Mobius Life Topco Limited

and

Mobius Life Limited

Combined Solvency and Financial Condition Report

31 March 2022

Contents

Summary

Since 1 January 2016, a harmonised EU-wide regulatory regime for insurance companies ("Solvency II") has been in force. The regulations require in-scope insurance companies to calculate capital requirements under a prescribed methodology and to provide certain reporting and public disclosures, some of which are required to be published on the company's website.

Chapter XII of the Commission Delegated Regulation (EU) 2015/35 (the "Delegated Acts") and the Prudential Regulation Authority ("PRA") requires Mobius Life Topco Limited ("MLT") and Mobius Life Limited ("MLL") to prepare a Solvency and Financial Condition Report ("SFCR") that discloses the following information about the Group in the prescribed format.

MLT, registered in England and Wales as company number 11716584, is a single purpose entity holding company that fully owns Mobius Life Bidco Limited ("MLB"), Mobius Life Holdings Limited ("MLH") and Mobius Life Group Limited ("MLG"), with two operating entities: MLL, the principal operating subsidiary; and Mobius Life Administration Services Limited ("MLAS") (all together known as the "Group").

The PRA has given permission for a combined SFCR for MLT and its group, and for MLL, to be produced. Last year's combined SFCR, published in June 2021, can be obtained from the Mobius Life website or from their registered office.

A. Business and Performance

During the financial year ended 31 March 2022, MLL wrote two lines of unit-linked insurance business, all located in the United Kingdom (the reporting currency is pound sterling ("GBP")):

1) institutional pensions platform business that is, in substance, an asset administration business operating within the legal structure of a life insurance company. The platform provides pension fund trustees the opportunity to manage their funds flexibly and efficiently; and
2) investment-only reinsurance accepted business from Scottish Friendly Assurance Society Limited ("Scottish Friendly") and Legal & General Assurance (Pensions Management) Limited ("L&GPML").

MLAS provides investment administration services to third party insurance companies and trustees of pension schemes, and acts as a service company for the Group.

In 2022 the Group's Assets under Administration ("AuA") continued to grow, peaking just above £26bn towards the end of the calendar year before falling to £23.3bn at 31 March 2022 following market uncertainty connected to the war in Ukraine. Technical Income grew by 16% year on year. MLL's profit before tax declined primarily due to an increase in allocation of group overheads.

MLL summary is as below:

£000's	**2022**	**2021**	**Change/ Movement**
AuA	23,296,590	22,304,901	4%
SCR coverage ratio	280%	257%	24%
Technical Income	12,657	10,865	16%
Profit before Tax	2,864	4,155	(31%)

MLT summary is as below:

£000's	**2022**	**2021**	**Change/ Movement**
AuA	23,296,590	22,304,901	4%
SCR coverage ratio	214%	180%	35%
Technical Income	12,657	10,865	16%
Profit before Tax	(238)	(222)	(7%)

B. System of Governance

The Board of Directors of MLT ("MLT's Board") and of MLL ("MLL's Board") comprise executives and independent non-executives (iNEDs) who have the necessary skills and experience to lead and control MLL and, in MLT's case, its subsidiaries.

The Boards of Directors for MLL, MLAS and MLG share a common membership containing a majority of independent non-executives, ensuring they are independent of the other Group Boards.

The Group is committed to a strong control environment. Clearly defined roles and responsibilities are apportioned across the directors and senior management team. Several sub-committees are in place within the Group to oversee the control environment.

The approach to the identification, assessment, management, monitoring and reporting of risks is set out in detail in the Group-wide Risk Management Framework, along with specific policies for individual risks. The Group's overall risk appetite is expressed in a qualitative statement in the Risk Management Framework, supported by a risk matrix in the same document and quantitative solvency tolerances in the Capital Management Policies: these are all approved annually by the MLL and MLT Boards.

There were no material changes in the system of governance over the reporting period.

C. Risk Profile

The Group and MLL are exposed to the following key risks: market; lapse; expense; credit; counterparty; liquidity and operational. There have been no material changes to the risk profile over the past year.

The Group has limited direct exposure to market risk, given the unit-linked structure. However, it has an indirect exposure, as fees are predominantly charged as a percentage of AuA and therefore falling asset values reduce revenue. MLL's primary direct exposure to market risk relates to bank deposits subject to access restrictions.

The Group has no exposure to traditional insurance risk. The Group and MLL are indirectly exposed to lapse risk, as a reduction in AuA due to lapses would reduce revenue. The Group and MLL are also exposed to the risk that expenses are excessive relative to revenue. Lapse rates and expenses are tracked relative to plan on an ongoing basis so that corrective action can be taken if necessary.

The Group's main credit risk exposure is in respect of deposits with credit institutions (other than those in respect of certain policyholder cash in transit where the policyholder bears the risk of default). It manages this exposure by monitoring the credit ratings of its counterparties.

The Group and MLL are exposed to different sets of liquidity risk in respect of their operations for policyholder assets and liabilities, and their shareholder exposures. The key sources of policyholder liquidity risk relate to potential timing differences, including in relation to settlement and asset transfer, as well as ongoing investment administration and management (particularly rebalancing large volumes of assets). Aside from operational risk events, demands on shareholder liquidity are largely predictable.

MLL and the Group are, like all insurance companies, subject to a range of operational risks. The limited appetite for other risk categories means that operational risks are among the most material risk exposures for the Group. The key categories of operational risk for the Group are: operational error; people risk; third party risk; technology risk; operational resilience; project management risk; and legal & regulatory risk. The Group has robust insurance cover in place to mitigate the financial impact of operational errors, and appropriate policies and procedures for reporting and remediating incidents and breaches.

Climate change risk and the war in Ukraine have been considered and are deemed to be captured within the risk categories considered above: in particular, market risk covers the potential impact on asset values. Market volatility associated with the war in Ukraine may also exacerbate the impact of any operational errors that occur.

D. Valuation for Solvency purposes

Assets and non-insurance liabilities are valued at fair value.

The only difference between the valuation of assets shown in MLL's financial statements and the valuation for solvency purposes is tangible assets totaling £58k (2021: £7k) which are given no value for solvency purposes.

At Group level, intangible and tangible assets totaling £20.7m (2021: £23.1m) are also given no value for solvency purposes. These intangible assets primarily comprise goodwill upon acquisition of MLH by MLT.

MLL's technical provisions for solvency purposes are calculated differently to those reported in the financial statements. The technical provisions for solvency purposes are £845k lower (2021: £1,439k lower) than the technical provisions reported in the financial statements, reflecting the difference between the value of the in-force business ("VIF) and risk margin held for solvency purposes. The VIF is £1,040k (2021: £1,632k) and risk margin is £195k (2021: £193k). The reduction in the VIF reflects a reduction in the supportable projection period, from four to three months and a higher assumed allocation of group expenses compared to the previous year.

The only difference between the value of non-insurance liabilities shown in MLL's and MLT's financial statements and the valuation for solvency purposes is a deferred tax liability of £161k (2021: £273k), included in the valuation for solvency purposes, reflecting notional tax on the difference between the technical provisions shown in the financial statements and those for solvency purposes. This is also the only difference between liabilities reported in the financial statements and liabilities for solvency purposes at Group level.

E. Capital Management

MLL is always required to hold sufficient assets to match its policyholder liabilities, and to meet its capital and reporting obligations under Solvency II. Similarly, the Group is also required to meet its capital and reporting obligations under Solvency II.

Eligible own funds and the Solvency capital requirement ("SCR") for both MLL and the Group, the minimum capital requirement ("MCR") for MLL and the minimum consolidated group SCR for the Group are shown in the table below:

£000's	31 March 2022		31 March 2021	
	MLL	Group	MLL	Group
Own funds available to cover the SCR	10,346	7,992	9,570	6,822
Own funds available to cover the MCR/ Minimum Consolidated Group SCR	10,346	7,992	9,563	6,822
SCR	3,692	3,727	3,731	3,794
MCR / Minimum Consolidated Group SCR	3,126	3,126	3,338	3,338
Excess capital over SCR	6,654	4,265	5,839	3,029
Excess capital over MCR	7,220	4,866	6,225	3,485

MLL does not use a matching, volatility or transitional adjustment in respect of the risk-free interest rate term structure, or a transitional deduction in respect of technical provisions.

MLL's and the Group's ordinary share capital and reconciliation reserve are Tier 1 unrestricted own funds as per Article 69(a)(i) of the Delegated Acts and are available to cover the respective SCR and respectively MLL's MCR and the Group's minimum consolidated group SCR. As at 31 March 2021, there was a small deferred tax asset of £7k which was classified as Tier 3 own funds within MLL.

The movement in own funds primarily reflects net of tax retained fee income in excess of expenses during the year, offset by a decrease in the VIF and for MLL by a dividend payment.

The small decrease in the SCR primarily reflects the offsetting impacts from:

- the decrease in the VIF, meaning the loss of VIF under stress is lower than the previous year; and
- the increase in operational risk SCR, which is a function of non-acquisition expenses incurred in the previous 12 months to the valuation date, which have increased reflecting the growth in the business and an increase in the proportion of group costs allocated to MLL compared to the previous year.

This is explained in more detail in section E.2.

MLL and the Group have been in full compliance with both the MCR and SCR throughout the reporting period.

A Business and Performance

A.1 Business

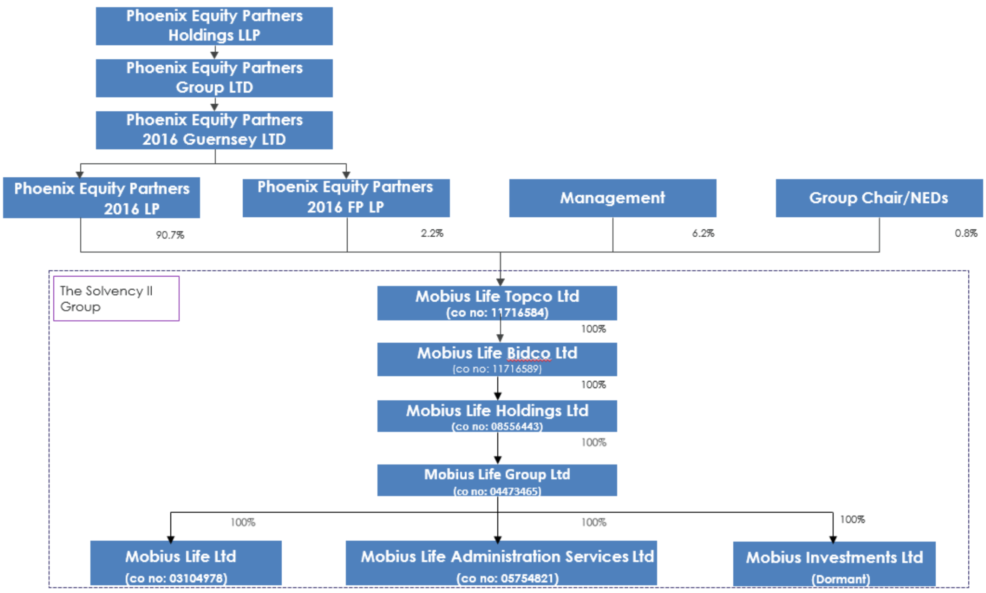
MLT, a private company limited by shares, is classified as an insurance holding company for the purposes of Solvency II group regulation. MLL is a regulated unit-linked insurance private company limited by shares. The registered office and operating address for both Group and MLL is 3rd Floor, 20 Gresham Street, London EC2V 7JE.

The financial year runs to 31 March each year and the reporting currency is pound sterling ("GBP").

Both Group and MLL are audited by Ernst & Young LLP, whose offices are at 1 More London Place, London, SE1 2AF.

MLL is authorised and regulated by the Prudential Regulation Authority (whose offices are located at 20 Moorgate, London, EC2R 6DA) ("PRA") and regulated by the Financial Conduct Authority (whose offices are located at 12 Endeavour Square, London, E20 1JN) ("FCA").

The equity participation structure of the group is shown below:



None of the iNEDs MLG, MLL and MLAS directors holds shares in MLT, and the structure of the MLH sub-group did not change during the year. The principal purpose and activities of MLT and its three immediate subsidiaries are to own MLL and MLAS.

Policies relating to MLT's operation are approved by the MLT Board and apply to all group companies.

The Group's core business is MLL's operation of an institutional pensions platform. In substance, it is an asset administration business operating within the legal structure of a life insurance company. The platform provides pension fund trustees with an opportunity to manage their funds flexibly and efficiently within Trustee Investment Plan polices.

All MLL's business is unit-linked and written in the United Kingdom. MLL's revenue is generated by fees earned on the unit-linked insurance policies. This resulted in a profit for the current year. MLL's directors are satisfied with the company's performance and are encouraged by the opportunities open to it.

MLAS provides investment administration services to life insurance companies and trustees of pension schemes and continues to act as a service company for the Group, of which MLL is the principal operating entity.

MLAS's revenue is generated by the recharge of costs it incurs on behalf of other Group companies and fees earned for undertaking administration activities. These activities resulted in a profit for the current year. Its Directors are satisfied with the company's performance, are encouraged by the opportunities open to it, and continue to develop the administration business.

2022 saw a growth in inflows, as advisory firms continue to utilise MLL's services. During the year AuA continued to grow, peaking just above £26bn towards the end of the calendar year before falling to £23.3bn at 31March 2022 following market uncertainty. Growth in AuA reflects continuing high levels of interest from advisors and trustees.

Outflows increased significantly during the year, partly in respect of the fallout from a merger of two advisers and partly as a result of increased buyout activity for some MLL's policies with defined benefit schemes. Markets were volatile, impacted by inflation and interest rate increases, with further uncertainty created by the Ukraine conflict. During these challenges the Group remained resilient both in terms of its operational activities and also its capital position.

MLL's AuA closed at £23,297m (2021: £22,305m), an increase of 4% (2021: increase 23%) year on year. At 31 March 2022, MLL had 742 policies (2021: 783), a decrease of 5% (2021: increase 11%) year on year. Technical income grew by 16% year on year; a combination of rising AuA and a fee increase for defined benefit pension schemes with effect from 01 December 2021.

MLT reported a consolidated profit before goodwill and tax for the year ended 31 March 2022 of £2,430k (2021: £2,446k). MLL reported a profit before dividend and tax for the year ended 31 March 2022 of £2,864k (2021: 4,154k) and this decline is primarily due to an increase in allocation of group overheads to MLL. In March 2022, MLL declared and paid a dividend of £1,000k (2021: £1,500k) to MLG.

A.2 Underwriting Performance

All Group policies are classified as investment contracts for accounting purposes. The underwriting performance, which all relates to MLL's business, is limited to consideration of the excess of fee income over expenses.

The Group's underwriting performance, which is also MLL's underwriting performance, is shown in the table below:

£000's	2022	2021	2022	2021
	MLT statutory	MLT statutory	MLL statutory	MLL statutory
Gross fees deducted from investment managed funds	65,812	60,219	65,812	60,219
Fees paid to fund managers or advisors or reinvested in funds	(53,155)	(49,354)	(53,155)	(49,354)
Technical income	12,657	10,865	12,657	10,865
Net operating expenses relating to underwriting	(9,816)	(6,740)	(9,816)	(6,740)
Balance on long-term technical account before tax	2,841	4,125	2,841	4,125

A.3 Investment Performance

MLL has bought units for seeding on its own account, with a value of £165k at 31 March 2022 (2021: £148k), in collective investment schemes. Income from these investments and box management total £11k (2021: £24k). Expenses relating to these activities are negligible, and there are no other such investments in the Group. Investment returns on policyholder assets accrue to policyholders only.

A.4 Performance of other activities

The Group's revenues from the administration of pension schemes' investment instructions arises in MLAS. This annual revenue of MLAS was £662k (2021: £584k). Operating profit for MLAS, after the recharge of costs to other Group companies, was £226k (2021: £216k).

The total result for the Group is shown below:

£000	2022	2021	2022	2021
	MLT statutory	MLT statutory	MLL statutory	MLL statuto ry
Balance on long-term business technical account	2,841	4,125	2,841	4,125
Turnover from non-technical business	662	584	0	0
Operating expenses from non-technical business	(1,096)	(2,292)	(0)	(0)
Operating profit	2,407	2,417	2,841	4,125

Income from investments	10	27	10	27
Net interest income/(expense)	12	2	12	2
Other income/(expense)	1	0	1	0
Profit on ordinary activities before goodwill and taxation	2,430	2,446	2,864	4,155
Goodwill amortisation	(2,669)	(2,669)	0	0
(Loss)/profit on ordinary activities before taxation	(238)	(222)	2,864	4,155

Goodwill amortisation relates to goodwill arising from MLT's acquisition of MLH on 30 September 2019.

A.5 Any other information

MLT has prepared consolidated financial statements in accordance with applicable UK accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006.

B System of Governance

B.1 General information on the system of governance

MLT's Board and MLL's Board comprise executives and non-executives and independent non-executives who have the necessary skills and experience to lead and control the company and, in MLT's case, its subsidiaries. The Boards are responsible, among other things, for:

- contributing to and approving the business strategy;
- ensuring that each company adheres to sound corporate governance principles and has appropriate resources and effective systems and controls;
- ensuring that an appropriate risk framework is in place;
- ensuring maintenance of a sound system of internal control and an effective risk-based assurance function;
- ensuring that each company is a responsible corporate citizen by having regard not only to the financial aspects of the business but also the impact that its operations have on the environment and society; and
- ensuring that there is an effective and consistent culture within each company.

There were no material changes in the system of governance over the reporting period.

MLT's Board of Directors

Steve Groves, Chairperson (non-executive)

Alastair W Muirhead (non-executive)

James J Squires (non-executive)

Adrian P Swales

Ian C Dawkins

Company Secretary

Louisa E Voss

MLB's Board of Directors

Adrian P Swales, Chairperson

Alastair W Muirhead (non-executive)

James J Squires (non-executive)

Laura I Catterick

Ian C Dawkins

Company Secretary

Louisa E Voss

MLH's Board of Directors

Adrian P Swales, Chairperson

Laura I Catterick

Ian C Dawkins

Company Secretary

Louisa E Voss

MLG, MLL and MLAS Boards of Directors

Mark Goodale, Chairperson (independent non-executive)

Joanne R Evans (independent non-executive)

John S B Smith (independent non-executive)

Ian C Dawkins

Adrian P Swales

Company Secretary

Louisa E Voss

Corporate Committee Structure

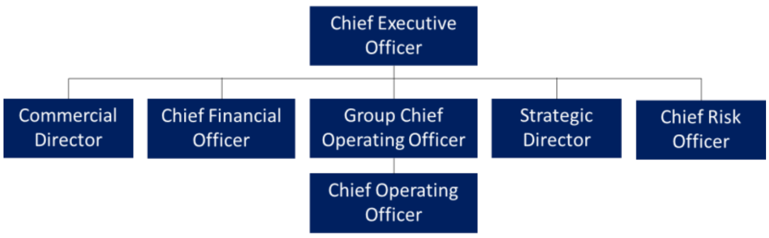
Several sub-committees (as set out further below) are in place within the Group to oversee the risk and control environment.

The MLT Board has established the Remuneration Committee to assist in discharging the duties relating to determining, agreeing and developing the general policy on remuneration for all Group companies.

The Boards of Directors for MLL, MLAS and MLG share a common membership containing a majority of independent non-executives, ensuring they are independent of the other Group Boards. MLG's Board is supported by the Audit Risk & Compliance Committee ("ARC"), the Investment Committee, the Information Security Oversight Committee ("ISOC") and the Unit Linked Principles and Practices Committee ("ULPP"). The ARC also acts on behalf of the Boards of MLT, MLL and other Group companies; the Investment Committee and ULPP also act on behalf of MLL's Board.

The Group is committed to a strong control environment and operates a three line of defence model in the management of its risks. The first line of defence is the responsibility of the owners and managers of the risks associated with the day-to-day business activities. The second line of defence is the risk and compliance functions in providing oversight and assurance of the first line of defence. The third line of defence is internal audit and tests the effectiveness of the control environment. Therefore, clearly defined roles and responsibilities are apportioned across the directors and senior management team.

Executive Management Structure for MLL and MLAS



Board Committees' Terms of Reference

Audit, Risk and Compliance Committee (ARC)

The ARC is responsible for:

- the oversight of the quality and integrity of accounting and reporting practices, controls and financial statements;

- reviewing performance of the internal audit function and the independent auditors;
- taking a forward-looking perspective on risk matters; and
- the oversight, quality and performance of the Risk Management Function.

It also has specific responsibilities in respect of the Own Risk and Solvency Assessment ("ORSA"), SFCR, Regular Supervisory Report (RSR), dividend policies, compliance, outsourcing, ethics/conflicts of interest and whistleblowing, among other items.

The ARC's responsibility for the oversight and maintenance of the Risk Framework includes:

- overseeing the development and implementation of the overall risk management framework and the System of Governance requirements;
- reviewing the Group's risk register in order to monitor the Group's financial, regulatory, operational and brand risks; and
- reviewing, challenging and recommending risk strategy and risk appetite to the Boards.

The Committee meets at least four times a year. It will consider the adequacy of risk management applied across the Group as well as the adequacy of management's response to key risks, to ensure that a comprehensive system of control is established to ensure that risks are mitigated and that the Group's objectives are attained.

The ARC is also responsible for ensuring that the risk management process is aligned to Solvency II requirements.

Investment Committee

The Investment Committee assists the Group and MLL Boards in discharging their duties relating to the safeguarding of assets, the operation of adequate systems, control processes, and review of investment strategy. The Committee has oversight of all external unit links and MLL's internal unit-linked funds. Additionally, the Committee oversees the range of products and services managed or advised by the Investment team.

The Committee meets at least four times a year and reports into the ARC. Additional meetings are called as and when required. All new product and service proposals or material changes to a product or service require approval by the Committee.

Remuneration Committee

MLAS employs staff on behalf of all Group companies. The Remuneration Committee assists the MLT Board in discharging the duties relating to determining, agreeing and developing the general policy on remuneration within the Group, but in particular on executive and senior management remuneration. The committee determines, agrees and develops the policy on executive and senior management remuneration for approval by MLT's Board. It determines specific remuneration packages for executive directors and senior management, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, long-term incentives, pensions and other benefits. The committee determines any criteria necessary to measure executive directors' performance in discharging their functions and responsibilities.

The committee will review, at least annually, the terms of executive directors' employment conditions, considering information from comparable companies, where relevant, and paying due regard to the relevant regulatory requirements.

The Group Remuneration Policy is based on the following principles, among others:

- It is aligned to the overall business strategy, objectives and values of the Group without being detrimental to the interests of its policyholders, shareholders and other stakeholders.
- It contains arrangements for ensuring that executive remuneration is fair and responsible in the context of overall Group remuneration.
- The remuneration policy, procedures and practices are consistent with, and supportive of, effective risk management.
- The empowerment of employees to support an entrepreneurial culture.
- Adherence to principles of good corporate governance.

The Group provides a range of benefits to employees, including contractual salary, life cover, private medical insurance and paid holiday. Also, the Group pays contributions based on a percentage of salary into a company defined contribution pension scheme on behalf of its employees.

The Group operates an annual discretionary award scheme for employees, based on group and individual performance. The relative weighting of fixed and variable compensation will be based partly on the seniority of position and performance of the individual and business. The pool available is dependent on financial performance metrics, with a discretionary overlay applied by the Remuneration Committee.

Information Security Oversight Committee

The ISOC acts on behalf of the boards of MLT and MLL and is responsible for the oversight of the quality, effectiveness and adherence to the Group's Information Security Management System "(ISMS"). The Committee: has oversight of the ISMS; has oversight of operational resilience arrangements; reviews any other matters referred to it by the MLT and MLL Boards or sub-committee; and oversees any investigation of activities within their terms of reference. The Committee meets at least four times a year and reports into the ARC.

Unit Linked Principles and Practices Committee

The ULPP acts on behalf of the boards of MLG and MLL and is responsible for assisting the Board of each company in discharging their duties relating to the governance of unit linked funds, their operation, and ensuring policyholders are treated fairly. The Committee ensures that the business has adequate systems and controls to administer and manage funds fairly, that assets backing unit linked policies are appropriate for policyholders and that policyholder benefits are calculated accurately and fairly.

B.2 Fit and Proper Requirements

The Group is committed to recruiting and developing talent across the business, ensuring that staff members are competent in the work they do, and that their training and development is regularly reviewed as part of the appraisal process.

As part of the recruitment process, the Group evaluates the potential employee's existing qualifications, skills, knowledge and expertise for the position being filled. This process is also conducted when deciding upon an existing employee’s promotion. If any gaps are identified, a training plan is put in place and the employee supervised while they become fully competent in the role.

To ensure new employees’ fitness and propriety, the Group also conducts background checks, including previous employment referencing, and Disclosure and Barring Service ("DBS") and credit checks.

All Board members of Group entities and any employees with a PRA Senior Management and/or an FCA Controlled Function undergo an annual fitness and propriety check. The checks are governed by the Group Annual Fitness and Propriety Checks Policy. This involves: attestations in respect of any criminal convictions or legal proceedings, personal solvency, and their own behaviour as well as of companies with which they are currently, or have previously been, involved; and confirmation that they continue to abide by PRA and FCA regulations.

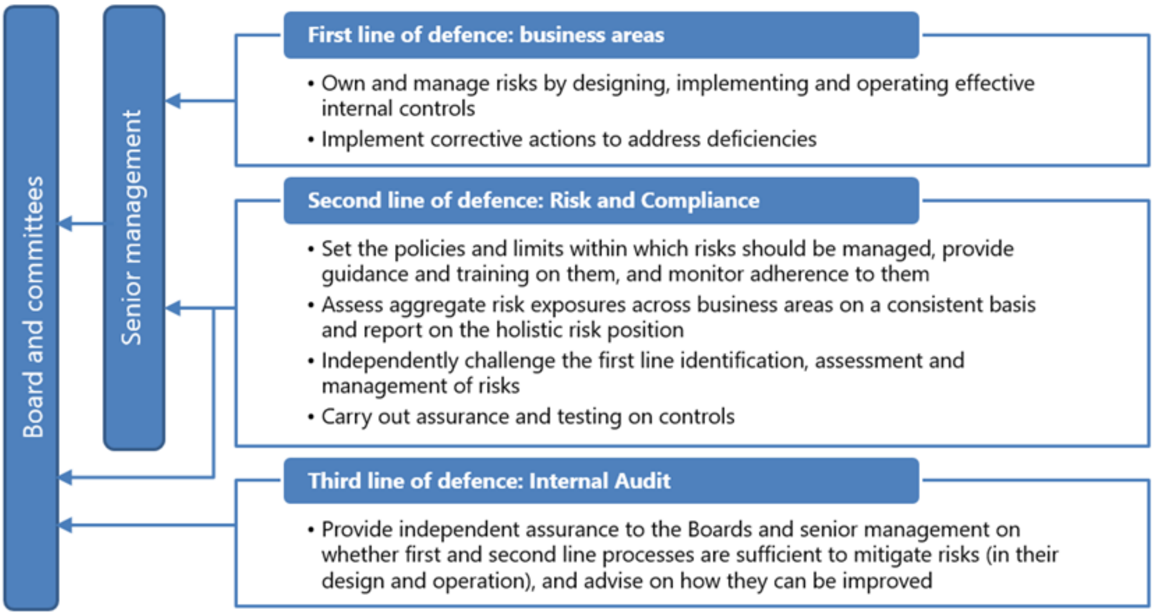
Finally, MLL Board appointments are governed by the MLL Board Composition, Suitability and Diversity Policy. This requires that Board members are fit and proper, have the necessary skills, expertise and experience, and have high standards of ethics and professionalism to fully and properly carry out their roles and responsibilities.

B.3 Risk Management System including the own risk and solvency assessment

The approach to the identification, assessment, management, monitoring and reporting of risks is set out in detail in the Group-wide Risk Management Framework, along with specific policies for Insurance Risk, Market Risk, Counterparty Default Risk, Operational Risk, and Liquidity Risk. The Group’s overall risk appetite is expressed in a qualitative statement in the Risk Management Framework, supported by a risk matrix in the same document and quantitative solvency tolerances in the Capital Management Policies. These are reviewed annually by the MLL and MLT Boards. Additional qualitative statements and quantitative limits are set for individual risks in their respective policies and reviewed annually by ARC. The risk policies also set the Key Risk Indicators (“KRIs”) to be monitored to indicate whether risks remain within appetite.

Over the past two years the Group and MLL have refreshed the risk framework and policies and have implemented a central repository system for risks, controls, actions and incidents which is owned and updated by the business. The risk categories have been aligned to the business profile, and KRIs and risk tolerances limits have been reviewed and refreshed. Updates to the Risk Management Framework and training provided to all staff have also ensured that respective risk management responsibilities are clear for the three lines of defence: business areas, Risk and Compliance, and Internal Audit.

DocuSign Envelope ID: 9B0FEE89-2E9D-4FE3-A267-5B828787150E



The Risk Register maintained in the central repository details key business risks on an ongoing basis, with an assessment of their current impact and probability. The business owner and any actions being taken to address the risk are also documented. The core risks are reviewed and discussed monthly by the CRO and senior management team. This is supported by monthly management meetings to review incidents and log remedial actions. The Risk Register is reported to management each month and to the ARC and Boards quarterly. The ARC also receives a quarterly report from the CRO.

Own Risk and Solvency Assessment

In line with Solvency II requirements, the Group prepares an ORSA at least annually to be submitted to the PRA after due consideration by the MLL and MLT Boards. The Group has a policy setting out the ORSA process. Ownership of the processes and procedures in place to conduct the ORSA lies with the Group's CRO.

The ORSA process links the company's risk appetite statements and tolerances for risks to the business and capital planning projections, aiming to understand and project the company's risks and solvency capital requirements in a forward-looking assessment. The ORSA's purpose is to enable management to:

- understand and manage the risks to which MLL and Mobius Group are exposed;
- assess that risk profile against appetite;
- make a forward-looking assessment of future solvency, based on the 3-year business plan, which takes into account the risk profile;
- carry out scenario testing to understand the impact of changes to the risk profile; and
- make informed strategic decisions that impact the firm's risk profile.

The ORSA includes management's own assessment of the business's capital needs, considering potential stresses to the balance sheet and to the business plan, and considers whether the methodology used to calculate the SCR remains appropriate.

The assessment of solvency needs is calculated by applying a range of point-in-time and forward-looking stresses to balance sheet assets and the business plan. The stresses are intended to be calibrated to a 99.5% level over a one-year time horizon; while the stress is applied within the one-year time horizon, depending on the nature of the risk the impacts may be assessed over the business plan period. This assessment takes into account the risks identified in the risk register.

The results of stress and scenario testing are assessed against the risk appetites and limits set out in the risk management system.

The annual process to produce the ORSA typically takes place after completion of the bulk of the financial year-end work - normally between July and September - when full Solvency II capital data is available.

ORSA Updates

The Group recognises that, in addition to the business-as-usual process of ORSA preparation, events may trigger the requirement for an ORSA review and update. Such events may include, but are not restricted to:

- acquisition;
- loss on disposal of a material part of the business;
- introduction of a new line of business;
- change in senior management;
- failure of a major counterparty; and
- an event, or combination of events, eroding the capital buffer.

B.4 Internal Control System

The Group and MLL Boards are responsible for the internal control system and ensuring that controls remain effective. The internal control system operates at several levels within the Group:

a) Board level - strategic controls through quarterly meetings to assess the performance, risk and compliance of the business managed by both executive and non-executive directors;

b) Sub-committees - ARC, Investment, ISOC, ULPP and Remuneration committees support the Group Boards to identify risks, and monitor governance and develop the internal control environment;

c) Business areas provide day-to-day controls by:

- appropriate staff training and segregation of duties;
- identification, and appropriate reporting, of risks;
- implementation of appropriate controls;

- ongoing monitoring, review and updating of those controls; and
- monitoring, remediation and root cause analysis of incidents.

The Group annually commissions a AAF 01/20 report (an assurance report on the internal controls of service organisations) based on third party review of the control framework.

Compliance Function

Compliance is responsible and accountable for providing independent oversight and assurance to the Group Boards regarding the management of regulatory risk and ensuring adherence to the business' Anti-Money Laundering and Conduct Risk policies and procedures. The Chief Compliance and Legal Affairs Officer (CCLAO) is also the Data Protection Officer who is accountable for the compliance with the data protection and privacy regulations. The Compliance Monitoring Programme is designed to review the effective operation of the control processes and ensures members of staff are kept informed of regulatory and legislative changes through a combination of technical updates and internal training courses. The Chief Compliance and Legal Affairs Officer provides monthly management information and additionally provides a formal report quarterly to the ARC.

B.5 Internal Audit Function

The role of Internal Audit is to provide independent assurance that the Group's risk management, internal controls and governance are operating effectively. BDO LLP ("BDO") provides outsourced internal audit services. BDO audits the Group throughout the year in a risk-based audit plan approved by the ARC on an annual basis. Internal Audit reports quarterly to the ARC summarising audit activity, including identified weaknesses in the control framework and recommendations to address these.

The Internal Audit function reports directly to the Chairperson of the ARC and is independent of Finance and other Group departments. Internal Audit's scope covers all areas of risk within the Group and is unrestricted.

B.6 Actuarial Function

MLL's Chief Executive is responsible for the oversight of the Actuarial Function, which is a Solvency II key function. Barnett Waddingham LLP ("BW") provides the MLL Actuarial Function role on an outsourced basis.

Actuarial Function responsibilities are set out in Section 6 of the PRA Conditions Governing Business Rulebook. The main tasks carried out by this function, to meet those responsibilities, include: coordination of the calculation, and ensuring the appropriateness of technical provisions; reviewing the SCR modelling approach; providing input into the ORSA process; and reporting to the Board on all of these. These tasks are set out in the engagement letter between MLL and BW.

B.7 Outsourcing

Outsourcing of specific business activities can be used to utilise expertise, resources or skills not otherwise available to the Group. It can assist in controlling costs, free resources and capital but may also expose the Group to additional risks. A Third Party Management Policy is in place covering outsourcing and third party arrangements more broadly. It sets the Group's standards in respect of: due diligence and selection;

assessing the criticality and risk of the third party arrangement; contracts and documentation; ongoing monitoring and review; and termination and exit strategies. The Group remains responsible for discharging its obligations when outsourcing activities.

The Group's current key outsourcing relationships are:

1) Barnett Waddingham - Actuarial Function;
2) BDO - Internal Audit Function;
3) Microsoft Azure – Technology infrastructure ; and
4) Content+Cloud – Technology support and services.

They are all located in the UK, with the exception of Microsoft Azure services which are provided by an Irish entity, although the relevant data centres are UK-based.

In addition, on an intra-group basis MLAS outsources services to the other Group companies.

A review of third party management practices was carried out in anticipation of PRA Supervisory Statement SS 2/21 coming into force in March 2022. This has resulted in a refresh and expansion of the Third-Party Management Policy, and in some third party contracts being updated.

B.8 Any other information

The Group assesses its corporate governance system regularly to ensure it continues to provide an effective framework for the sound and prudent management of the business, considering the Group's nature, scale and complexity, and its future growth plans.

There were no material transactions with shareholders, persons who exercise a significant influence or with members of any of the Group's Boards. To the extent that there are any related party transactions, these are disclosed in the financial statements of the relevant company.

C Risk Profile

The Group and MLL are exposed to the following key risks: market risk; lapse risk; expense risk; operational risk, credit and counterparty risk; and liquidity risk. There have been no material changes to the risk profile over the past year.

The Pillar 1 risk capital for MLL and for the Group is set out below (with lapse and expense risk covered under underwriting risk):

£000's	31 March 2022		31 March 2021	
	MLL	**Group**	**MLL**	**Group**
Market risk	1,757	1,757	2,004	2,004
Credit risk	785	453	870	473
Underwriting risk	1,300	1,300	1,576	1,576
Diversification	(1,061)	(899)	(1,226)	(1,028)
Sub total	**2,781**	**2,611**	**3,224**	**3,025**
Operational risk	1,777	1,982	1,381	1,643
Deferred tax	(866)	(866)	(875)	(875)
SCR	**3,692**	**3,727**	**3,731**	**3,794**

Movements in the SCR over the reporting period are discussed in Section E.

C.1 Underwriting risk

Underwriting risk can be defined as the risk of a change in value due to a deviation of the actual claim payments from the expected amounts of claims payments (including expenses).

The Group has no exposure to traditional insurance risk, as the business written in MLL is a pure unit-linked life product with no exposure to insurance claims, mortality or longevity risk. There are no policies with guarantees and no with-profits policies.

Accordingly, underwriting risk is limited to lapse and expense risk. Similarly, the investment administration services business in MLAS does not bear any insurance risk.

Lapse risk is the risk that policyholders withdraw funds, leading to a reduction in AuA. The Group and MLL are indirectly exposed to lapse risk, as both MLL and MLAS fees are predominantly charged as a percentage of AuA, and so a reduction in AuA due to lapses would reduce revenue.

Historically the Group and MLL have been exposed to some concentration risk in respect of lapses, as a significant proportion of revenue came from a small number of distributors, and the Group would potentially be exposed to a large loss of revenue on the loss of these relationships. While this risk remains relevant, it has reduced significantly over previous years and continues to do so as the distribution of the business diversifies. Lapse rates can be influenced by economic conditions: in particular, under adverse economic conditions, more schemes may transfer to the Pension Protection Fund due to sponsoring employers becoming insolvent. They may also occur due to improvements in scheme solvency enabling them to enter into pension risk transfer transactions.

A senior manager is responsible for appropriate relationship management with a view to mitigating lapse risk. A monthly review is conducted for major clients, lapse rates relative to plan are monitored, and continued growth of the platform and onboarding of new distributors diversifies the exposure to this risk.

The Group and MLL are also exposed to the risk that expenses are excessive relative to revenue, either because expenses increase unexpectedly, or because there is insufficient flexibility to manage expenses down in response to falling revenues.

Actual expenses relative to plan are tracked on an ongoing basis. Revenue relative to plan is also monitored, so that corrective action can be taken if necessary, by reducing variable costs and discretionary expenditure.

The underwriting risk SCR is not sensitive to changes in the best estimate lapse and expense assumptions. This reflects the short-term projection period over which the value of the in-force business is projected (see Section D).

Sensitivity results are shown below.

	Change in SCR £000's		**Change in SCR cover***	
	MLL	Group	MLL	Group
10% increase in best estimate expenses	7	7	(5%)	(5%)
2% addition to best estimate lapse rate	(6)	(7)	0%	0%

* SCR cover is own funds divided by the SCR, expressed as a percentage. The change in SCR cover is the SCR cover under the sensitivity less the SCR cover reported at the valuation date.

There have been no material changes over the reporting period to the underwriting risks to which the Group is exposed.

C.2 Market risk

Market risk can be defined as the risk that movements in market factors (such as the valuation of equities or bonds), interest rates and currency exchange rates impact adversely the value of, or income from, financial assets.

The Group has limited direct exposure to market risk. MLL does not suffer any direct losses should unit-linked asset values fall: the unit-linked structure means that gains and losses are borne directly by the policyholder. However, for both MLL and MLAS fees are predominantly charged as a percentage of AuA, and so falling asset values reduce revenue. This indirect market risk for the Group and MLL is accepted and there is no appetite to hedge exposure to it. Market movements are monitored relative to business plan assumptions on an ongoing basis.

All assets held for MLL's own account or relating to policyholder funds where MLL is exposed to market risk have quoted prices in an active market or are deposits with banks deemed to be subject to market risk in accordance with Solvency II standard formula rules. Assets can be identified, measured, monitored, managed, controlled and reported daily.

MLL's primary direct exposure to market risk at 31 March 2022 relates to bank deposits subject to access restrictions of £2.5m, which in practice are managed by MLL as bank counterparty exposures. It has some small other direct market risk exposures, in relation to fund seeding and box management, but these are not material.

Sensitivity of the SCR to changes in the value of linked assets is shown below.

	Change in SCR £000's		Change in SCR cover	
	MLL	Group	MLL	Group
10% increase in market value	167	172	(6%)	(3%)
10% decrease in market value	(165)	(170)	6%	3%

Investment governance processes are in place to ensure that funds made available to policyholders meet Prudent Person Principle requirements, as well as the permitted links rules where relevant. In particular, the Investment Strategy and Due Diligence Framework sets out the requirements for the operational due diligence of funds.

There have been no material changes over the reporting period to the market risks to which MLL is exposed. The value of bank deposits subject to access restrictions (and therefore subject to market risk rather than counterparty default risk) increased to a non-trivial amount over the period.

C.3 Credit risk

Credit risk can be defined as the risk of capital or income loss resulting from counterparty default or issuer credit downgrades affecting financial assets.

The Group's exposure to assets bearing credit risk is shown below:

£000's	**31 March 2022**		**31 March 2021**	
	MLL	**Group**	**MLL**	**Group**
Intra-group debtors	2,513	-	2,986	-
Other debtors	1,099	1,207	1,251	1,380
Deposits with credit institutions	9,740	10,036	9,632	10,053
Non-linked sub-total	13,352	11,243	13,869	11,433
Unit-linked and non-linked total	13,352	11,243	13,869	11,433

MLL's unit-linked funds are predominantly invested in third-party collective investment schemes or the internal funds of other UK insurers by way of ceded unit-linked investment-only reinsurance. Policyholders bear the direct risk of default from assets held within the third-party collective investment schemes and the ceded reinsured funds, although any loss of value would result in lower MLL income.

Policyholders also bear the risk of default by a third-party collective investment scheme although the risk of such a default is considered negligible given the legal structure of such funds which require assets to be ring-fenced and held by a depositary independent from the scheme manager.

The ceded reinsurance in place is unit-linked investment-only reinsurance. There is no traditional insurance risk transfer and balances with reinsurers are in substance of the same nature as those with asset managers.

All ceded reinsurance arrangements are with UK insurance companies authorised and regulated by the PRA that are either specialist unit-linked companies writing business similar to MLL or companies with a high credit rating which operate unit-linked funds.

Following the issue of the Winding Up Regulations April 2003 (updated 2004), MLL has entered into charge agreements with reinsurers whereby a floating charge is made on the reinsurer which crystallises in the event of the reinsurer winding up. This places MLL on the same footing as the reinsurer's own direct policyholders, so providing added protection to MLL and its policyholders. This approach is market practice for long-term insurers who enter into investment-linked reinsurance arrangements.

The impact of a credit risk event on a ceded reinsurance contract for the unit-linked business would most likely relate mainly to legal costs arising in the event of a reinsurer or asset manager failing and a potential delay in gaining access to funds.

The policyholder bears the risk of default on unit-linked business exposure to deposits with credit institutions related to policyholder cash in transit in respect of policyholder premiums received but not yet allocated with units, monies pending payment following the cancellation of units, and monies awaiting re-investment as a result of a switch.

The Group's main credit risk exposure is in respect of the remaining deposits with credit institutions. It manages this exposure by monitoring the credit ratings of its counterparties and gaining diversification by investing non-linked assets in collective investment schemes when considered appropriate.

As shown above, MLL is exposed to counterparty risk in respect of other Group companies, arising from intercompany balances relating to the allocation of group expenses.

The other debtors giving rise to credit risk exposures are amounts owed to the Group by third party fund managers and the clients of MLAS.

The sensitivity of the SCR to changes in the credit standing of the Group's counterparties and the amounts they owe is given below. For MLL, the second sensitivity includes the exposure to other Group companies.

	Change in SCR £000's		**Change in SCR cover**	
	MLL	Group	MLL	Group
All bank counterparties downgraded by one credit quality step (accounts subject to counterparty default risk only)	161	151	(12%)	(8%)
All bank counterparties downgraded by one credit quality step (accounts subject to counterparty default risk or market risks)	202	193	(15%)	(11%)
Amounts owed to MLL and MLAS increase by 100%	266	60	(19%)	(4%)

C.4 Liquidity risk

Liquidity risk is defined as the inability of the company to realise investments and other assets to pay its obligations as they come due.

The Group and MLL are exposed to different sets of liquidity risk in respect of their operations for policyholder assets and liabilities, and their shareholder exposures. The key sources of policyholder liquidity risk relate to potential timing differences, including in relation to settlement and asset transfer, as well as ongoing investment administration and management (particularly rebalancing large volumes of assets). Material redemptions or withdrawals are carefully planned and monitored, and they can be delayed until the underlying fund managers have settled under the terms of the policy.

Policyholder assets are predominantly in highly liquid investments; the most notable exceptions are investments in property funds, where the risk is disclosed to policyholders prior to investment – c. 2% of policyholder funds. In the event of liquidity issues with an underlying manager, the Group can suspend withdrawals from that particular fund. Group policy terms additionally allow for any delay in settlement from a fund manager to be passed on to the underlying policyholder.

The key demands on shareholder liquidity are:

- cashflow to meet corporate obligations as they fall due, such as taxes and regulatory subscriptions;
- funding of errors and cashflow requirements arising from other operational risk events; and
- cashflows between MLL and the service company, MLAS, for payment of salaries and ongoing business expenses.

The Group and MLL currently have no scheduled external debt obligations which might stress liquidity. Aside from operational risk events (considered in section C.5), these demands are largely predictable. MLL has good visibility of any changes to cash inflows (since they are dependent on AuA) and, as they can be deducted at source, they are very reliable. Shareholders' funds held in cash or short-term deposits as at 31 March 2022 were £12.3m (2021: £9.6m) for MLL and £12.6m (2021: £10.1m) for the Group. For both MLL and Group this is sufficient to cover more than one year's projected expenses under the business plan.

There have been no material changes over the reporting period to the liquidity risks to which MLL is exposed.

The expected profit in future premiums calculated in accordance with Article 260(2) of the Delegated Regulation is zero (2021: zero).

C.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. MLL and the Group are, like all insurance companies, subject to a range of operational risks. The limited appetite for other risk categories means that operational risks are among the most material risk exposures for the Group. The Group and MLL accept operational risk will arise in the normal course of business and cannot be completely eliminated; however, they aim to minimise it wherever it is feasible and proportionate to do so.

The following key areas of operational risk are currently monitored in the Risk Register:

- operational error – for example, money being invested in an incorrect fund, transactions not being placed in a timely manner and unit pricing errors. The impacts of these errors are likely to be exacerbated at times of market volatility;
- people risk– including competence, key person risk, and recruitment / retention risks;
- third party risk – including the risk of error by third party providers or their financial failure;
- technology risk – including system failure, cyber incidents, data security and data integrity issues;
- operational resilience – the risk that systems and processes are not sufficiently resilient to maintain business operations in case of disruption arising from an internal or external event;
- project management risk – the risk that projects are not delivered on time or within budget, or that they cause disruption to operational activities; and
- legal and regulatory risk – the risk that changes in the regulatory and legal regimes are not implemented correctly, or that the Group or MLL breach existing regulations (including conduct risk) or that they are subject to financial crime.

A policy and procedure are in place for reporting and remediating incidents and breaches. Incidents are required to be logged on the central risk system and root cause analysis is documented. Remediation actions are taken to address the incident and any underlying drivers, and there is regular reporting and management information to ARC and the ISOC on relevant incidents.

In addition, the Group has the following insurance cover in place: primary and additional Investment Manager Professional Civil Liability (£10m in aggregate for each cover, subject to £175k excess); Investment Manager & Fund Crime (£1m in aggregate, subject to £100k excess); and Cyber Crime (£2m in aggregate, £25k excess). This helps mitigate the financial impact of operational errors and the efficacy of this cover has been tested as MLL has successfully claimed under the relevant policy.

An operational resilience framework has been put in place, building on existing business continuity and disaster recovery plan and overseen by the Chief Operations Officer. MLL carried out an Operational Resilience Self-Assessment in conjunction with BDO which was successfully concluded in March 2022. There are also specific policies and procedures in place around technology risk, third party risk and a number of regulatory topics

The SCR for operational risk is defined for MLL as 25% of the non-acquisition expenses incurred in the year to the valuation date. The same approach is taken for other Group activities subject to operational risk.

The sensitivity of the SCR to changes in these expenses is given below.

	Change in SCR £000's		**Change in SCR cover**	
	MLL	Group	MLL	Group
10% increase in non-acquisition expenses	144	167	(11%)	(9%)
10% decrease in non-acquisition expenses	(144)	(167)	12%	10%

There have been no material changes over the reporting period to the operational risks to which MLL is exposed.

C.6 Other material risks

All material risks have been reported in the sections above, aside from strategic risks which are considered to represent the risk that business objectives are not achieved or future business prospects are damaged. These are classified as business risk, product risk, environmental risk and reputational risk.

The impact of climate change risk has been considered and is deemed to be captured within the risk categories considered above: in particular, market risk covers the potential impact on asset values.

The impact of the war in Ukraine is also considered to be captured within the risk categories considered above: the potential impact on asset values falls under market risk. Market volatility associated with the conflict may also exacerbate the impact of any operational errors that occur.

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

C.7 Any other information

The Group performs sensitivity, scenario and stress tests to determine the MLL and MLT Boards' risk appetites for each material risk faced by the business.

Tests are performed annually as part of the ORSA process and assist management with the understanding of the business model and its risks.

The stresses include forward-looking projections and reverse stresses to capture severe events, market shocks and other circumstances that could have a material impact on the business and ultimately may cause part or all of the business to fail.

D Valuation for Solvency Purposes

D.1 Assets

The following assets are held to cover the linked liabilities in MLL:

£000's	31 March 2022	31 March 2021
Market value of unit linked investments	10,584,905	9,719,554
Bank balances	47,829	35,600
Debtors and outstanding settlements	69,526	52,613
Assets held for unit-linked contracts	**10,702,261**	**9,807,767**
Reinsurance receivables	12,594,329	12,497,134
Total assets held for unit-linked liabilities	**23,296,590**	**22,304,901**

MLL provides policyholders access to investment funds managed by third party fund managers and other insurance companies. Insurance companies facilitate this access through reinsurance contracts with MLL. Reinsurance contracts are the legal mechanism for accessing the third-party insurance funds, but the sole purpose of the contracts is to provide an investment vehicle. There is no transfer or reinsurance of any typical insurance risks. The risk of a reinsurer being unable to meet its obligations to MLL is borne by the policyholder. No adjustment is made to the value of reinsured assets on a best-estimate basis as MLL considers the risk of default negligible.

MLL and the Group also hold assets on their own account, as shown below:

£000's	31 March 2022		31 March 2021	
	MLL	*Group	MLL	Group
Cash and cash equivalents	12,280	12,576	9,633	10,053
Receivables (trade, not insurance)	9,994	10,663	10,476	10,606
Collective investment undertakings - CIU (seeding)	165	165	148	148
Deferred tax assets	0	0	7	7
Property plant and equipment held for own use	0	101	7	65
Any other assets	2,513	147	3,380	1,229
Total assets held on own account	**24,952**	**23,653**	**23,651**	**22,108**

*Note : The assets in the financial statements will be £134k lower due to the netting of tax debtor and creditor under UK GAAP

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level (a) – quoted prices for an identical asset in an active market;

Level (b) – the price of a recent transaction for an identical asset, provided there has been no material change in economic circumstances or a significant lapse of time; and

Level (c) – valuation techniques which attempt to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

MLL seeks to invest its own and policyholders' funds predominantly into level (a) assets.

The valuation used to determine the fair value of the collective investment schemes in the financial statements is the quoted price from the fund manager's administrator i.e. the quoted net asset value. This could be based on either the bid, offer or mid-market price depending on the particular manager. For financial reporting and Solvency II purposes, units are valued using the quoted price.

Intangible and tangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to allocate the cost of intangibles and tangibles less their residual values over their estimated useful lives, using the straight-line method. If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Intangible assets are given no value for solvency purposes and only those tangible assets with a readily realisable value are included for solvency purposes.

Debtors, including prepayments and accrued income, are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At each reporting date, the Group assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the financial asset. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

The difference between the valuation of assets shown in the financial statements and valuation for solvency purposes is shown below.

£000's	31 March 2022		31 March 2021	
	MLL	**Group**	**MLL**	**Group**
Value of assets in financial statements	**23,321,600**	**23,340,945**	**22,328,551**	**22,350,064**
Deduct tangible assets with no readily realisable value	(58)	(58)	(7)	(7)
Deduct intangible assets	0	(20,644)	-	(23,055)
Value of assets for solvency purposes	**23,321,542**	**23,320,243**	**22,328,544**	**22,327,002**

The reduction in intangible assets primarily relates to amortised goodwill arising from MLT's acquisition of MLH.

Deferred tax assets are measured on the same basis as that used for MLL and the Group's financial statements. There is no deferred tax asset as at 31 March 2022 (2021: £7k).

There have been no material changes to the recognition and valuation bases over the reporting period. No material assumptions or judgements have been used in the valuation of the assets.

D.2 Technical Provisions

Within the Group:

- MLL writes two lines of business, direct unit-linked business (the institutional pensions platform business or "Trustee Investment Plans") and unit-linked investment only reinsurance accepted. All business is pensions business; and
- MLAS provides investment administration services to life insurance companies and trustees of pension schemes.

Technical provisions are relevant only for MLL's business and have been determined as the sum of the unit liabilities, VIF and the risk margin.

The unit liabilities are the value of units allocated to in-force contracts at the valuation date, as disclosed in the financial statements.

The VIF is a best-estimate calculation of the present value of the excess of policy charges over expenses and other outgoings, where a positive VIF is shown as a negative liability.

Following PRA guidance, the unit liabilities are reported as "TP calculated as a whole" and the VIF is reported as the "Best Estimate" on forms S.02.01.02 in Appendix 1. The risk margin is calculated in accordance with methodology set out in the Delegated Acts.

MLL's Technical provisions are shown below:

£000's	31 March 2022			31 March 2021		
	Direct	**Reinsurance Accepted**	**Total**	**Direct**	**Reinsurance Accepted**	**Total**
Unit Liabilities	22,642,057	654,533	23,296,590	21,726,496	578,405	22,304,901
VIF	(971)	(69)	(1,040)	(1,518)	(114)	(1,632)
Risk Margin	190	5	195	188	5	193
Total	**22,641,275**	**654,470**	**23,295,745**	**21,725,166**	**578,296**	**22,303,462**

The change in technical provisions over the reporting period is dominated by the increase in unit liabilities, primarily reflecting net new investments and market return that increase AuA.

The decrease in the VIF primarily reflects a reduction in the VIF projection period (discussed further below) and an increase in expected future expenses, which more than offsets the impact from higher AuA and an increase in the expected average rate of fee income.

The risk margin is broadly level, reflecting only a small change in the overall adjusted SCR upon which it is based.

Methodology and assumptions

The VIF is calculated using a deterministic cash-flow projection method. Material changes in the projection assumptions are discussed below.

A short-term projection period is used on all business. Although MLL manages its business on a long-term basis, this short-term projection reflects the fact that MLL is able to terminate all such policies by giving policyholders three-months' notice and consequently close out long-term risk. The MLL Board consider the use of a short-term projection period to be a proportionate approach in line with Article 56 of the Delegated Acts. The technical provisions so determined are higher than they would be under a long-term projection. The projection period is determined to satisfy the Article 56 requirement that the proportionate methodology should not underestimate the risk associated with the business. At 31 March 2022, a three month (2021 – four month) projection period, calculated in line with methodology agreed with the PRA, has been used.

The projection involves estimating the policy charges and expenses cash-flows that MLL expects to receive and incur respectively in each monthly time step of the projection period, based on the business in force at the valuation date and using best estimate projection assumptions. The net cash-flow in each month is then discounted to the valuation date to give a present value.

The policy charge cash-flows are annual management charges (“fee income”) which are either deducted directly from unit-linked funds, or otherwise invoiced directly to policyholders.

The expense cash-flows fall into two categories:

- investment management fees; and
- other expenses such as MLL’s share of salary, overhead and supplier costs.

The fee income and investment management fees are netted off such that the net of investment management fees fee income is projected in the valuation model.

Where expenses and other outgoings are contractually defined, the contractual amounts are taken as the best estimate assumptions. The assumptions for other expenses are based on MLL’s expectations considering experience over the twelve months to the valuation date and any anticipated changes. The assumption for other expenses has increased by approximately 28% compared to the previous year, reflecting an anticipated increase in expenses commensurate with the growth of the business and an increase in the proportion of total group expenses allocated to MLL to 90% (2021: 82%).

Economic assumptions are based on market data at the valuation date.

There is no obligation for policyholders to pay additional premiums and therefore no allowance for future premiums is made in the VIF.

Withdrawal (transfer-out) assumptions are based on actual experience over the four year period to the valuation date, adjusted as necessary to make appropriate allowance for extraordinary events, subject to a minimum floor (which makes allowance for the inherent uncertainty due to the nature of the business and approximations used in the analysis upon which the assumption is based).

It is assumed that the average rate of net fee income on in-force business at the valuation date is maintained throughout the projection period.

The risk margin has been assessed in accordance with the methodology set out in the Delegated Acts as the cost of holding an adjusted SCR over the projected run-off of the business. As all business is projected over a period of less than one year, the run-off for the risk margin calculation is one year.

The adjusted SCR at the valuation date is calculated using the result of the SCR at the valuation date but with the bank counterparty default and market risk module SCR set equal to zero on the assumption that these risks could be hedged if required.

The risk margin has been apportioned across the two lines of business in proportion to the respective unit liabilities. This is considered a proportionate and appropriate approach as the amount of unit liabilities is a reasonable proxy for the risk associated with each line of business and the impact of using a different apportionment method would not be material to the overall technical provisions by line of business.

Uncertainty

The methodology employed is proportionate to the nature, scale and complexity of the risks accepted by the company.

There are no material deficiencies in the data used for the technical provisions.

The technical provisions are dominated by the value of unit liabilities and, therefore, will fluctuate in line with investment market movements.

Given the short VIF projection period used, the technical provisions are relatively insensitive to changes in the projection assumptions.

Reconciliation with financial statements

MLL's technical provisions for solvency purposes are calculated differently to those reported in the financial statements. The technical provisions for solvency purposes are £845k lower (2021: £1,439k lower) than the technical provisions reported in the financial statements, reflecting the VIF and the risk margin held for solvency purposes.

Adjustments, transitional arrangements and reinsurance

The Group does not use a matching adjustment, volatility adjustment or any of the Solvency II transitional measures.

The only outgoing reinsurance contracts in place are unit-linked investment only reinsurance contracts (see section D.1).

No risks have been transferred to special purpose vehicles.

D.3 Other liabilities

Other liabilities are shown below:

£000's	31 March 2022		31 March 2021	
	MLL	***Group**	**MLL**	**Group**
Financial liabilities other than debts owed to credit institutions	9,051	9,051	8,429	8,429
Insurance and intermediaries payables	2,041	2,041	2,494	2,494
Payables (trade, not insurance)	4,181	5,239	4,251	5,449
Provisions other than technical provisions	14	14	66	66
Deferred tax liability	161	161	273	273
Any other liabilities	3	0	0	0
Total other liabilities	**15,451**	**16,506**	**15,513**	**16,711**

*Note : The liabilities in the financial statements will be £134k lower due to the netting of tax debtor and creditor under UK GAAP

The deferred tax liability relates to notional tax on the sum of the VIF less risk margin. The decrease in the deferred tax liability at 31 March 2022 reflects the decrease in the excess of the VIF over the risk margin compared to the previous period, mainly as a result of the shorter projection period and the increased allocation of expenses to MLL.

Other liabilities have been valued in the same manner for both solvency purposes and for the financial statements except for deferred tax liabilities which is only present on the balance sheet for solvency purposes. There have been no changes to the recognition and valuation bases over the reporting period. No material assumptions or judgements have been used in the valuation of the liabilities.

D.4 Alternative methods for valuation

The valuation used to determine the fair value of MLL's own investments in collective investment schemes in the financial statements is the quoted price from the fund manager's administrator i.e. the quoted NAV. This could be based on the bid, offer or mid-market price depending on the particular manager.

For financial reporting and Solvency II purposes, policyholder unit liabilities are based on the quoted price of underlying assets.

D.5 Any other information

There is no other material information to disclose in relation to valuation for solvency purposes.

E Capital Management

E.1 Own funds

The Group's objectives in managing its own funds are to ensure that:

- capital is managed appropriately in line with any commitments made to regulators and other stakeholders;
- the group meets its regulatory solvency requirements set out in the Solvency II directives; and
- the group provides policyholders with appropriate security of benefits.

It remains the intention of the MLL and MLT Boards to ensure that there is adequate capital to exceed the MLL's and the Group's respective regulatory requirements. The MLL and MLT Boards have capital management policies in place and deem it reasonable to adopt the following approach with regards to capital planning.

- Capital plan is a forward-looking assessment of the capital position against capital requirements.
- Capital is assessed on a Pillar 1 (valuation for solvency purposes) and Pillar 2 (own assessment) basis. For Pillar 2 the MLL and MLT Boards consider it appropriate to demonstrate capital adequacy over a one year timeframe to a 99.5% confidence level using stresses that reflect the nature and extent of risks accepted by MLL and other group companies.
- The MLL Board targets Pillar 1 solvency cover of between 150% and 200% for MLL. The MLT Board

targets solvency cover of 125% for the Group. Pillar 2 solvency cover targets are also set.

The Group reviews its capital position on an ongoing basis in light of current and future growth requirements. The ORSA, which forms part of the capital assessment process, uses a three-year forecast to assess the solvency needs of the business.

Dividends are declared following an update to the capital plan and consideration of MLL's and the Group's ability to maintain their target solvency cover.

The Group uses method 1, the accounting consolidation-based method, as referred to in Article 230 of Directive 2009/138/EC to calculate group solvency. Intra-group transactions have been netted and consolidated at the MLT level.

The Group's own funds are shown below:

£000	**31 March 2022**		**31 March 2021**	
	MLL	Group	MLL	Group
Ordinary share capital	**4,000**	**303**	**4,000**	**303**
Share premium account	**-**	**30,017**	**-**	**30,017**
Deferred tax asset	**-**	**-**	**7**	**7**
Deferred tax asset not available at Group level	**-**	**-**	**-**	**(7)**
Reconciliation reserve	**6,346**	**(22,328)**	**5,563**	**(23,498)**
Retained profits	*5,719*	*(2,311)*	*4,404*	*(1,603)*
Disallowed assets (tangible and intangible)	*(58)*	*(22,702)*	*(7)*	*(23,059)*
VIF	*1,040*	*1,040*	*1,632*	*1,632*
Risk margin	*(195)*	*(195)*	*(193)*	*(193)*
Deferred tax liability	*(161)*	*(161)*	*(273)*	*(273)*
Own funds available to cover the SCR	**10,346**	**7,992**	**9,570**	**6,822**
Own funds available to cover the MCR/ Minimum consolidated group SCR	**10,346**	**7,992**	**9,563**	**6,822**

MLL and the Group's ordinary share capital and reconciliation reserve are Tier 1 unrestricted own funds as per Article 69(a)(i) of the Delegated Acts and are available to cover the respective SCR and MCR. MLL and the Group have no restricted Tier 1 own funds (per Article 80 of the Delegated Acts), no Tier 2 own funds (per Article 72 of the Delegated Acts) and as at 31 March 2022, no Tier 3 own funds (per Article 76 of the Delegated Acts). As at 31 March 2021 there was a small deferred tax asset of £7k which was classified as Tier 3 own funds within MLL and unavailable at Group level.

The difference between capital and reserves shown in the financial statements and the excess of assets over liabilities used for solvency purposes arises from:

- disallowed assets (see Section D1); and

- the combined impact of the VIF, the risk margin and the resultant Solvency II deferred tax liability that are not recognised in the financial statements but are reflected in the reconciliation reserve.

At 31 March 2022, the capital and reserves shown in the MLL financial statements are £627k lower (2021: £1,159 lower) than the excess of assets over liabilities used for solvency purposes. The capital and reserves at a consolidated Group level are £20,018k higher (2021: £21,903k higher) than the excess of assets over liabilities used for solvency purposes.

The movement in MLL own funds primarily reflects net of tax retained fee income in excess of expenses during the year offset by the decrease in the value of in-force business, and a dividend it paid to MLG. The movement in Group own funds primarily reflects net of tax retained fee income in excess of expenses during the year offset by the decrease in the value of in-force business.

E.2 SCR and MCR

Both MLL and the Group are using the standard formula to calculate the SCR.

£000's	31 March 2022		31 March 2021	
	MLL	**Group**	**MLL**	**Group**
Market risk	1,757	1,757	2,004	2,004
Credit risk	785	453	870	473
Underwriting risk	1,300	1,300	1,576	1,576
Undiversified basic SCR	3,842	3,510	4,450	4,053
Diversification	(1,061)	(899)	(1,226)	(1,028)
Basic SCR	2,781	2,611	3,224)	3,025
Operational risk	1,777	1,982	1,381	1,643
Loss absorbing capacity of deferred tax	(866)	(866)	(875)	(875)
Total SCR	**3,692**	**3,727**	**3,731**	**3,794**
Minimum Capital Requirement / Minimum consolidated group SCR	**3,126**	**3,126**	**3,338**	**3,338**

At 31 March 2022 compared to the previous valuation:

- the decrease in market and underwriting risks primarily reflect the decrease in the VIF and hence lower VIF related SCR, although the fall in market risk is offset to an extent by a non-trivial shareholder investment in term deposits in the year to 31 March 2022;
- the decrease in credit risk is primarily due to a reduction in MLL's exposure to counterparty default risk outstanding debtors;
- the increase in operational risk reflects an increase in non-acquisition expenses incurred in the twelve months to the valuation date; and
- the decrease in the loss absorbing capacity of deferred taxes ("LACDT") reflects the lower notional loss represented by the SCR before the LACDT adjustment.

The LACDT at 31 March 2022 is £866k for MLL and £866k for the Group. The LACDT at 31 March 2022 for MLL comprises:

- £482k from the recovery of tax from the accounting period ending 31 March 2022; and
- £384k from the recovery of tax from the accounting period ending 31 March 2021.

No future taxable profits have been used in the LACDT.

The Group has not applied any of the simplifications outlined in Articles 88 to 112 of the Delegated Regulation and has not applied to use any undertaking specific parameters.

The Group has taken a proportionate, simplified and prudent approach in calculating the SCR for market risk in that all unit-linked assets are assumed to be invested in "Type 2" equities as defined in Article 168 of the Delegated Acts. The PRA has confirmed this approach as acceptable subject to ongoing monitoring.

Differences between the MLL and Group SCR calculation are limited to:

- elimination of credit risk on intra-group debtors in the consolidated Group position;
- additional credit risk on cash and certain debtors held by Group entities other than MLL;
- non-material diversification impacts arising from the revised credit risk capital requirement; and
- a contribution to operational risk in respect of activities undertaken by Group entities other than MLL.

Overall, the Group's SCR is £35k higher than MLL's SCR (2021: £63k higher). The relative size of the MLL and Group SCR primarily reflects the contribution to operational risk capital from Group entities other than MLL offset by lower credit risk from the elimination of intercompany exposures at the group level. Both elements were lower at 31 March 2022 compared to the previous year-end.

A split of the Group SCR between amounts referred to in Article 336 of the Delegated Acts is not necessary as all Group companies fall within the definition of Article 336(a).

There are no significant group diversification effects.

No capital add on has been applied to the SCR of either MLL or the Group and no undertaking specific parameters have been imposed by the PRA.

The MCR calculation for MLL is set out in the Delegated Acts. Given the nature of MLL's business, the required inputs to the calculation that are not defined under the regulations are limited to:

- the technical provisions excluding the risk margin for unit-linked life insurance and reinsurance obligations of £23,296m; and
- the amount of capital at risk, which given payments made under the contracts issued by MLL are not directly contingent on death, is taken to be £nil.

At 31 March 2022, the minimum consolidated group SCR is equal to MLL's MCR and is the monetary minimum prescribed in the regulations, i.e. the sterling equivalent of €3.7m.

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

The Group has not made use of the duration-based equity risk sub-module in the calculation of the SCR.

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

The Group uses the standard model, with no internal model.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Group has been in full compliance with both the MCR and SCR throughout the reporting period.

E.6 Any other information

None

F Statement of Directors Responsibility

Approval by the Boards of Directors of the Solvency and Financial Condition Report for the financial period ended 31 March 2022

The Directors of MLT and MLL certify that:

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

2) We are satisfied that:

   a. Throughout the financial year, the Group and MLL have complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Group and MLL; and

   b. It is reasonable to believe that, at the end of the publication of the SFCR, the Group and MLL have continued to comply, and will continue to comply in future.

This report was approved by the Boards of both MLT and MLL on 29 June 2022 and signed on their behalf by:

DocuSigned by:

Adrian Swales

6F246CB4B9AC499...

Adrian P Swales

Director

Appendices – Mobius Life Limited – Public Quantitative Reporting Templates

Mobius Life Limited

Solvency and Financial Condition Report

Disclosures

31 March

2022

(Monetary amounts in GBP thousands)

General information

Undertaking name	Mobius Life Limited
Undertaking identification code	2138003TNRFYMIDY6M50
Type of code of undertaking	LEI
Type of undertaking	Life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 March 2022
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.12.01.02 - Life and Health SLT Technical Provisions

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	165
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	165
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	10,702,261
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	12,594,329
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	12,594,329
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	9,994
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	12,280
R0420	Any other assets, not elsewhere shown	2,513
R0500	**Total assets**	23,321,542

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	23,295,745
R0700	*TP calculated as a whole*	23,296,590
R0710	*Best Estimate*	-1,040
R0720	*Risk margin*	195
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	14
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	161
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	9,051
R0820	Insurance & intermediaries payables	2,041
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	4,181
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	3
R0900	**Total liabilities**	23,311,196
R1000	**Excess of assets over liabilities**	10,346

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross			3,921,740					57,449	3,979,188
R1420	Reinsurers' share			2,135,160						2,135,160
R1500	Net			1,786,579					57,449	1,844,028
	Premiums earned									
R1510	Gross			3,921,740					57,449	3,979,188
R1520	Reinsurers' share			2,135,160						2,135,160
R1600	Net			1,786,579					57,449	1,844,028
	Claims incurred									
R1610	Gross			3,923,243					20,491	3,943,734
R1620	Reinsurers' share			2,135,979						2,135,979
R1700	Net			1,787,264					20,491	1,807,755
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net			0					0	0
R1900	**Expenses incurred**			9,598					218	9,816
R2500	**Other expenses**									
R2600	**Total expenses**									9,816

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
R0010	**Technical provisions calculated as a whole**		22,642,057							654,533	23,296,590
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole		12,339,677							254,652	12,594,329
	Technical provisions calculated as a sum of BE and RM										
	Best estimate										
R0030	**Gross Best Estimate**				-971					-69	-1,040
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									0	0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re			0	-971					-69	-1,040
R0100	**Risk margin**		190							5	195
	Amount of the transitional on Technical Provisions										
R0110	Technical Provisions calculated as a whole										0
R0120	Best estimate										0
R0130	Risk margin										0
R0200	**Technical provisions - total**		22,641,275							654,470	23,295,745

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	4,000	4,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	6,346	6,346			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	10,346	10,346	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	10,346	10,346	0	0	0
R0510	Total available own funds to meet the MCR	10,346	10,346	0	0	
R0540	Total eligible own funds to meet the SCR	10,346	10,346	0	0	0
R0550	Total eligible own funds to meet the MCR	10,346	10,346	0	0	
R0580	**SCR**	3,692				
R0600	**MCR**	3,126				
R0620	**Ratio of Eligible own funds to SCR**	280.23%				
R0640	**Ratio of Eligible own funds to MCR**	330.95%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	10,346
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	4,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	6,346
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,757		
R0020	Counterparty default risk	785		
R0030	Life underwriting risk	1,300		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-1,061		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	2,781		

USP Key

For life underwriting risk:
1- Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1- Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,777
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-866
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	3,692
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	3,692
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	-866
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	-866
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-866

S.28.01.01

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

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

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

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	74,909

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations	10,701,221	
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	74,909
R0310	SCR	3,692
R0320	MCR cap	1,661
R0330	MCR floor	923
R0340	Combined MCR	1,661
R0350	Absolute floor of the MCR	3,126
R0400	**Minimum Capital Requirement**	3,126

Mobius Life Topco Limited

Solvency and Financial Condition Report

Disclosures

31 March

2022

(Monetary amounts in GBP thousands)

General information

Participating undertaking name	Mobius Life Topco Limited
Group identification code	213800N3GG52SBSUZ141
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 March 2022
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.23.01.22 - Own Funds

S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula

S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	101
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	165
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	165
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	10,702,261
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	12,594,329
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	12,594,329
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	10,663
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	12,576
R0420	Any other assets, not elsewhere shown	147
R0500	**Total assets**	23,320,243

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	23,295,745
R0700	*TP calculated as a whole*	23,296,590
R0710	*Best Estimate*	-1,040
R0720	*Risk margin*	195
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	14
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	161
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	9,051
R0820	Insurance & intermediaries payables	2,041
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	5,239
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	23,312,251
R1000	**Excess of assets over liabilities**	7,992

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross			3,921,740					57,449	3,979,188
R1420	Reinsurers' share			2,135,160						2,135,160
R1500	Net			1,786,579					57,449	1,844,028
	Premiums earned									
R1510	Gross			3,921,740					57,449	3,979,188
R1520	Reinsurers' share			2,135,160						2,135,160
R1600	Net			1,786,579					57,449	1,844,028
	Claims incurred									
R1610	Gross			3,927,949					15,785	3,943,734
R1620	Reinsurers' share			2,138,541						2,138,541
R1700	Net			1,789,408					15,785	1,805,193
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net			0					0	0
R1900	**Expenses incurred**			10,669					243	10,912
R2500	**Other expenses**									
R2600	**Total expenses**									10,912

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	**Total**	**Tier 1 unrestricted**	**Tier 1 restricted**	**Tier 2**	**Tier 3**
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	303	303		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	30,017	30,017		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	-22,328	-22,328			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	7,992	7,992	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	**Total**	**Tier 1 unrestricted**	**Tier 1 restricted**	**Tier 2**	**Tier 3**
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	7,992	7,992	0	0	0
R0530	Total available own funds to meet the minimum consolidated group SCR	7,992	7,992	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	7,992	7,992	0	0	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	7,992	7,992	0	0	
R0610	**Minimum consolidated Group SCR**	3,126				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	255.66%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	7,992	7,992	0	0	0
R0680	**Group SCR**	3,727				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	214.45%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	7,992
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	30,321
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	-22,328
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,757		
R0020	Counterparty default risk	453		
R0030	Life underwriting risk	1,300		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-899		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	2,611		

USP Key

For life underwriting risk:
1- Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1- Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,982
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-866
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	3,727
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	3,727
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	3,126
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	3,727

S.32.01.22

Undertakings in the scope of the group

									Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800N3GG52SBSUZ141	LEI	Mobius Life TopCo Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual								Included in the scope		Method 1: Full consolidation
2	GB	213800N3GG52SBSUZ141GB0000	Specific code	Mobius Life BidCo Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GB	2138003TNRFYMIDY6M50	LEI	Mobius Life Limited	Life insurance undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
4	GB	213800PX5Z6KOQRQGQ51GB000	Specific code	Mobius Life Administration Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
5	GB	213800UDS2RHYBSF1719	LEI	Mobius Life Group Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
6	GB	213800PX5Z6KOQRQGQ51GB000	Specific code	Mobius Life Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation