330 & 910)

| Age | Male | | Female | |
|-----|----------|------------|----------|------------|
| | Smoker | Non-Smoker | Smoker | Non-Smoker |
| 25 | 0.000580 | 0.000280 | 0.000255 | 0.000188 |
| 35 | 0.000715 | 0.000360 | 0.000426 | 0.000308 |
| 45 | 0.001411 | 0.000624 | 0.001118 | 0.000554 |
| 55 | 0.004116 | 0.001512 | 0.003509 | 0.001364 |

VTA (Product code 325, 330 & 910)

| Age | Male | | Female | |
|-----|----------|------------|----------|------------|
| | Smoker | Non-Smoker | Smoker | Non-Smoker |
| 25 | 0.000659 | 0.000319 | 0.000290 | 0.000213 |
| 35 | 0.000811 | 0.000410 | 0.000485 | 0.000348 |
| 45 | 0.001602 | 0.000711 | 0.001274 | 0.000627 |
| 55 | 0.004672 | 0.001722 | 0.003998 | 0.001544 |

⁴ TMN00/TMS00/TFN00/TFS00 table mortality rates were multiplied by 80.4% (non-smokers) and 104.4% (smokers) for male lives, 74.4% (non-smokers) and 93.6% (smokers) for female lives.

⁵ For reserving for expenses and reinsurance charges only.

⁶ Adjusted with improvements of 120% medium cohort over 2000 to 2004 and future improvements 120% medium cohort subject to a floor of 1.5%.

⁷ Adjusted with improvements of greater of 90% of medium cohort and CMIR17 over 2000 to 2004 and future improvements greater of 90% medium cohort and CMIR17 subject to a 1.5% floor.

⁸ Adjusted with improvements of 100% medium cohort improvements over 2000 to 2007 and future improvements 100% medium cohort subject to a floor of 1.5%.

⁹ Adjusted with improvements of 75% medium cohort improvements over 2000 to 2007 and future improvements 75% medium cohort subject to a floor of 1.25%.

¹⁰ FPP = Flexible Protection Plan

¹¹ Adjusted with improvements of 100% of 2009 CMI mortality improvement model, subject to a long term assumption of 1.25%, which tapers to 0 from age 90 to 120. CMI 2009 improvements have also been further adjusted to apply a 2% minimum in 2006 for males aged 51-57.

¹² Adjusted with improvements of 100% of 2009 CMI mortality improvement model, subject to a long term assumption of 1.00%, which tapers to 0 from age 90 to 120. CMI 2009 improvements have also been further adjusted to apply a 2% minimum in 2006 for males aged 51-57.

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CONTRACTS WRITTEN IN LVFS

For Ordinary Branch L&GA Non-Profit and Pension Non-Profit the mortality table used in the calculation of the mathematical reserves for males has been adjusted for AIDS on the basis of 40% of Projection R6A of the Institute of Actuaries AIDS Working Party Bulletin No 5.

The annuitant mortality table as at 31st December 2011 was taken as:

- Males: 85% RVM00 adjusted with improvements of 100% of the 2009 CMI mortality improvement model (core assumption, 2% long-term improvement factor to age 90, tapering to 0% at age 120).
- Females: 85% RVF00 adjusted with improvements of 100% of the 2009 CMI mortality improvement model (core assumption, 1.5% long-term improvement factor to age 90, tapering to 0% at age 120).

The deferred annuitant mortality table as at 31st December 2011 was taken as:

- Males: 85% RVM00 using year of use and adjusted with improvements of 100% of the 2009 CMI mortality improvement model (core assumption, 2% long-term improvement factor to age 90, tapering to 0% at age 120).
- Females: 85% RVF00 using year of use and adjusted with improvements of 100% of the 2009 CMI mortality improvement model (core assumption, 1.5% long-term improvement factor to age 90, tapering to 0% at age 120).

The expectations of life for the annuitant mortality bases in the above table (Product Code Numbers 165, 195, 395 and 400) are as follows:-

| | Expectation of life (years) | | | |
|-----------------------------|--|-------------|----------------|-------------|
| | Males | | Females | |
| | 2011 | 2010 | 2011 | 2010 |
| Annuities in Payment | | | | |
| Age 65 | 25.2 | 25.0 | 27.4 | 26.6 |
| Age 75 | 15.8 | 15.7 | 17.5 | 17.1 |
| Deferred Annuities | Expectation of life at age 65 (years) | | | |
| Age 45 | 28.4 | 28.3 | 29.6 | 28.1 |
| Age 55 | 26.8 | 26.6 | 28.5 | 27.4 |

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CONTRACTS WRITTEN IN RNPFN FUND

The annuitant mortality table as at 31st December 2010 was taken as 61.2% of IML00 for males and 72.3% of IFL00 for females, using year of use, allowing for mortality improvements of the medium cohort subject to a floor of 1.5%. The expectations of life for the annuitant mortality bases in the above table (Product Code Number 400) are as follows:-

| | Expectation of life (years) | | | |
|-----------------------------|--|-------------|----------------|-------------|
| | Males | | Females | |
| | 2011 | 2010 | 2011 | 2010 |
| Annuities in Payment | | | | |
| Age 65 | 27.3 | 27.2 | 28.4 | 28.2 |
| Age 75 | 17.5 | 17.4 | 18.1 | 18.0 |
| Deferred Annuities | Expectation of life at age 65 (years) | | | |
| Age 45 | 30.5 | 30.3 | 31.3 | 31.1 |
| Age 55 | 28.9 | 28.7 | 29.8 | 29.7 |

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- (5) The morbidity basis used to determine the mathematical reserves described in sub paragraph 4.(1) for product codes 360, 365, 380, 385, 425, 901 and 910 (excluding the Mortgage Lifestyle & Protection Plan) was as follows:-

| Basis | Morbidity Basis as at:- | |
|---|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| <u>Inception rates</u> | 36.7% | 35.1% |
| Base table | CMIR12 | CMIR12 |
| Female lives multiple | 1.85 | 1.85 |
| Non-Smoker multiple | 0.96 | 0.96 |
| Smoker multiple | 1.32 | 1.32 |
| Deferred 8 weeks multiple | 1.25 | 1.25 |
| Deferred 13 weeks multiple | 1.50 | 1.50 |
| Deferred 26 weeks multiple | 2.30 | 2.30 |
| Deferred 52 weeks multiple | 3.75 | 3.75 |
| Deferred 104 weeks multiple | 3.40 | 3.40 |
| Occupation Class "Professional" multiple | 1.15 | 1.15 |
| Occupation Class 1 multiple | 1.00 | 1.00 |
| Occupation Class 2 multiple | 2.10 | 2.10 |
| Occupation Class 3 multiple | 2.75 | 2.75 |
| Occupation Class 4 multiple | 4.75 | 4.75 |
| Index-linked future increment multiple | 1.00 | 1.05 |
| Future increment options multiple | 1.00 | 1.10 |
| <u>Termination rates – individual business</u> | | |
| Durations up to 6 months | 43.0% CMIR12 | 50.6% CMIR12 |
| Durations greater than 6 months | 60.3% CMIR12 | 70.9% CMIR12 |
| <u>Termination rates – group business</u> | | |
| Durations up to 6 months | 39.8% CMIR12 | 42.2% CMIR12 |
| Durations greater than 6 months | 39.8% CMIR12 | 42.2% CMIR12 |

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The morbidity basis used to determine the mathematical reserve for product codes 360 and 910 for the Mortgage Lifestyle & Protection Plan (MLP) was as follows:-

| Basis | Morbidity Basis as at:- | |
|--|-----------------------------------|-----------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| <u>Inception rates</u> | | |
| Base table | 120.0% CMIR12 | 122.0% CMIR12 |
| Female lives multiple | 2.12 | 2.12 |
| Non-Smoker multiple | 0.97 | 0.97 |
| Smoker multiple | 1.29 | 1.29 |
| Deferred 4 weeks multiple | 0.60 | 0.60 |
| Deferred 8 weeks multiple | 0.68 | 0.68 |
| Deferred 13 weeks multiple | 0.75 | 0.75 |
| Deferred 26 weeks multiple | 1.09 | 1.09 |
| Deferred 52 weeks multiple | 1.80 | 1.80 |
| Deferred 104 weeks multiple | 1.80 | 1.80 |
| Occupation Class "Professional" multiple | 0.55 | 0.55 |
| Occupation Class 1 multiple | 0.60 | 0.60 |
| Occupation Class 2 multiple | 0.95 | 0.95 |
| Occupation Class 3 multiple | 1.40 | 1.40 |
| Occupation Class 4 multiple | 2.80 | 2.80 |
| <u>Termination rates</u> | | |
| Durations less than 1 month | 46.5% CMIR12 | 49.2% CMIR12 |
| Durations between 1 and 2 months | 47.6% CMIR12 | 50.4% CMIR12 |
| Durations between 2 and 3 months | 49.0% CMIR12 | 51.9% CMIR12 |
| Durations between 3 and 6 months | 50.6% CMIR12 | 53.6% CMIR12 |
| Durations between 6 and 9 months | 51.3% CMIR12 | 54.3% CMIR12 |
| Durations between 9 and 12 months | 51.9% CMIR12 | 55.0% CMIR12 |
| Durations between 12 and 24 months | 52.9% CMIR12 | 56.0% CMIR12 |
| Durations between 24 and 36 months | 52.9% CMIR12 | 56.0% CMIR12 |
| Durations between 36 and 48 months | 52.9% CMIR12 | 56.0% CMIR12 |
| Durations between 48 and 60 months | 52.9% CMIR12 | 56.0% CMIR12 |
| Durations greater than 60 months | 42.5% CMIR12 | 45.0% CMIR12 |

The CMIR12 table used was type a; excluding unreported claims. Allowance was made for future changes in morbidity for non-MLP business only by increasing inception rates by 1.0% pa for guaranteed premium contracts up to a maximum of 20%. No additional allowance was made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on morbidity experience.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

- (6) The expense bases used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

CONTRACTS WRITTEN IN LVFS

| Product Group | Product Code Number | Expense Basis as at:- | | | |
|---------------------------------|---------------------|--------------------------------|---------------------|--------------------------------|---------------------|
| | | 31 st December 2011 | | 31 st December 2010 | |
| | | Premium Paying | Paid-Up | Premium Paying | Paid-Up |
| <u>ORDINARY BRANCH</u> | | | | | |
| CWP whole of life | 100,115 | £35.86 | £30.80 | £31.35 | £26.84 |
| CWP savings endowment | 120,140 | £35.86 | £30.80 | £31.35 | £26.84 |
| CWP pensions | 165 | £46.20 | £40.48 | £43.12 | £37.73 |
| NP whole of life | 300 | £35.86 | £30.80 | £31.35 | £26.84 |
| NP endowment | 300 | £35.86 | £30.80 | £31.35 | £26.84 |
| Term assurance | 325,330 | £19.92 | - | £20.13 | - |
| Annuity non-profit | 400 | - | £47.74 | - | £50.05 |
| Impaired annuity non-profit | 405 | - | £41.80 ¹ | - | £44.00 ¹ |
| UWP Bond | 500 | - | £41.25 | - | £44.00 |
| UWP whole of life | 505 | £47.74 | £40.70 | £48.07 | £41.25 |
| UWP term | 506 | £47.74 | £40.70 | £48.07 | £41.25 |
| UWP savings endowment | 510 | £40.15 | £33.77 | £37.62 | £31.90 |
| UWP target cash endowment | 515 | £40.15 | £33.77 | £37.62 | £31.90 |
| UWP regular premium pension | 525 APPS | - | £28.93 | - | £26.95 |
| | 525 Other | £46.20 | £40.48 | £43.12 | £37.73 |
| UL Pensions | 725,750,755 | £64.46 ¹ | £64.46 ¹ | £83.60 ¹ | £83.60 ¹ |
| <u>INDUSTRIAL BRANCH</u> | | | | | |
| CWP whole of life | 105,115 | £7.59 | £7.59 | £6.82 | £6.82 |
| CWP savings endowment | 130,140 | £7.59 | £7.59 | £6.82 | £6.82 |

Allowance is also made for investment expenses by reducing the valuation interest rate shown in sub-paragraph 4.(2) by 0.18%, except for UL Pensions where the fund specific management charge is deducted.

¹ An additional expense reserve has been set up to cover the expected expense over-run on Non Profit Annuity and Unit Linked Pensions business.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Rate of Tax Relief as at:- | |
|---------------------------------|--------------------------------------|--------------------------------------|
| | 31st December 2011 | 31st December 2010 |
| <u>ORDINARY BRANCH</u> | | |
| L&GA With-Profits Taxable | 20% | 20% |
| L&GA With-Profits Non-Taxable | Nil | Nil |
| L&GA Non-Profit | Nil | Nil |
| Pension With-Profits | Nil | Nil |
| Pension Non-Profit | Nil | Nil |
| L&GA UWP Taxable | 20% | 20% |
| L&GA UWP Non-Taxable | Nil | Nil |
| L&GA UWP Pension | Nil | Nil |
| <u>INDUSTRIAL BRANCH</u> | | |
| L&GA With-Profits Taxable | 20% | 20% |
| L&GA With-Profits Non-Taxable | Nil | Nil |

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

CONTRACTS WRITTEN IN NP FUND AND RNPFN FUND

The expense bases used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Product Code Number | Expense basis as at:- | |
|---------------------------------------|---------------------|--------------------------------|--------------------------------|
| | | 31 st December 2011 | 31 st December 2010 |
| <u>CONTRACTS IN NP FUND</u> | | | |
| NP Endowment / Whole of Life | 300 | £35.79 | £33.00 |
| 50+ Plan | 300 | £17.66 | £15.57 |
| ASDA 50+ Plan | 300 | £17.66 | £15.57 |
| Lifetime + | 300 | £53.83 | £51.54 |
| FPP Life | 325, 330, 910 | £19.92 | £20.51 |
| Non-FPP Life | 325, 330, 910 | £19.92 | £21.58 |
| Non-FPP Pension | 325, 330, 910 | £26.94 | N/A |
| VTA | 325, 330, 910 | £19.92 | £15.69 |
| Critical Illness – Standalone | 350, 355, 910 | £32.84 | £31.73 |
| Critical illness – Accelerated | 340, 345, 910 | £32.84 | £31.73 |
| Income protection | 360, 365, 910 | £27.68 | £28.84 |
| Income protection claims in payment | 385, 425, 901 | £607.51 | £499.54 |
| <u>CONTRACTS IN RNPFN FUND</u> | | | |
| CWP savings endowment | 120 | £35.78 | £15.35 |
| CWP pensions | 165 | £46.27 | £28.75 |
| CWP Life Deferred Annuity | 165,390 | £35.76 | £14.78 |
| Annuity in payment | 400 | £47.63 | £39.89 |
| UWP ISA | 506 | £47.37 | £15.01 |
| UWP bond | 500 | £41.95 | £15.35 |
| UL bond | 700 | £41.97 | £15.01 |
| UL savings endowment | 715 | £35.78 | £15.01 |

Renewal commission was assumed paid on all regular premium policies in the NP Fund. Allowance was made for investment expenses by reducing the valuation interest rate shown in sub-paragraph 4.(2) by 0.120% for contracts written in the NP Fund and by 0.154% for contracts written in the RNPFN Fund.

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The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Rate of Tax Relief as at:- | |
|---|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| <u>CONTRACTS WRITTEN IN NP FUND</u> | | |
| L&GA Non-Profit | 20% | 20% |
| Pension Non-Profit | Nil | Nil |
| PHI Non-Profit | Nil | Nil |
| <u>CONTRACTS WRITTEN IN RNPFN FUND</u> | | |
| L&GA With-Profits | 20% | 20% |
| L&GA Non-Profit | 20% | 20% |
| Pensions With-Profit | Nil | Nil |
| Pensions Non-Profit | Nil | Nil |
| L&GA UWP Taxable | 20% | 20% |
| L&GA UWP Non-Taxable | Nil | Nil |

- (7) The growth and inflation rates used to determine the mathematical reserves for linked business were as follows:-

| Parameter | Basis as at:- | |
|------------------------------------|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Gross fund growth rate | | |
| - LVFS | 2.20% per annum | 3.70% per annum |
| - NP Fund | 2.35% per annum | 3.50% per annum |
| - RNPFN Fund | 2.06% per annum | 3.32% per annum |
| Net fund growth rate | | |
| - LVFS | 2.20% per annum | 3.70% per annum |
| - NP Fund | 1.88% per annum | 2.80% per annum |
| - RNPFN Fund | 1.56% per annum | 2.56% per annum |
| Maintenance expense inflation rate | | |
| - LVFS | 4.22% per annum | 4.69% per annum |
| - NP Fund | 4.22% per annum | 4.69% per annum |
| - RNPFN Fund | 4.22% per annum | 4.69% per annum |
| Policy charge inflation rate | 0.00% per annum | 0.00% per annum |

The inflation rates used to determine the mathematical reserves for UWP Business were as follows:-

| Parameter | Basis as at:- | |
|------------------------------------|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Maintenance expense inflation rate | 4.22% per annum | 4.69% per annum |
| Policy charge inflation rate | 0.00% per annum | 0.00% per annum |

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All other material basis assumptions are stated elsewhere.

- (8) No allowance has been made for future bonus, except to the extent that this is included in the cost of guarantees described in sub-paragraph 5.(2)(a).
- (9) The lapse rates used in this actuarial investigation are shown below. For those protection products where Policy Statement 06/14 has been implemented, different lapse rates are applied over the lifetime of a policy depending upon whether the underlying reserve is positive or negative.

| Product | Decrement | Average rate for the policy years | | | |
|---|-----------|-----------------------------------|-------|-------|-------|
| | | 1-5 | 6-10 | 11-15 | 16-20 |
| Level term – Positive reserve | Lapse | 5.5% | 3.6% | 3.5% | 3.5% |
| Level term – Negative reserve | Lapse | 10.3% | 6.6% | 6.5% | 6.5% |
| Decreasing term – Positive reserve | Lapse | 6.7% | 5.9% | 5.6% | 5.6% |
| Decreasing term – Negative reserve | Lapse | 12.5% | 10.9% | 10.4% | 10.4% |
| Income protection – Positive reserve | Lapse | 6.1% | 4.8% | 3.9% | 3.9% |
| Income protection – Negative reserve | Lapse | 11.3% | 9.0% | 7.2% | 7.2% |
| Accelerated Critical Illness – Positive reserve | Lapse | 7.0% | 4.1% | 2.5% | 2.5% |
| Accelerated Critical Illness – Negative reserve | Lapse | 13.0% | 7.7% | 4.6% | 4.6% |
| RNPFN CWP Savings Endowment | Surrender | 1.7% | 1.7% | 1.7% | 1.7% |
| RNPFN CWP Target Cash Endowment | Surrender | 0.9% | 0.9% | 0.9% | 0.9% |
| RNPFN CWP Pension Regular Premium | Surrender | 1.5% | 1.5% | 1.5% | 1.5% |
| RNPFN CWP Pension Regular Premium | PUP | 0.0% | 0.0% | 0.0% | 0.0% |
| RNPFN CWP Pension Single Premium | Surrender | 1.5% | 1.5% | 1.5% | 1.5% |
| RNPFN UWP Bond | Surrender | 7.6% | 7.6% | 7.6% | 7.6% |
| RNPFN UL Savings Endowment | Surrender | 2.7% | 2.7% | 2.7% | 2.7% |
| CWP OB Endowment Assurance (PP) | Surrender | 1.4% | 1.4% | 1.4% | 1.4% |
| CWP OB Endowment Assurance (PUP) | | 1.5% | 1.5% | 1.5% | 1.5% |
| CWP OB Whole Life Assurance (PP) | Surrender | 0.7% | 0.7% | 0.7% | 0.7% |
| CWP OB Whole Life Assurance (PUP) | | 0.4% | 0.4% | 0.4% | 0.4% |
| CWP OB Pen Def Annuity (PP & PUP) | Surrender | 0.3% | 0.3% | 0.3% | 0.3% |
| CWP IB End Assurance (PP) | Surrender | 1.1% | 1.1% | 1.1% | 1.1% |
| CWP IB End Assurance (PUP) | | 0.7% | 0.7% | 0.7% | 0.7% |
| CWP IB Whole Life Assurance (PP) | Surrender | 0.8% | 0.8% | 0.8% | 0.8% |
| CWP IB Whole Life Assurance (PUP) | | 0.1% | 0.1% | 0.1% | 0.1% |
| APPS | Surrender | 0.5% | 0.5% | 0.5% | 0.5% |
| UL Pensions | Surrender | 1.6% | 1.6% | 1.6% | 1.6% |

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(10) (1) The critical illness rates used are based on a reinsurer's assessment of likely experience and prudently adjusted. Sample critical illness rates are as follows:-

| Male Age | Critical illness rate (guaranteed) | |
|----------|------------------------------------|-------------|
| | Term | |
| | Standalone | Accelerated |
| 25 | 0.000698 | 0.000966 |
| 35 | 0.001315 | 0.001537 |
| 45 | 0.003347 | 0.003907 |
| 55 | 0.010068 | 0.011285 |

A loading of 1.25% is applied to the rates in the table above for each year of term up to a maximum of 25 years.

| Male Age | Critical illness rate (reviewable) | |
|----------|------------------------------------|-------------|
| | Whole of Life | |
| | Standalone | Accelerated |
| 25 | 0.000557 | 0.000776 |
| 35 | 0.001006 | 0.001093 |
| 45 | 0.002495 | 0.002534 |
| 55 | 0.006284 | 0.006384 |

A loading of 3% is applied to the rates in the table above and an additional 15% is applied for the first 10 years of use.

| Male Age | Critical illness rate (reviewable) | |
|----------|------------------------------------|-------------|
| | Term, Effective: 01/06/2001 | |
| | Standalone | Accelerated |
| 25 | 0.000341 | 0.000625 |
| 35 | 0.000691 | 0.000917 |
| 45 | 0.002017 | 0.002425 |
| 55 | 0.005463 | 0.006152 |

For standalone contracts a loading of 5% is applied to the rates in the table above for the first 5 years of use, for accelerated contracts the loading is 3%.

| Male Age | Critical illness rate (reviewable) | |
|----------|------------------------------------|-------------|
| | Term, Effective: 19/02/2003 | |
| | Standalone | Accelerated |
| 25 | 0.000541 | 0.000722 |
| 35 | 0.000992 | 0.001068 |
| 45 | 0.002536 | 0.002573 |
| 55 | 0.006411 | 0.006503 |

For standalone contracts a loading of 7.5% is applied to the rates in the table above for the first 5 years of use, for accelerated contracts the loading is 5%. For contracts effected after 30th January 2004 a loading of 6.25% applies in the first 5 years for all contracts.

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- (11) For RNPFN, a reserve has been made equal to the market value of the derivatives shown on Form 17. These derivatives have been hypothecated to this reserve.
- (12) FSA Policy Statement 06/14, which permits the use of prudent lapse assumptions and the holding of negative reserves, was first adopted during 2007 on selected protection products. This was extended to cover other protection products during 2008, including Accelerated Critical Illness policies and rider benefits under the Flexible Protection Plan. No further extensions of this rule to additional protection products were made during 2011.

OPTIONS AND GUARANTEES

5. (1)(a) For deferred annuity policies in the RNPFN Fund, the net liability has been determined as the sum of the following calculations:
- i) the value of the original guaranteed cash option and attaching bonus cash option, and
 - ii) the additional cost resulting from guaranteed annuity options.

The liability under part i) has been calculated using a gross premium valuation with a minimum of the guaranteed death and surrender value. On death or surrender before vesting the amount payable is the higher of:

- iii) the total cash value, including any declared reversionary bonus, and
- iv) a return of premiums accumulated with interest, the interest rate is guaranteed and varies by year of entry.

The liability under part ii) has been calculated using a market consistent asset model using the model point groupings described in paragraph 6 of Appendix 9.4A. The liability for each model point has been calculated as the difference in value between an annuity calculated using stochastically generated market consistent annuity rates and the guaranteed annuity for the model point. The liabilities have been multiplied by appropriate rates representing the assumed future guaranteed annuity take-up experience. A similar calculation has been used for the maintenance expenses associated with the annuities. The maturity amount for which the annuity values are calculated is the sum of the original guaranteed cash option and the attaching bonus cash options.

The guaranteed annuity take-up rates used in the calculation were as follows:

- i) Pension deferred annuities - 100%
- ii) Life deferred annuities - 7% in the first year after the valuation date, increasing by 1% per annum

The calculations have allowed for the fact that for certain With Profits Deferred Annuity contracts the fund available at maturity will be not less than for equivalent Pension Deposit Administration contracts. Similarly, ensuring for certain Pension Deposit Administration contracts the fund available at maturity will be no less than for the equivalent With Profits Pension Deferred Annuity contract.

- (b) Details of the guaranteed annuity rate options are shown in the table on the next page.

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| Product Name | Basic Reserve (£m) | Spread of Outstanding Durations (years) | Guarantee Reserve (£m) | Guaranteed Annuity rate (Male 65) (%) | Increments (Y/N) | Form of The Annuity | Retirement Ages |
|--|---------------------------|--|-------------------------------|--|-------------------------|--|------------------------|
| Life Deferred Annuities | 161.3 | 3 to 26 | 26.8 | 10.53 | N | Single life, payments yearly in arrears, no guarantee | 50-75 |
| Pensions With Profit Deferred Annuity Pre 01/07/1979 | 0 | 0 to 6 | 0.0 | 10.53 | N | As above | 60-65 |
| Pensions With Profit Deferred Annuity 1/7/1979 to 31/01/1983 | 0.4 | 0 to 12 | 0.4 | 12 | N | As above | 55-75 |
| Pensions With Profit Deferred Annuity 01/02/1983 to 30/09/1995 | 19.7 | 0 to 31 | 21.8 | 12.72 | N | As above | 50-75 |
| Pensions With Profit Deferred Annuity 01/10/1995 to 28/02/1997 | 37.1 | 0 to 36 | 31.2 | 10.53 | N | As above | 50-75 |
| Pensions With Profit Deferred Annuity 01/03/1997 to 30/11/1998 | 32.0 | 0 to 33 | 17.3 | 7.22 | N | Single life, payments monthly in arrears, no guarantee | 50-75 |
| Pensions With Profit Deferred Annuity Post 30/11/1998 | 30.3 | 0 to 49 | 4.0 | 5.46 | N | As above | 50-75 |

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- (2)(a) For With Profit Bonds written in the LVFS Fund where future benefits include the option to take partial withdrawals with no Market Value Reduction ("MVR") or the option to surrender at a specified date with no MVR, an additional reserve has been calculated using stochastic methods. The additional reserve has been calculated using the market consistent asset model, model point groupings and assumptions as described in paragraph 6 of Appendix 9.4A, but with the following changes to assumptions:
- Mortality: as per sub-paragraph 4.(4) above.
 - Lapses: nil (except at the specified date when no MVR applies)
 - Take-up rate for partial withdrawals: Peak 2 assumption x 2
 - No allowance has been made for future bonuses.

After five years in force the bonuses attaching to With Profits Bonds written in the RNPFN Fund are guaranteed to be at least 3% per annum compound for each of the first five years. An additional reserve is held based on the excess of five years' bonuses at 3% per annum compound over the existing bonuses built into the unit price at the valuation date. This excess is discounted at the valuation interest rate.

No allowance is made for the no MVR guarantee on the Insurance Individual Savings Accounts written in the RNPFN Fund as the risk is not regarded as significant.

Details of the guaranteed surrender and no MVR options in force as at the valuation date where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves are shown on the next pages. The MVR free conditions in the table referred to in sub-paragraph 5.(2)(b) are coded as follows:-

| MVR Free Condition Code | MVR Free Condition |
|-------------------------|--|
| A | No MVR is applied on death and at the 5 th and 10 th policy anniversary. There is a guarantee that the surrender value will not be less than the original single premium. This guarantee does not apply to additional single premiums paid or if any withdrawals have been made. |
| B | No MVR is applied on death or on regular withdrawals of up to 7.5% of the single premium each year. |
| C | As per B above and in addition no MVR is applied on surrender at the tenth policy anniversary or at a later date nominated at inception and or on diagnosis of a terminal illness or on the need for long-term care. |
| D | As per B above and in addition the amount payable on surrender on the tenth policy anniversary is subject to a minimum value of the single premium less any withdrawals. |
| E | As per B above and in addition no MVR is applied on diagnosis of a terminal illness or on the need for long-term care. |
| F | As per B above and in addition no MVR is applied on surrender at the tenth policy anniversary. |
| G | After five years in force the bonuses attaching to RNPFN With Profits Bonds are guaranteed to be at least 3% per annum compound for each of the first five years. No MVR is applied to the death benefit paid at any time. |
| H | No MVR is applied on encashment of units purchased by contributions made 10 years or more before the date of encashment or on death at any time. |

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| Product Name | Basic Reserve £m | Spread of Outstanding Durations (years) | Guarantee Reserve £m | Guaranteed Amount £m | MVR free Conditions (see previous page) | In-force Premium £m | Increments (Y/N) |
|--|-------------------------|--|-----------------------------|-----------------------------|--|----------------------------|-------------------------|
| Mutual Investment Bond | 83.6 | No time bound guarantees | 2.97 | 82.7 | B | Nil | N |
| With Profits Investment Bond (Series 1) | 70.2 | Up to 0.04 years | 3.39 | 69.7 | C | Nil | N |
| With Profits Investment Bond (Series 2) | 26.0 | No time bound guarantees | -0.94 | 25.3 | E | Nil | N |
| With Profits Growth Bond (series 1 & 2) | 254.1 | No time bound guarantees | -6.82 | 253.2 | E | Nil | N |
| With Profits Growth Bond (series 3 & 4) | 70.3 | 1.2 to 6.8 | 1.92 | 69.6 | D | Nil | N |
| The Bank of Ireland Group Liverpool Victoria With Profits Bond | 3.0 | Up to 0.23 years | -0.14 | 2.9 | F | Nil | N |
| With Profits Bond | 28.6 | n/a | 0.0 | 29.9 | G | Nil | N |
| Insurance ISA | 13.7 | n/a | 0.0 | 14.6 | H | 1.0 | N |

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The application of B in the table above to the With Profits Growth Bond (all series) and The Bank of Ireland Group Liverpool Victoria With Profits Bond is non-contractual.

- (3) (a) The basic reserve on LVFS contracts with guaranteed insurability options do not exceed the lesser of £10m and 1% of the total gross mathematical reserves.

No specific allowance is made in the calculation of the mathematical reserves for other guaranteed insurability options, conversion or renewal options within the NP fund as these are deemed to be covered by the use of a prudent assumption in setting mortality and morbidity bases, the actual experience against which these are set having included the effects of previous options being taken-up.

- (b) The conversion and renewal options in force as at the valuation date written in the NP Fund where the total sum assured exceeds £1bn are as follows:-

| Product Name | In-Force Premiums £000s | Sum Assured £'000s | Description Of the Option (see below) |
|-------------------------------|------------------------------------|-------------------------------|--|
| Convertible term | 37 | 14,751 | A |
| Index-related term | 43 | 13,710 | B |
| Mortgage protection | 3,136 | 539,482 | C |
| Index-related FIB | 10 | 1,556 | D |
| Critical illness | 792 | 143,572 | E |
| Critical life | 1,643 | 323,401 | E, F |
| Critical Illness Mortgage | 15 | 2,577 | E |
| Critical Mortgage | 430 | 51,324 | E, F |
| Increasing benefit PHI | 826 | 40,569 | G |
| Business expense | 448 | 26,027 | H |
| Care Protector | 101 | 326 | I |
| MIMI | 71,773 | 16,488,742 | J |
| Mortgage Lifestyle Protection | 3,551 | 150,861 | K |

As stated in sub-paragraph 5(3)(a) above, no specific allowance is made in the calculation of the mathematical reserves for guaranteed insurability options, no guarantee reserve is therefore provided in the table above.

The conversion and renewal options in the table referred to in sub-paragraph 5.3(b) are coded as follows:-

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| Conversion/ Renewal Option Code | Conversion/Renewal Option Condition |
|--|---|
| A | Convertible term assurance policies give the policyholder the right to convert at any time to any of the NP Fund's then available life policies for the same sum assured without further medical evidence. |
| B | Index-related term assurance policies give the policyholder the right to effect without medical evidence a further index-related term assurance on every third policy anniversary for a term not exceeding the original term under the first policy. The ratio of the sum assured under the new policy to that under the original policy may not exceed the greater of 25% or the rate of increase in the General Index of Retail Prices during the preceding three years. The premium rate charged for any new policy is based on the insured's attained age at the date it is effected. The maximum age at expiry is 65. |
| C | Mortgage protection policies incorporate options to effect replacement policies without evidence of health if a new mortgage is effected or if the original mortgage term is extended. |
| D | Index-related family income assurance policies give the policyholder the right to effect, without medical evidence, a further index-related family income assurance policy on every third policy anniversary to terminate not later than the original policy. The ratio of the sum assured per annum under the new policy to that under the original policy may not exceed the greater of 25% and the increase in the General Index of Retail Prices during the preceding three years. The premium rate charged for any new policy is based on the insured's attained age at the date it is effected and the premium rates then in force. |
| E | Critical Illness policies include a guaranteed insurability option. The sum assured can be increased by up to 25% of the initial amount on marriage, birth or adoption of a child or on taking out or increasing a residential mortgage. |
| F | Critical Life policies may include a buy-back option, under which the policyholder has the right to effect life assurance cover 12 months after the date of a critical illness claim, to replace the life assurance cover which had been provided under the Critical Life policy. |
| G | Increasing benefit option permanent health insurance policies include an option to increase benefit every three years. The increases are at a rate of 25% of existing benefit, including options already exercised, but are subject to evidence that the insured's income is sufficient to merit the revised level of |

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| | |
|---|--|
| | benefit. No increase is permitted during claim under policies effected since April 1989. The premium rate charged for the increase in benefit is based on the insured's attained age at the date of increase. The policy conditions applying to any increase are those applicable to new policies effected at the date of the increase. |
| H | Business Expenses policies include the right to effect, without medical evidence, a further business expenses policy on every third policy anniversary to terminate not later than the original policy. The ratio of the benefit under the new policy to that under the original policy may not exceed the greater of 25% or the rate of increase in the General Index of Retail Prices over the preceding three years. The premium rate for any new policy is based on the insured's age at the date it is effected. |
| I | All Care Protector policies include an option every three years to increase benefits without medical evidence by up to 20%. The additional premium payable is based on the current rates for age next birthday at the time and the option is unavailable during the deferred period or in claim. |
| J | Lump sum benefit incorporates the option to increase cover without evidence of health, subject to some restrictions, following (a) marriage, (b) birth/adoption of a child, (c) increase in mortgage on moving house or house improvement, or (d) divorce. Disability benefits incorporate the option to increase cover without evidence of health, subject to some restrictions, following an increase in mortgage on moving house or house improvement. Critical illness benefits incorporate the option to add life cover without evidence of health, subject to some restrictions following (a) marriage or (b) birth/adoption of a child. |
| K | Mortgage & Lifestyle Protection policies include a guaranteed insurability option. The monthly benefit can be increased by up to 50% without evidence of health, subject to some restrictions, on marriage or divorce, birth or adoption of a child or on increasing a residential mortgage. |

- (4) In LVFS, Low cost endowment contracts where the amount payable at maturity would otherwise be lower than the minimum guaranteed death benefit have been valued as full endowments with the sum assured equal to the minimum guaranteed death benefit. The details as at the valuation date were as follows:-

| | |
|-------------------------------------|---------|
| Amount of premium | £1.18m |
| Amount of basic reserve | £42.29m |
| Amount of additional reserve | £0.83m |

There are no other guarantees and options where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves.

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EXPENSE RESERVES

- 6.(1) For LVFS and the NP Fund, the aggregate amount grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £43.4m. This amount is based on those expenses explicitly included in future cash flows. The amount of investment expenses expected to arise from explicit allowance made in the valuation is £9.0m. No allowance is made for any other maintenance expenses, all expenses have been treated as attributable.

For RNPFN the aggregate amount, grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £5.0m. This amount is based on those expenses explicitly included in future cash flows. The amount of investment expenses expected to arise from explicit allowance made in the valuation is £0.9m. No allowance is made for any other maintenance expenses, all expenses have been treated as attributable.

- (2) No implicit allowances were made in the valuation for expenses in either fund.
- (3) The amount of maintenance expenses shown at line 14 of Form 43 for LVFS is £34.1m and for RNPFN is £5.2m.
- (4) The reserve required in respect of the expenses of continuing to transact new business in LVFS, during the twelve months following the valuation date is £10.5m. This is based on the projected new business expense overrun based on planned new business volumes and expenses.
- (5) The reserve required in respect of the costs of closure to new business, if the Society were to cease to transact new business twelve months after the valuation date, is £12.4m based on the anticipated cost of redundancies, the costs of terminating management agreements, office closures and write-off of development costs.
- (6) There are no separate reserves set up for non attributable expenses.

MISMATCHING RESERVES

- 7.(1) The matching of the LVFS liabilities and assets by currency as at the valuation date were as follows:-

| Currency of Liabilities | Liabilities £m | Assets £m |
|--------------------------------|---------------------------|----------------------|
| Sterling | 4,376.8 | 4,829.6 |
| Other | 2.8 | 340.2 |
| TOTAL | 4,379.7 | 5,169.7 |

- (2) None of the liabilities in currencies other than sterling are explicitly matched by assets in those currencies, but the value of non-sterling (Euro) liabilities is less than the value of assets held in the same currency. RNPFN has no non-sterling liabilities.

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- (3) No reserve is held for currency mismatching.
- (4)(5)(6) As the Society is a realistic basis life firm, no resilience capital requirement has been calculated.
- (7) On a prudent assumption basis of future experience, the Society has concluded it has sufficient net cash flow, of an appropriate currency and term, when supported by the sales of undated assets such as listed equity holdings and cash to meet the expected cash outflows from the Society's insurance liabilities as they become due. As such no further reserve was made arising from the test on assets in INSPRU 1.1.34R(2).

OTHER SPECIAL RESERVES

- 8.(1) An expense reserve has been set up in respect of maintenance expenses for the Non Profit Pension Annuity and Unit Linked Pension products. These products are sold through the start up business Retirement Solutions. The maintenance expenses are based on anticipated medium term costs, and consequently it is necessary to reserve for an expense overrun in respect of this business until those medium term costs are achieved. This expense overrun is estimated to last for three years. The additional reserve is £5.7m.
- (2) A reserve has been set up in respect of the costs of meeting the Solvency II regulations. The additional reserve is £5.5m.
- (3) A reserve has been set up to cover the expected impact of changes to the liability models in 2012. The additional reserve is £3.0m
- (4) A reserve has been set up to cover any potential deficiencies in the policy data used to calculate the reserves. The additional reserve is £2.0m.
- (5) No other special reserves exist.

REINSURANCE

- 9.(1) During the year 2011 no reinsurances were ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.
- (2) As at the valuation date the Society had eight treaties of reinsurance where the Society is the Cedant and under which business is in force at the valuation date, and where premiums exceed the lesser of £10m and 1% of gross premiums or reserves exceed the lesser of £10m and 1% of total mathematical reserves. The details of the treaties are shown on the next pages.

In all cases the reinsurer is authorised to carry on insurance business in the United Kingdom, the reinsurer is either a wholly owned subsidiary of Liverpool Victoria Friendly Society Limited or is not a connected company of the Society. The treaties are not subject to any material contingencies. No provision has been made for any liability of the Society to refund any amounts of reinsurance commission in the event of lapse or surrender of the contract. There are no financing arrangements connected with these treaties.

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| Name of the Reinsurer | Nature and extent of the cover | Premiums Payable during the report period £ | Deposit Back Arrangements | Treaty status | Amount of any undischarged obligation of the Insurer £ | Amount Of mathematical reserves ceded £ | Retention by the Insurer for new policies being insured |
|----------------------------------|--|--|----------------------------------|----------------------|---|--|--|
| Swiss Re Life and Health Ltd | The reinsurer provides 75% quota share cover on a risk premium basis for all Non-FPP Individual Life insurance policies effected between 24th July 2001 and 6th October 2003 and all FPP Individual Life insurance policies effected between 4th June 2001 and 6th October 2003. Maximum benefit retained £250,000 (£125,000 for policies including PTD benefits). Maximum benefit reassured under this treaty is £1,750,000 (£1,875,000 for policies including PTD benefits). | 6,292,256 | None | Closed | None | 10,208,873 | N/A |
| Pacific Life Reinsurance Limited | The reinsurer provides 75% quota share cover on a risk premium basis for all FPP Critical Illness policies effective from 21 July 2006. Maximum benefit retained is £125,000. Maximum benefit reinsured is £3,000,000 (£1,000,000 for policies with PTD benefits only). | 5,134,230 | None | Open | None | 32,827,448 | £125,000 |

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| Name of the Reinsurer | Nature and extent of the cover | Premiums Payable during the report period £ | Deposit Back Arrangements | Treaty status | Amount of any undischarged obligation of the Insurer £ | Amount Of mathematical reserves ceded £ | Retention by the Insurer for new policies being insured |
|-----------------------------------|--|--|----------------------------------|----------------------|---|--|--|
| Hannover Life Reinsurance Limited | The reinsurer provides 75% quota share cover for all Life Insurance policies effected between 6 th October 2003 and 15 th April 2010 and 50% quota share cover for Lifetime + policies effected after 15 th April 2010. In all cases cover is provided on a risk premium basis and the maximum initial retention is £250,000 per life. | 11,593,032 | None | Open | None | 28,564,057 | 25% up to a maximum of £250,000 |
| Gen Cologne | The reinsurer provides 90% quota share cover for FPP Life, Family Income Assurance and Gift Inter Vivos Plan policies effected after 15 th April 2010. Cover is provided on a risk premium basis for policies with Level or Inflation-Linked benefits and on a reduced level premium basis for policies with decreasing benefits. The maximum initial retention is £250,000 per life. | 2,704,942 | None | Open | None | 25,577,315 | 10% up to a maximum of £250,000 |
| Hannover Life Reinsurance Limited | The treaty provides a mortality swap on all RNPFN annuity business on a guaranteed mortality basis. The treaty took effect from 01/01/2008. | 21,777,035 | None | Open | None | 21,169,152 | Zero |

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| Name of the Reinsurer | Nature and extent of the cover | Premiums Payable during the report period £ | Deposit Back Arrangements | Treaty status | Amount of any undischarged obligation of the Insurer £ | Amount Of mathematical reserves ceded £ | Retention by the Insurer for new policies being insured |
|------------------------------|---|--|----------------------------------|----------------------|---|--|--|
| Munich Re | The reinsurer provides 50% quota share cover for MIMI IP and Mortgage Protection Payment policies (except MPP Integrated Health and Waiver policies) effective from 6 th October 2003 until 1st October 2011. Cover is provided on a risk premium basis. The maximum initial retention is 50% of each policy with initial maximum benefit retained by insurer of £31,200pa (occupation class 1, 2) or £28,000pa (occupation class 3, 4). | 6,304,953 | None | Closed | None | 18,578,891 | N/A |
| Munich Re | The reinsurer provides 90% quota share cover for 50+ and Asda 50+ policies effective from 1 st February 2004. Cover is provided on a risk premium basis. Maximum benefit reinsured is £22,500 | 3,429,528 | None | Open | None | 21,881,695 | £22,500 |
| RGA Reinsurance UK Limited | The treaty provides a mortality swap on 60% of all LVFS Non-Profit Impaired Life Annuity business on a guaranteed mortality basis. | 1,785,223 | None | Open | None | 24,170,379 | 40% |

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REVERSIONARY (OR ANNUAL) BONUS

10.(1) Details of the reversionary (or annual) bonus rates applying during the year are as follows:-

| Name of Bonus Series | Amount of Mathematical Reserves £m | Reversionary Bonus Rate for Financial Year | |
|--|---------------------------------------|--|----------------|
| | | 2011 | 2010 |
| <u>CONTRACTS WRITTEN IN LVFS Industrial Branch</u> | 296.0 | 1.00% | 1.00% |
| <u>Ordinary Branch Life Assurance</u> | | | |
| Conventional | 101.2 | 2.00% | 2.00% |
| Flexible Whole Life Plan | 0.5 | 4.78% | 4.78% |
| Tax Exempt Savings Plan | 93.7 | 2.00% | 2.75% |
| Life ISA | 44.6 | 0.75% | 1.00% |
| With Profits Investment Bond/ With Profits Growth Bond/ Maximum Investment Plan/ The Bank of Ireland Group Bond | 430.7 | 1.25% | 1.75% |
| Income Bond | 5.5 | 3.25% | 3.25% |
| Other Unitised With-Profits | 313.2 | 1.75% | 2.25% |
| <u>Ordinary Branch Pension</u> | | | |
| Pension Annuities | 93.4 | 0.00% | 0.00% |
| Personal Pensions | 886.7 | 0.00% | 0.00% |
| With Profits Pension Annuity | 92.5 | 1.50% / 2.50%* | 1.50% / 2.50%* |
| Appropriate Personal Pension | 258.0 | 1.81% | 3.66% |
| Other Unitised With-Profits | 72.6 | 1.75% | 2.50% |
| <u>CONTRACTS WRITTEN IN RNPEN FUND</u> | | | |
| Conventional | 95.2 | 0.00% | 0.00% |
| Life Deferred Annuities | 187.3 | 0.00% | 0.00% |
| With Profits Bond | 28.6 | 1.25% | 1.25% |
| Insurance ISA | 13.7 | 2.10% | 2.10% |
| Pension Deferred Annuities | 194.1 | 0.00% | 0.00% |

*These are the bonus rates for series 1&2, and series 3&4 respectively.

For the RNPEN Insurance ISA, the reversionary bonus rate for the period 1st January 2011 to 31st December 2011 was 2.10%. For the RNPEN With Profit Bond, the reversionary bonus rate for the period 1st January 2011 to 31st December 2011 was 1.25%.

- (2) For unitised with-profit business the table in sub-paragraph 10.(1) shows the percentage increase in unit price during the year before the effect of charges.
- (3) The Society does not have any with-profits policies with super compound bonuses.
- (4) The Society does not have any with-profits bonus series where bonus rates vary.

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APPENDIX 9.4A (rule 9.31(b))

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

INTRODUCTION

- 1.(1) The present investigation is made as at 31st December 2011.
- (2) The previous investigation was made as at 31st December 2010.
- (3) No interim valuations (for the purposes of rule 9.4) have been carried out since the previous valuation date.

ASSETS

- 2.(1) The economic assumptions used to value the non-profit insurance contracts written in the LVFS Fund to determine the value of future profits (losses) on these contracts are as follows.

| Parameter | Assumption | |
|--|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Risk discount rate | | |
| - Life Protection | 3.50% | 6.50% |
| - Life Savings | 3.50% | 6.50% |
| - Income Protection & Long term Care | 4.50% | 6.50% |
| - Critical Illness | 5.30% | 6.50% |
| - NP Annuity excluding Protected Retirement Plan (PRP) | 4.75% | 6.99% |
| - NP Annuity PRP | 3.40% | 6.99% |
| - UL Pension | 4.79% | 6.99% |
| Expense inflation | 3.92% | 4.39% |
| Investment return on underlying assets | | |
| - Protection | 2.48% | 3.99% |
| - NP Annuity excluding Protected Retirement Plan (PRP) | 4.00% | 5.18% |
| - NP Annuity PRP | 2.90% | 4.08% |
| - UL Pension | 4.04% | 5.30% |

The economic assumptions used to value the unit linked contracts in the RNPFN Fund to determine the value of future profits (losses) on these contracts are as follows.

| Parameter | Assumption | |
|--|--------------------------------|--------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Growth Rate on unit linked funds (gross) | 2.58% | 4.09% |
| Risk Discount Rate (gross) | 5.00% | 6.50% |
| Expense Inflation | 4.22% | 4.69% |

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The economic assumptions used to value the release of the non profit long-term insurance capital requirement are as follows.

| Parameter | Assumption | |
|--|-----------------------------------|-----------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Investment Return on underlying assets (gross) | 2.48% | 3.99% |
| Risk Discount Rate (gross): | | |
| - Life Protection | 3.50% | 6.50% |
| - Life Savings | 3.50% | 6.50% |
| - Income Protection & Long term Care | 4.50% | 6.50% |
| - Critical Illness | 5.30% | 6.50% |

- (2) The value of future profits from non-profit insurance contracts determined under INSPRU 1.3.33R(2) and included in the realistic assets is £nil m. The economic assumptions used to derive this amount are:

| Parameter | Assumption | |
|--|-----------------------------------|-----------------------------------|
| | 31 st December 2011 | 31 st December 2010 |
| Risk discount rate | | |
| - Life Protection | 3.50% | 6.50% |
| - Life Savings | 3.50% | 6.50% |
| - Income Protection & Long term Care | 4.50% | 6.50% |
| - Critical Illness | 5.30% | 6.50% |
| Expense inflation | 3.92% | 4.39% |
| Investment return on underlying assets | 2.48% | 3.99% |

No amount determined under INSPRU 1.3.33R(2) is included in the realistic value of assets for any of the RNPFN with-profits funds.

- (3) No assets arising from insurance contracts outside any of the with-profits funds are included in the relevant assets for the purpose of INSPRU 1.3.43R.
- (4) The economic assumptions used to value the future profits (losses) on non-profit insurance contracts written in the LVFS and RNPFN Fund are provided in sub-paragraph 2(1) above.
- (5) The value of future profits on non-profit insurance contracts in sub-paragraph 2(1) above written in the LVFS fund is £357m and written in the RNPFN fund is £15m.

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WITH-PROFITS BENEFITS RESERVE LIABILITIES

3. CONTRACTS WRITTEN IN LVFS

(1) For the purposes of Realistic Balance Sheet Reporting, the with-profits business is split into Category A and Category B business. Category A business consists of all product classes except:

- Industrial branch conventional tax exempt whole life contracts
- Paid-up Industrial branch conventional taxable whole life contracts
- Ordinary branch conventional whole life contracts
- Paid-up endowment contracts
- Pensions in payment;

which represent Category B business. The with-profits benefit reserve (“WPBR”) in respect of category B business constitutes approximately 11% of the overall with-profits fund. The WPBR is calculated as the unsmoothed asset share for Category A business (a retrospective method) and as a gross premium reserve for Category B business (a prospective method).

The WPBR and future policy related liabilities shown in Form 19 are split between the classes as follows.

| Product Class | Valuation Method | With-Profits Benefit Reserve £m | Future Policy Related Liabilities £m |
|---|------------------|------------------------------------|---|
| IB Endowment (PP) | Retrospective | 33 | 16 |
| IB Endowment (PUP) | Prospective | 3 | 1 |
| IB Whole Life (taxable PP, taxable full-paid) | Retrospective | 246 | 156 |
| IB Whole Life (taxable PUP, non-taxable) | Prospective | 146 | 49 |
| OB Endowment (PP) | Retrospective | 39 | 14 |
| OB Endowment (PUP) | Prospective | 1 | 0 |
| OB Low Cost Endowment (PP) | Retrospective | 43 | 11 |
| OB Low Cost Endowment (PUP) | Prospective | 1 | 0 |
| OB Whole Life | Prospective | 23 | 18 |
| OB Pensions | Retrospective | 206 | 439 |
| Unitised WP Bonds | Retrospective | 774 | (11) |
| Unitised WP ISA | Retrospective | 51 | 6 |
| Unitised WP Endowments | Retrospective | 215 | 11 |
| Unitised WP Pensions | Retrospective | 379 | 27 |
| With Profits Pension Annuity (WPPA) | Retrospective | 122 | 57 |
| Immediate Annuities | Prospective | 87 | 0 |
| Total | | 2,370 | 796 |

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- (2) The total for the WPBR shown in the table above corresponds to the respective amount shown at line 31 of Form 19. The total for future policy related liabilities shown at line 49 of Form 19 includes a deduction of £13m at line 36 and an addition of £14.1m at line 47 to the total above. The deduction at line 36 represents the present value of the difference between expense charges deducted from unitised with-profit asset shares and the projected expenses associated with maintaining such business. The addition at line 47 represents the cost to LVFS of the RNPFN contingent loan arrangement, £5.6m, an expense reserve of £5.5m in respect of future costs arising from the implementation of the Solvency II regulations and a £3.0m reserve in respect of the expected impact of changes to the model used to value the reserves.
- (3)(4) No product or class of with-profits insurance contract is included in the with-profits benefits reserve over and above those in the table above.

CONTRACTS WRITTEN IN RNPFN FUND

- (1) The with-profits benefits reserve (“WPBR”) for all classes of with-profits product is valued using a retrospective method. The results by type of product are provided below.

| Product Class | With-Profits Benefits Reserve £m | Future Policy Related Liabilities £m |
|-------------------------------|-------------------------------------|---|
| Endowment | 127 | 0 |
| General Deferred Annuity | 206 | 23 |
| Pension Deferred Annuity (RP) | 118 | 61 |
| Pension Deferred Annuity (SP) | 28 | 24 |
| Unitised With Profits | 54 | (1) |
| Total | 534 | 108 |

- (2) The total for the WPBR shown in the table above corresponds to the respective amounts shown at line 31 of Form 19. The total for future policy related liabilities shown at line 49 of Form 19 includes an additional (£5.6)m in respect of financing costs, £5.3m of “other” costs to allow for taxation on the free estate and an additional £76m in respect of planned enhancements to the WPBR.
- (3)(4) All products or class of with-profits insurance contract are included in the with-profits benefits reserve in the table above.

WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

- 4.(1)(a) The WPBR is calculated on an individual basis using a retrospective method of unsmoothed asset shares for all Category A contracts for LVFS business and all contracts for RNPFN business.
- (b) No contracts are valued on a grouped basis.
- (c) No contracts are valued on a grouped basis.

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(2)(a) There are no significant changes to the method used to calculate the WPBR.
& (b)

(3)(a) The previous LVFS expense investigation was carried out as at 31st December 2011. Expense
& (b) investigations are carried out annually but expenses are monitored on a monthly basis.

The expenses that can be allocated to the RNPFN Fund are defined in the Scheme of Transfer. Additional costs may be allocated to the RNPFN Fund as the Actuary (as defined by the Scheme), after consultation with, and having had regard to the views of, the RNPFN Supervisory Board, considers fair and equitable having regard to policyholders reasonable expectations.

(c) **CONTRACTS WRITTEN IN LVFS**

The total expenses allocated to the WPBR during the current financial year are provided below.

| | |
|--|---------------|
| i) Amount of Initial Expenses: | |
| Commission | £2.1m |
| Other | £4.6m |
| Total | £6.6m |
| ii) Amount of Maintenance Expenses: | |
| Investment Expenses | £3.4m |
| Other | £13.6m |
| Total | £17.0m |
| Grand Total | £23.6m |

Expenses are charged to the WPBR in respect of individual contracts by way of an annual inflating expense charge and a reduction to the annual investment return. Additional expenses of £25.1m have arisen during the year. These expenses are additional management investment fees and expenses on non-profit business and have not been charged to the WPBR. Investment expenses on the free assets and the decrease in the employee pension scheme obligation are also included in this amount.

CONTRACTS WRITTEN IN RNPFN FUND

The total expenses allocated to the WPBR during the financial year in question are provided below.

| | |
|---|--------------|
| i) Amount of initial expenses | £0.0m |
| ii) Amount of maintenance expenses | |
| - Per policy | £1.4m |
| - Investment Expenses | £1.1m |
| Total | £2.5m |

The expenses charged to the RNPFN Fund are defined in the Scheme of Transfer of RNPFN to Liverpool Victoria Life Company. They consist of a fixed per policy expense which may increase in line with RPI increased by 1% and a fee of 0.2% of Funds Under Management to cover investment expenses.

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Expenses of £3.6m have been charged to the RNPFN Fund during the current financial year that has not been charged to the WPBR. These expenses included the contingent loan fee and expenses on non-profit (including unit linked) business.

- (4) For the WPPA product, series 3 and 4, there is a notional smoothing and guarantee charge of 0.75% p.a. taken into account in establishing “top up” (effective for one year only) bonus levels only. The Society reserves the right to change this charge in the future. There are no other charges made to the WPBR in respect of the cost of guarantees or the use of capital in the current or preceding financial year for other products.

For the Pension income plus annuity product (PIPA), there is a management charge which is 1.65% a year and an additional investment expenses charge of 0.15% a year. This is taken into account in establishing the declared investment return and will include the guarantee charge.

- (5) For LVFS unitised with-profit policies, charges in respect of non-insurance risk are deducted from the WPBR. The charges are a combination of an annual management charge, fixed policy fees and reduced allocation rates. A charge is also deducted from the investment return credited to the WPBR. The charges deducted are as follows.
- (6) For All-in-1 Bond and Flexible Guarantee Bond there is a guarantee charge of between 0.3% and 3.6% p.a. depending on investment fund.

| Product category | Product | Allocation Rate | Monthly Policy Fee | Management Charge | Investment Charge |
|-------------------------|--------------------------|--|---------------------------|---|--------------------------|
| UWP ISA | Life ISA | 100% | £0.56 | 1.75% pa | - |
| UWP bond | Income Bond | 100%-103.75% (with adj. for age/members) | - | 0.085% (5 years) | 0.057% (unit price) |
| UWP bond | Investment Bond | 101%-102.25% (with adj. for members) | - | 0.075% (5 years) | 0.057% (unit price) |
| UWP bond | Growth Bond | 97.5%-107% (with adj. for age/members) | - | 0.075% (5 years) | 0.057% (unit price) |
| UWP bond | Flexible Investment Bond | 94.5% | - | 0.08% pa | - |
| UWP bond | Mutual Investment Bond | 100%-102% (with adj. for members) | - | 0.125% (5 years) 0.050% (thereafter) | - |
| UWP bond | Bank of Ireland Bond | 100%-100.75% (with adj. for BOI staff) | - | 1.5% pa | - |
| UWP endow | Tax Free Savings Plan | 96% | £1.13 | | - |
| UWP endow | Regular Savings Plan | 96.8% | £1.13 | 0.08% pa | - |
| UWP endow | Flexible Savings Plan | 96.8% (regular) 94% (single) | £1.13 | 0.08% pa | - |

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| Product category | Product | Allocation Rate | Monthly Policy Fee | Management Charge | Investment Charge |
|-------------------------|--|--|---------------------------|--|--------------------------|
| UWP endow | Flexible Savings Plan 2 (aka Flexible Savings Plan B) | 100% (regular) 100.5% (single/CSMA) | £1.13 | 0.682% pa (10 years) 0.341% pa (thereafter) | - |
| UWP endow | Mortgage Savings Plan and Family and Legacy Fund | 96.8% | £1.13 | 0.08% pa | - |
| UWP pension | With Profit Retirement Plan and Flexible Personal Pension Plan | 100% (with adj. for members) | - | 1% pa | - |
| UWP pension | Flexible Personal Pension Plan (Augmentation Version) | 100% (with adj. for members) | - | 0.1% pa | - |
| UWP pension | Top Up Company Pension Plan | 100% | - | 1% pa | - |
| UWP pension | Top Up Company Pension Plan (Augmentation Version) | 100% | - | 0.1% pa | - |

In the RNPFN Fund, no charges are made in respect of non-insurance risk other than the expense charges set out in paragraph 4 (3) above.

(7) The ratio of claims paid on with-profits insurance contracts to the WPBR have been as follows.

| Ratio of claims paid to WPBR | 2011 | 2010 | 2009 |
|-------------------------------------|-------------|-------------|-------------|
| LVFS Fund | 88% | 94% | 97% |
| RNPFN Fund | 128% | 117% | 115% |

(8) The investment return before tax and expenses allocated to the WPBR for 2011 are 5.7% for the LVFS Fund and 9.61% for the RNPFN Fund.

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WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

5. The key assumptions used in calculating the LVFS WPBR for those contracts where a gross premium reserve valuation was used are as follows.

| Parameter | Assumption |
|--|-------------------------|
| a) Risk Discount Rate | |
| - Annuities in Payment | 2.58% |
| - IB | Note 1 |
| - OB | Note 1 |
| b) Investment return | |
| - Annuities in Payment | 2.58% |
| - IB | Note 1 |
| - OB | Note 1 |
| c) Expense inflation | |
| - Annuities in Payment | 3.92% |
| - IB | Note 1 |
| - OB | Note 1 |
| d) i) Future assumed regular bonus rates | |
| - Annuities in Payment | 0% |
| - IB | Note 1 |
| - OB | Note 1 |
| ii) Future assumed final bonus rates | |
| - Annuities in Payment | 0% |
| - IB | Note 1 |
| - OB | Note 1 |
| e) Future Expenses per annum | |
| - Annuities in payment | £43.40 |
| - IB Premium Paying | £6.90 |
| - IB Paid Up | £6.90 |
| - OB Premium Paying | £32.60 |
| - OB Paid Up | £28.00 |
| f) Persistency assumptions | |
| - Annuities in payment | 100% at all durations |
| - IB Premium Paying Whole Life | 99.05% at all durations |
| - IB Paid-up Whole Life | 99.85% at all durations |
| - IB Paid-up Endowment | 99.15% at all durations |
| - OB Premium Paying Whole Life | 99.15% at all durations |
| - OB Paid-up Whole Life | 99.50% at all durations |
| - OB Paid-up Endowment | 98.10% at all durations |

Note 1: For IB and OB business valued using a prospective method the WPBR is determined using the central scenario from the same ESG as that used to determine the FPRL. The WPBR uses a cash flow approach which allows for future reversionary and terminal bonuses.

A prospective method is not used to calculate the WPBR for any RNPFN product.

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COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

6.(1) All costs of guarantees, options or smoothing are included in the following sub-paragraphs. The cost of terminal bonus enhancements payable in accordance with the RNPFN Scheme is included in the planned enhancements to the WPBR.

(2)(a) The cost of guarantees, options and smoothing are calculated using a market consistent stochastic valuation for all product types.

- (b) (i) No contracts are valued on an individual basis.
(ii) All contracts are valued on a group basis.
(iii) The grouping of policies into model points has regard to risk exposures and the grouping criteria used were chosen to reduce the risk of materially misstating the guarantee costs. Details of the model points used and the number of individual policies these represent for each product class are shown in the following tables.

| CONTRACTS WRITTEN IN LVFS | Number of Individual Policies | Number of Model Points |
|--------------------------------------|--|-----------------------------------|
| IB Endowment | 14,501 | 916 |
| IB Whole Life | 1,009,554 | 7,905 |
| OB Endowment | 5,314 | 307 |
| OB Low Cost Endowment | 2,688 | 164 |
| OB Whole Life | 9,826 | 871 |
| OB Pensions | 26,994 | 152 |
| UWP Pensions | 37,492 | 439 |
| UWP Bonds | 39,373 | 1,141 |
| UWP Endowments | 77,351 | 536 |
| WPPA | 2,923 | 606 |
| UWP ISA | 14,115 | 327 |
| UL Pen | 17,021 | 1,106 |
| PRP | 4,861 | 4,861 |
| NPPA | 28,401 | 2,811 |

| CONTRACTS WRITTEN IN RNPFN | Number of Individual Policies | Number of Model Points |
|---------------------------------------|--|-----------------------------------|
| Endowment | 18,607 | 217 |
| General Deferred Annuity | 22,406 | 296 |
| Pension Def Annuity (RP) | 15,216 | 1,340 |
| Pension Def Annuity (SP) | 6,748 | 201 |
| Unitised With Profits | 7,809 | 79 |

To check the accuracy of the model points, the aggregate asset share, the number of policies valued and the reserve are compared with the results using individual policy data at the valuation date. The same figures are also projected deterministically and compared at 5 and 10-year intervals. The impact on guarantee costs of grouping policies into model points is also assessed by comparing the results of a small number of individual scenario projections carried out using both model points and individual policy data.

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(c) There are no residual types of products or classes of with-profits insurance contracts for which significant approximations were made.

(3) Since the previous investigation as at 31st December 2010, the following significant changes have been made to the model.

- The OB Pension product has been fully reviewed. The most significant change was to remove the double count on the in force probability of premium paying policies.
- The regular bonus rule has been improved so that the reversionary bonus rate is set to zero in the event that the value of guaranteed benefits, excluding future reversionary bonuses, exceeds a given percentage of aggregate asset shares.
- For unitised with profit products the code in the model has been streamlined, to improve readability, efficiency and reliability. All experience mortality functions have been corrected to select mortality. Corrections have been made to mortality and longevity stresses. Corrections have been made to present value rollback variables where no discounting has been applied. Also, corrections have been made to partial withdrawals, surrender and deaths to reflect actual policy features.

(4)(a)(i) **CONTRACTS WRITTEN IN LVFS**

The future guarantee costs primarily relate to death and maturity guarantees and unitised with profit bond surrender guarantees.

For Category A conventional with-profits business, the guarantees valued are projected sum assured plus vested reversionary bonus at the claim date. A policy is in the money if the sum assured plus projected reversionary bonuses is greater than the projected unsmoothed asset share at the claim date.

For unitised with-profits business the guarantees valued are the nominal fund value or guaranteed death benefit at the claim date if no MVR can be applied. A policy is in the money if the guaranteed benefits exceed the unsmoothed asset share at the claim date and no MVR can be applied.

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The percentage of policies that are in the money at 31st December 2011 is as follows.

| The extent to which future guarantee costs are in the money at 31st December 2011 | | |
|---|--|--|
| Product | Percentage of policies in the money | Extent to which policies are in the money |
| IB Endowment | 20% | 2% |
| OB Endowment | 29% | 2% |
| OB Low Cost Endowment | 60% | 8% |
| OB Pensions | 100% | 209% |
| With Profit Pension Annuity | 100% | 48% |
| UWP Pensions | 2% | 0% |
| UWP Bonds | 54% | 0% |
| UWP Endowments | 30% | 2% |
| UWP ISA | 25% | 7% |

There are no future option costs relating to the with-profits business.

Smoothing costs are the projected difference in the amount paid out on claim and the greater of the with-profit benefits reserve and guaranteed benefits. These costs can be positive or negative. Where benefits are based on smoothed asset share, smoothing costs arise due to smoothing of investment returns credited to the asset shares used to determine final bonuses paid on claims.

A policy is in the money if the projected amount paid out on claim is different to the greater of the WPBR and guaranteed benefits. The extent to which they are in the money is calculated as the difference in the projected amount paid out on claim and the greater of the WPBR and guaranteed benefits divided by the WPBR at the valuation date.

The percentage of policies for which smoothing costs/profits are in the money at 31st December 2011 is as follows.

| The extent to which future smoothing costs/profits are in the money at 31st December 2011 | | |
|---|--|--|
| Product | Percentage of policies in the money | Extent to which policies are in the money |
| IB Endowment | 100% | 18% |
| OB Endowment | 100% | 18% |
| OB Low Cost Endowment | 100% | 9% |
| OB Pensions | 99% | -4% |
| With Profit Pension Annuity | 100% | 16% |
| UWP Pensions | 100% | 4% |
| UWP Bonds | 100% | 0% |
| UWP Endowments | 100% | 3% |
| UWP ISA | 100% | 4% |

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CONTRACTS WRITTEN IN RNPFN FUND

The future guarantee costs primarily relate to maturity and death guarantees (sums assured and vested reversionary bonuses) for all with-profits business and surrender value guarantees that exist on some classes of with-profits business. A policy is in the money if the sum assured plus projected reversionary bonuses are greater than the projected unsmoothed asset share at the claim date.

The percentage of policies that are in the money at 31st December 2011 is as follows.

| The extent to which future guarantee costs are in the money at 31st December 2011 | | |
|---|--|--|
| Product | Percentage of policies in the money | Extent by which they are in the money |
| Endowments | 73.2% | 1.7% |
| General Deferred Annuity | 4.8% | 97.4% |
| Pension Deferred Annuity (RP) | 84.3% | 32.1% |
| Pension Deferred Annuity (SP) | 98.5% | 47.7% |
| Unitised With Profits | 0.0% | 0.0% |

The future option costs relate to guaranteed annuity rate options on life and pension deferred annuity business taking into account the expected policyholder behaviour in relation to exercising that option.

The percentage of policies for which option costs are in the money at 31st December 2011 is as follows.

| The extent to which future option costs are in the money at 31st December 2011 | | |
|--|--|--|
| Product | Percentage of policies in the money | Extent by which they are in the money |
| General Deferred Annuity | 100% | 7% |
| Pension Deferred Annuity (RP) | 76% | 67% |
| Pension Deferred Annuity (SP) | 68% | 46% |

- (ii) The Asset Model used is the Barrie & Hibbert Market-Consistent Asset Model. This is a deflator model based on published financial economic theory that is capable of market-consistent valuations for multiple asset classes in multiple currencies. For this valuation it is calibrated to market data as at 31st December 2011 representative of the nature and term of the guarantees inherent in with-profits business.

The key assumptions used in the calibration process are as follows.

- The model is calibrated to an initial yield curve equal to the yield curve at 31st December 2011 from Thomson Reuters plus 10 basis points.

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- Parameters for the volatility of the yield curve are derived from forward rate volatilities implied from the market prices of at-the-money swaptions. The most weight is applied to swaptions with a 20-year term. The forward rate volatilities used are typically in the range of 13.0% to 29.2%.
 - For the volatility of equity returns in excess of the short-term risk free returns, the model used is Stochastic Volatility Jump Diffusion (SVJD). The SVJD model combines a model that allows for stochastic, mean reverting volatility and a model that allows for “rare” (jump) events. The equity volatility is assumed to vary by term and moneyness by reproducing market option prices. The volatility parameters used are 29.9% for the SVJD variance model and 11.6% for the SVJD jump model.
 - A property volatility of 15% is assumed, derived from Barrie & Hibbert’s best-estimate levels of volatility.
 - A positive correlation between returns on fixed interest and equity is assumed of 16%.
 - A positive correlation between returns on fixed interest and property is assumed of 10%.
 - A positive correlation between returns on equity and property is assumed of 35%.
 - The correlations assumed reflect a judgement of the correlations that might reasonably be expected over the long term.
- (iii) The annualised compound equivalent of the risk free rate(s) assumed for each duration (n) and values derived from the asset model of specified assets/options is shown in the following table.

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| | | Asset type (all UK assets) | K=0.75 | | | | K=1 | | | | K=1.5 | | | |
|----|---|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| | N | | 5 | 15 | 25 | 35 | 5 | 15 | 25 | 35 | 5 | 15 | 25 | 35 |
| | R | Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places) | 1.14% | 2.81% | 3.37% | 3.48% | x | x | x | x | x | x | x | x |
| | | | | | | | | | | | | | | |
| 1 | | Risk-free zero coupon bond | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 | £944,987 |
| | | | | | | | | | | | | | | |
| 2 | | FTSE All Share Index (p=1) | £115,704 | £250,271 | £348,831 | £420,349 | £221,947 | £397,470 | £520,566 | £607,601 | £551,656 | £753,770 | £900,361 | £1,008,842 |
| 3 | | FTSE All Share Index (p=0.8) | £112,760 | £219,253 | £276,798 | £308,639 | £216,459 | £348,177 | £414,744 | £449,459 | £538,281 | £664,143 | £722,784 | £752,467 |
| 4 | | Property (p=1) | £33,965 | £106,355 | £187,977 | £243,317 | £135,341 | £240,370 | £342,799 | £408,150 | £521,409 | £610,848 | £716,924 | £794,822 |
| 5 | | Property (p=0.8) | £31,909 | £82,144 | £129,133 | £154,195 | £129,011 | £192,934 | £245,773 | £267,703 | £506,217 | £514,643 | £539,399 | £544,213 |
| 6 | | 15 year risk free zero coupon bonds (p=1) | £17,270 | £15,600 | £14,578 | £19,654 | £80,950 | £74,512 | £92,029 | £120,643 | £495,594 | £491,432 | £500,984 | £520,756 |
| 7 | | 15 year risk free zero coupon bonds (p=0.8) | £16,228 | £10,456 | £5,807 | £2,970 | £76,312 | £46,656 | £31,605 | £29,309 | £478,790 | £374,622 | £291,551 | £248,055 |
| 8 | | 15 year corporate bonds (p=1) | £17,270 | £15,600 | £14,578 | £19,654 | £80,950 | £74,512 | £92,029 | £120,643 | £495,594 | £491,432 | £500,984 | £520,756 |
| 9 | | 15 year corporate bonds (p=0.8) | £16,228 | £10,456 | £5,807 | £2,970 | £76,312 | £46,656 | £31,605 | £29,309 | £478,790 | £374,622 | £291,551 | £248,055 |
| 10 | | Portfolio of 65% FTSE All Share and 35% property (p=1) | £70,739 | £169,063 | £254,225 | £316,699 | £168,774 | £304,550 | £410,542 | £488,269 | £518,602 | £657,464 | £780,356 | £874,249 |
| 11 | | Portfolio of 65% FTSE All Share and 35% property (p=0.8) | £68,198 | £142,719 | £192,751 | £220,028 | £163,350 | £257,777 | £313,498 | £342,769 | £503,888 | £566,312 | £604,427 | £624,062 |
| 12 | | Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1) | £61,074 | £146,380 | £215,790 | £271,465 | £154,496 | £268,647 | £361,528 | £434,308 | £505,945 | £611,097 | £716,353 | £805,686 |
| 13 | | Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8) | £58,822 | £122,266 | £160,053 | £182,961 | £149,176 | £225,846 | £270,186 | £296,103 | £490,764 | £520,653 | £546,496 | £565,237 |
| 14 | | Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1) | £31,188 | £81,083 | £133,905 | £175,607 | £112,628 | £187,270 | £262,926 | £317,582 | £496,213 | £540,730 | £616,608 | £686,901 |
| 15 | | Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8) | £29,604 | £63,642 | £89,674 | £105,718 | £107,429 | £148,315 | £180,558 | £195,639 | £479,826 | £443,306 | £442,786 | £444,119 |
| | | | | | | | | | | | | | | |
| | | | L=15 | | | | L=20 | | | | L=25 | | | |
| 16 | | Receiver swaptions | 17.56% | 10.90% | 9.30% | 7.25% | 20.29% | 13.56% | 11.50% | 8.75% | 22.86% | 15.97% | 13.32% | 9.85% |

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- (iv) The initial property rental yield assumed is 4.3%.
- (v) Exposures to territories other than the UK are modelled in the same way as exposures to the UK. The figures in the table above are based on a UK only calibration as required by the regulations.
- (vi) **CONTRACTS WRITTEN IN LVFS**

The following table shows the percentage of guarantee costs arising by outstanding duration. It also shows the fitting error of equities and five-year tenor swaptions used to calibrate the asset model at these durations.

| Product | Outstanding Duration (years)* | | | | | | | | |
|----------------|-------------------------------|-----------|-----------|------------|------------|------------|------------|-----------|-----------|
| | 5 | 10 | 15 | 20 | 30 | 40 | 50 | 60 | 70 |
| IB Endowment | 81% | 12% | 4% | 3% | 0% | 0% | 0% | 0% | 0% |
| OB Endowment | 98% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% |
| OB LCE | 51% | 48% | 1% | 0% | 0% | 0% | 0% | 0% | 0% |
| OB Pensions | 1% | 2% | 5% | 17% | 30% | 24% | 15% | 5% | 1% |
| IB Whole Life | 12% | 12% | 14% | 20% | 17% | 11% | 11% | 3% | 0% |
| OB Whole Life | 0% | 0% | 0% | 1% | 7% | 54% | 34% | 3% | 0% |
| UWP Bonds | 100% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| UWP Endowments | 53% | 45% | 3% | 0% | 0% | 0% | 0% | 0% | 0% |
| UWP ISA | 73% | 16% | 5% | 4% | 1% | 0% | 0% | 0% | 0% |
| UWP Pensions | 1% | 2% | 7% | 1% | 1% | 21% | 47% | 20% | 0% |
| Total | 2% | 3% | 5% | 17% | 30% | 24% | 15% | 5% | 1% |

| | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Equity Fitting Error | 0.65% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% |
| Swaption Fitting Error | 0.33% | 0.26% | 0.17% | 0.12% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |

* The heading durations represent the mid-point of the term bands used to group the liabilities by outstanding duration.

CONTRACTS WRITTEN IN THE RNPFN FUND

The most significant guarantees are those arising on maturity, surrender and death or from guaranteed annuity options. The following tables show the outstanding duration of these guarantees.

Total Guarantee Costs

| Product | Outstanding duration to maturity (years) | | | | | |
|----------------------|--|---------|----------|----------|----------|-----|
| | 0 to 5 | 5 to 10 | 10 to 15 | 15 to 20 | 20 to 25 | 25+ |
| Endowment | 73% | 23% | 3% | 1% | 0% | 0% |
| Moneybuilder | 53% | 29% | 16% | 3% | 0% | 0% |
| Pension RP | 51% | 25% | 15% | 7% | 2% | 0% |
| Pension SP | 58% | 28% | 9% | 5% | 0% | 0% |
| Unitised with profit | 100% | 0% | 0% | 0% | 0% | 0% |

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Guaranteed Annuity Options

| Product | Outstanding duration to maturity (years) | | | | | |
|--------------|--|---------|----------|----------|----------|-----|
| | 0 to 5 | 5 to 10 | 10 to 15 | 15 to 20 | 20 to 25 | 25+ |
| Moneybuilder | 43% | 31% | 22% | 4% | 0% | 0% |
| Pension RP | 66% | 19% | 10% | 3% | 1% | 0% |
| Pension SP | 77% | 18% | 4% | 2% | 0% | 0% |

The swaption and equity option fitting errors are as per the equivalent figures for LVFS.

- (vii) The deflated total return on equities and cash is calculated using the stochastic simulations generated to test the accuracy of the deflators used. For LVFS, the deflated values (for a unit investment of 1) are 0.95476 for equities, 0.99039 for property and 1.01197 for cash. For RNPFN, the deflated values (for a unit investment of 1) are 1.000642 for equities, 0.995451 for property and 1.002623 for cash.
 - (viii) The assets and liabilities are projected 1,000 times using different economic simulations generated by the Barrie & Hibbert Market-Consistent Asset Model. The results are compared to the output from a set of 2,000 simulations and it is concluded that 1,000 is the fewest number of simulations that can be used without introducing material simulation error.
- (b) None of the costs of guarantees, options or smoothing are valued using the market costs of hedging.
- (c) None of the costs of guarantees, options or smoothing are valued using deterministic projections with attributed probabilities.
- (5)(a) The management actions that are assumed in the projection of assets and liabilities used to determine the costs of guarantees, options and smoothing are as follows.

CONTRACTS WRITTEN IN LVFS

- For OB pensions future reversionary bonus rates are determined by reference to the 15 year gilt rate. For other conventional with-profit business they are determined by reference to the 5 year gilt yield. For unitised with-profit business they are determined by reference to the expected return on the underlying assets.
- Reversionary bonus rates are reduced, potentially to zero, in scenarios where the ratio of aggregate asset share to the present value of future guaranteed claims (excluding future reversionary bonuses) falls below certain thresholds.
- Future terminal bonus rates are determined by reference to smoothed base asset shares for all business except IB business which uses unsmoothed base asset shares.
- Future asset allocation is determined by reference to the current asset allocation guidelines used in setting investment strategy and is also dependent on the FTSE 100 index level.
- Market Value Reductions (MVRs) are only applied to unitised with-profits bonds based on current practice. No changes to the MVR policy over time are assumed.
- Apart from WPPA series 3 and 4, FGB, and AIOB, guarantee costs are not charged to asset share although such charges are allowed by the PPFM.

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- Payouts are based on asset shares excluding past allocations of miscellaneous surplus if the FTSE 100 index falls below certain thresholds.

CONTRACTS WRITTEN IN THE RNPFN FUND

- No future reversionary bonuses are declared on conventional with-profits business.
- Reversionary bonus on unitised with-profits business are based on the expected rate of investment return for the Fund, but are reduced to zero if the Fund solvency level falls below a certain threshold.
- Future terminal bonus rates are set to target unenhanced smoothed asset shares. An allowance is made for the requirement to distribute the RNPFN Fund's estate to policies by increasing the entry in line 34 of Form 19 so as to reduce the working capital in the Fund to zero. For conventional with-profits business annual changes in maturity payouts between similar policies are also limited to 20%.
- A market value reduction (MVR) on unitised with-profits ISA policies is applied prior to the tenth policy anniversary if the nominal fund value exceeds the smoothed asset share. The MVR is equal to the excess of the nominal fund value over the smoothed asset share (provided that this leads to a MVR of 5% or greater).
- Future asset allocation is determined by reference to the current asset allocation guidelines used in setting investment strategy and dependent on the Fund solvency level.
- No asset share charges for guarantee costs are introduced (such charges are allowed within the PPFM).
- The maximum available capital support is not assumed to be written down other than in proportion to the size of the with-profits fund.

- (b) The best estimates as to the future proportions of the assets backing the with-profits benefit reserve which would consist of equities (whether UK or non-UK) and as to future bonus rates, in each case as at the end of the financial year in question in 5 years time and 10 years time are as follows.

| CONTRACTS WRITTEN IN LVFS | 31st December 2011 | 31st December 2016 | 31st December 2021 |
|----------------------------------|--|--|--|
| Equity Backing Ratio | | | |
| Risk free yields | 46% | 37% | 34% |
| Risk free yields up by 17.5% | 40% | 34% | 32% |
| Risk free yields down by 17.5% | 40% | 34% | 31% |
| UWP Tax-exempt | | | |
| Risk free yields | 2.00% | 1.95% | 2.93% |
| Risk free yields up by 17.5% | 2.00% | 2.71% | 3.41% |
| Risk free yields down by 17.5% | 2.00% | 1.77% | 2.70% |
| UWP Taxable | | | |
| Risk free yields | 1.75% | 2.14% | 3.44% |
| Risk free yields up by 17.5% | 1.75% | 2.49% | 3.90% |
| Risk free yields down by 17.5% | 1.75% | 1.71% | 3.00% |

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

| CONTRACTS WRITTEN IN RNPFN | 31st December 2011 | 31st December 2016 | 31st December 2021 |
|-----------------------------------|--|--|--|
| Equity Backing Ratio | | | |
| Risk free yields | 25.40% | 21.75% | 16.47% |
| Risk free yields up by 17.5% | 26.22% | 22.42% | 14.62% |
| Risk free yields down by 17.5% | 25.08% | 21.03% | 18.33% |
| UWP Tax-exempt | | | |
| Risk free yields | 2.10% | 1.05% | 1.47% |
| Risk free yields up by 17.5% | 2.10% | 1.25% | 1.73% |
| Risk free yields down by 17.5% | 2.10% | 0.87% | 1.24% |
| UWP Taxable | | | |
| Risk free yields | 1.25% | 0.84% | 1.18% |
| Risk free yields up by 17.5% | 1.25% | 1.00% | 1.38% |
| Risk free yields down by 17.5% | 1.25% | 0.70% | 0.99% |

These are calculated using the 31st December 2011 market consistent asset file. Future reversionary bonus rates for conventional with-profits policies are assumed to be zero in the RNPFN Fund.

- (6) A summary of the surrender and paid-up assumptions used to determine the costs in subparagraphs 6.(4)(a), (b) and (c) are as follows.

CONTRACTS WRITTEN IN LVFS

| Product | Decrement | Average surrender/paid-up rate for the policy years | | | |
|--------------------------------|--------------------|--|-------------|--------------|--------------|
| | | 1-5 | 6-10 | 11-15 | 16-20 |
| CWP savings endowment | Surrender | N/A | 1.48% | 1.48% | 1.48% |
| CWP target cash endowment | Surrender | N/A | 1.85% | 1.85% | 1.85% |
| UWP target cash endowment | Surrender | 3.30% | 3.70% | 2.00% | 2.00% |
| UWP bond | Surrender | 3.70% | 11.70% | 20.00% | 20.00% |
| UWP bond | Automatic withdraw | 3.00% | 3.00% | 3.00% | 3.00% |
| CWP pension regular premium | PUP | N/A | 1.80% | 1.80% | 1.80% |
| CWP pension regular premium | Surrender | N/A | 0.40% | 0.40% | 0.40% |
| CWP pension single premium | Surrender | N/A | 0.40% | 0.40% | 0.40% |
| UWP indiv pens regular premium | PUP | 3.70% | 3.70% | 3.70% | 3.70% |
| UWP indiv pens regular premium | Surrender | 4.10% | 2.80% | 1.00% | 1.00% |
| UWP indiv pens single premium | Surrender | 4.10% | 2.80% | 1.00% | 1.00% |

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CONTRACTS WRITTEN IN RNPFN FUND

| Product | Decrement | Average surrender/paid-up rate for the policy years | | | |
|-----------------------------|--------------------|---|-------|-------|-------|
| | | 1-5 | 6-10 | 11-15 | 16-20 |
| CWP Savings Endowment | Surrender | 2.10% | 2.10% | 2.10% | 2.10% |
| UWP Bond | Surrender | 9.50% | 9.50% | 9.50% | 9.50% |
| UWP Bond | Automatic withdraw | 0% | 0% | 0% | 0% |
| CWP Pension regular premium | PUP | 0% | 0% | 0% | 0% |
| CWP Pension regular premium | Surrender | 1.90% | 1.90% | 1.90% | 1.90% |
| CWP Pension single premiums | Surrender | 1.90% | 1.90% | 1.90% | 1.90% |

For RNPFN, the assumed take-up rates of guaranteed annuity options are 95% for Pension Deferred Annuities and 5% initially increasing by 0.5% per annum for Life Deferred Annuities. The annuitant mortality assumed is:

- Males: 72% of IML00 with improvements of 120% medium cohort over 2000 to 2004 and subsequent improvements 120% of medium cohort subject to a 1.5% floor
- Females: 85% of IFL00 with improvements of greater of 90% of medium cohort and CMIR17 over 2000 to 2004 and subsequent improvements of greater of 90% medium cohort and CMIR17 subject to a 1.5% floor

(7) The following policyholder actions are assumed in the projection of assets and liabilities in sub-paragraphs 6.(4)(a), (b) and (c).

CONTRACTS WRITTEN IN LVFS

- For unitised with-profits bonds with surrender value guarantees, if the guarantee is in the money the policyholder take-up rate is assumed to be 100%. At all other times the normal surrender rates are assumed.
- For UWP bonds with contractual partial withdrawal guarantees, if the guarantee is in the money a realistic take-up rate is assumed. No withdrawals are assumed at other times.

CONTRACTS WRITTEN IN RNPFN FUND

- It is assumed that the proportion of policyholders taking up guaranteed annuity options does not vary depending on how “in-the money” the options are. Recent experience has shown that the take-up rates for Guaranteed Annuity Options do not change with the value of the guarantees. The most recent GAO experience investigation was carried out effective as at the end of 2011.

FINANCING COSTS

7. LVFS does not have any financial arrangements in connection with its With Profit fund where LVFS receives financing from another source. However, there is a support arrangement in place between LVFS and the RNPFN Fund. The scheme for the transfer of the business from RNPFN makes provision for capital support, by way of a contingent loan, of up to £100m to be

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

made available to the RNPFN Fund from Liverpool Victoria Friendly Society Limited. The RNPFN Fund bears a charge of 1.0% per annum of the maximum capital support for this facility and will bear a maximum charge of 1.5% per annum on any assets transferred to the RNPFN Fund as part of this arrangement. The investment return on any assets transferred is payable to Liverpool Victoria Friendly Society Limited.

The facility will only be drawn on when the value of the RNPFN Fund falls short of the aggregate value of the mathematical reserves plus the LTICR in respect of the RNPFN Fund. Any capital and interest amounts are repaid as soon as practicable to the extent that a deficit of assets over liabilities (including the LTICR) will not arise by doing so. It is not intended that the capital support is available for distribution to policyholders.

The maximum capital support declines over time in proportion to the With-Profits Amount (the with-profit mathematical reserves plus any surplus in the RNPFN Fund). The facility has not been drawn on to date. The current facility is for capital support of up to £65.6m.

OTHER LONG-TERM INSURANCE LIABILITIES

8. No amounts have been included in respect of 'any other liabilities related to regulatory duty to treat customers fairly' shown at line 46 of Form 19 for any of the with-profits funds. For LVFS, the amount at line 47 of Form 19 'Other long-term insurance liabilities' represents the cost to LVFS of the RNPFN contingent loan arrangement. For RNPFN, the amount is the value of the additional future tax liability from the distribution of free assets.

REALISTIC CURRENT LIABILITIES

9. The value of realistic current liabilities shown at line 51 of Form 19 is £69m for the RNPFN Fund and £312m for LVFS. The value of the realistic current liabilities is the same as the regulatory current liabilities and represents the net current liabilities of the with-profits fund.

RISK CAPITAL MARGIN

10. (a)(i) The risk capital margin as at 31st December 2011 is £88m for the LVFS Fund and zero for the RNPFN Fund under the scenarios contained within INSPRU 1.3.44R.

- (ii) The scenarios tested for the purpose of calculating the risk capital margin are as follows.

| Asset class | LVFS | RNPFN |
|-------------------------------|--|--|
| Equities | 20% fall | 20% fall |
| Property | 12.5% fall | 12.5% fall |
| Fixed Interest | 17.5% fall in the long-term gilt yield | 17.5% rise in the long-term gilt yield |
| Fixed Interest Credit Risk | Increase in credit spreads | Increase in credit spreads |
| Persistency | 32.5% decrease in termination rates | 32.5% decrease in termination rates |

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- (iii) For the increase in credit spreads for the fixed interest stress test the average change in spreads is 14.7% for LVFS and 13.5% for RNPFN. The resulting total percentage change in bond value is 1.8% for LVFS and 1.1% for RNPFN.
 - (iv) The realistic value of the liabilities has decreased by 0.04% as a result of applying the persistency risk scenario according to INSPRU 1.3 for LVFS. For the RNPFN Fund the realistic liabilities have not increased as a result of applying the persistency risk scenario as any change in costs of guarantees is offset by a change in the planned enhancements to WPBR.
 - (v) No changes in asset value in sub-paragraph 10(a)(iii) above are materially independent of the change in liability in sub-paragraph 10(a)(iv).
- (b) No changes to the decision rules for management action or policyholder behaviour are assumed in calculating the liabilities under the stressed conditions.
- (c)(i) The assets held to cover the LVFS risk capital margin are assumed to be the same as used to cover all of the Society's liabilities. The following table shows the current long-term benchmark asset mix assumed to be backing the liabilities.

| Asset Type | Mix |
|-------------------|------------|
| Equities | 46% |
| Property | 9% |
| Fixed interest | 42% |
| Cash | 3% |

No assets are required to back the RNPFN risk capital margin.

- (ii) None of the assets are held outside of the with-profits fund.

TAX

11. Gains or losses are assumed to be realised each year, and no distinction is made between unrealised and realised gains. The value of any tax asset for unrealised Capital Gains Tax losses is not modelled. No future tax asset is assumed to accrue under the model in scenarios where losses are incurred. Tax relief on acquisition and renewal expenses is modelled as a percentage of projected expenses. Tax relief is only applied to the asset share projection on taxable products. No change in tax assumptions is made across different simulations in the stochastic model.

DERIVATIVES

12. The LVFS With Profit fund holds £29.4m of equity options and £26.9m of interest rate swaps for the purpose of hedging risk. There are no derivatives held outside of the fund to cover the risk capital margin.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

ANALYSIS OF WORKING CAPITAL

13. CONTRACTS WRITTEN IN LVFS

The following breakdown shows the change in LVFS working capital shown at line 68 of Form 19 from 31st December 2010 to 31st December 2011.

| | Working Capital £m |
|--|-------------------------------|
| 31st December 2010 | 457.9 |
| Model changes | (12.2) |
| Expected experience | 1.8 |
| 31st December 2011 Expected | 447.4 |
| Actual vs. Expected Experience | |
| <i>Expenses</i> | (36.5) |
| <i>Claims paid</i> | 0.2 |
| <i>Investment and tax</i> | (38.3) |
| <i>New Business</i> | (23.6) |
| <i>Other</i> | (4.4) |
| 31st December 2010 Old Basis | 344.9 |
| Change in Basis | |
| <i>Decrements</i> | (19.2) |
| <i>Economic</i> | 17.1 |
| Other | (21.7) |
| 31st December 2011 | 321.1 |

“Model changes” refers to the impact on 31st December 2010 reserves due to developments to the valuation model that have been implemented during 2011.

The “31st December 2011 Expected” working capital represents the amount of working capital that would be available had actual experience proved identical to that assumed in the model used to value the cost of guarantees and smoothing. It allows for expected premiums received; expenses and claims paid; investment income earned and the release of future policy related costs between 31st December 2010 and 31st December 2011. It does not allow for new business expected to be issued during 2011.

The “Actual vs. Expected Experience” represents the change in working capital due to actual experience proving different to that assumed in the valuation model. This allows for the change in assets and liabilities due to the impact of actual expenses, decrements, investment returns and tax, bonuses, new business, and market conditions.

“Change in Basis” allows for changes made to the underlying assumptions used in the model as at 31st December 2011. The economic changes allow for changes in the methodology made during 2011 for determining the discount interest rate used in the calculation of the present value of future profits for the non-profit business and the increase for the allowance for credit

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risk on corporate bonds. The main non-economic change was a decrease to the surrender assumption on OB Pensions.

The most significant item in Other is the declaration of an additional 1% bonus (Mutual Bonus) to with profits policies.

CONTRACTS WRITTEN IN RNPFN FUND

The breakdown below shows the change in working capital shown at line 68 of Form 19 for the RNPFN Fund from 31st December 2010 to 31st December 2011.

| | Working Capital £m |
|--|-------------------------------|
| 31st December 2010 | 0.0 |
| Zeroisation of working capital as planned enhancements to WPBR | 81.3 |
| Model changes | 4.0 |
| Expected experience | -22.1 |
| 31st December 2010 Expected | 63.2 |
| Actual vs. Expected Experience | |
| <i>Expenses</i> | -1.4 |
| <i>Bonus</i> | -0.1 |
| <i>Claims paid and GAO take-up</i> | -3.4 |
| <i>New business</i> | 0.0 |
| <i>Investment and tax</i> | 6.9 |
| <i>Other</i> | 0.0 |
| 31st December 2010 Old Basis | 65.1 |
| Change in Basis | |
| <i>Economic</i> | 0.9 |
| <i>Decrements</i> | 7.0 |
| <i>Other</i> | 2.6 |
| Zeroisation of working capital as planned enhancements to WPBR | -75.5 |
| 31st December 2011 | 0.0 |

As the RNPFN Fund is a closed book fund, all working capital is shown as planned enhancements to the WPBR. Without this adjustment the working capital as at 31st December 2011 would have been £75.5m.

“Model changes” includes the removal of the management action to dispose of property holdings at the end of 2011, and upgrading the Asset Model.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

The “31st December 2011 Expected” working capital represents the amount of working capital that would be available had actual experience proved identical to that assumed in the model used to value the cost of guarantees and smoothing. It allows for expected premiums received; expenses and claims paid; investment income earned and the release of future policy related costs between 31st December 2010 and 31st December 2011.

The “Actual vs. Expected Experience” represents the change in working capital due to actual experience proving different to that assumed in the valuation model. This allows for the change in assets and liabilities due to the impact of actual expenses, decrements, investment returns and tax, bonuses and new business.

“Change in Basis” allows for changes made to the underlying assumptions used in the model as at 31st December 2011. The economic changes allow for changes in the parameters used to calibrate the stochastic asset model due to changes in market conditions.

OPTIONAL DISCLOSURE

14. No optional disclosures are made.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

Statement of Information required by Rule 9.36 of the Accounts and Statements Rules

Name of Company: **Liverpool Victoria Friendly Society Limited**

Global Business

Financial Year Ended: **31 December 2011**

The With-Profits Actuary to the Company from 01 January 2011 to 31 December 2011 was Mr P M Downey, who is employed by Liverpool Victoria Friendly Society.

In accordance with Rule 9.36 of IPRU (INS), the Company requested the With-Profits Actuary to furnish the information required by Rule 9.36 in respect of the year ended 31 December 2011 and the information shown below has been supplied:-

| | Mr P M Downey |
|---|--|
| (a) Particulars of any shares in, or debentures of the Society in which he was interested at any time during the year. | Nil |
| (b) Particulars of any pecuniary interest in any transaction which he has entered into with the Society and subsisting at any time during the year or, in the case of transactions of a minor character, a general description of such interests. | Nil |
| (c) The aggregate amount of:- (i) any remuneration and the value of any other benefits (other than a pension or other future or contingent benefit) under any contract of service with, or contract for services to, the Society, and (ii) any emoluments, pensions or compensation as director of the Society which are required by Part 1 of Schedule 6 to the Companies Act or Part 1 of Schedule 6 to the 1986 Order to be included in a note to the accounts of the Society under section 232 of the Companies Act and Article 239 of the 1986 Order receivable in respect of any period in that year. | £175.312 Nil |
| d) A general description of any other pecuniary benefit (including any pension and other future or contingent benefit) he has received from the Society in the year or receivable by him from the Society. | Mr P M Downey is a member of the Long Term Incentive Plan. |

Certificate required by Rule 9.34(1) of the Accounts and Statements Rules

Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2011**

We certify that:

- a) the return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU;
- b) we are satisfied that:
 - i. throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - ii. it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future;
- c) in our opinion premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- d) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- e) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3;
- f) we have, in preparing the return, taken and paid due regard to-
 - i. advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - ii. advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

.....
M J Rogers
Director and Chief Executive

.....
P W Moore
Director

.....
P B Cassidy
Secretary

Liverpool Victoria Friendly Society Limited
Frizzell House
County Gates
Bournemouth
BH1 2NF

29th March 2012

Auditors' report: Regulatory Return for a life insurance company

Liverpool Victoria Friendly Society Limited

Global business

Financial year ended 31 December 2011

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

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

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 58 and 60 (including the supplementary notes) ('the Forms');
- the statement required by IPRU(INS) rule 9.29; and
- the valuation report required by IPRU(INS) rule 9.31(a) (the valuation report)

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1).

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report under the provisions of the Rules. The requirements of the Rules have been modified by a direction issued under section 148 of the Financial Services and Markets Act 2000 on 1 February 2010. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

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

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

This report has been prepared for the directors of the insurer to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Basis of opinion

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

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

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

Opinion

In our opinion:

- (i) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers LLP
Chartered Accountants

29th March 2012