NEWS RELEASE

For immediate release
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Equitable Life today announces its 2016 financial results

Following a year of unprecedented economic and political turbulence, we are pleased to say that we have been able to maintain the 35% capital distribution payable to with-profits policyholders when they cash in their policy.

Chris Wiscarson, Equitable Life Chief Executive said:
"We began 2016 facing turbulent markets at exactly the same time as a change in solvency regime. We successfully navigated those very choppy waters, and we begin 2017 confident that we can continue to find ways to recreate value for our policyholders."

Ian Brimecome, Equitable Life Chairman said:
"Low interest rates have been something that we have had to face for a number of years. An important consequence of low interest rates is high asset values. That brings with it our greatest strategic challenge: how to give policyholders credit for those high asset values. In 2017, we shall explore how we can make more certain the 35% uplift currently paid when policyholders retire."

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Equitable Life media enquiries:
James Leviton
Finsbury
0207 251 3801
James.leviton@finsbury.com

Notes to editors overleaf/……

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1. 2016 saw the introduction of a new industry-wide regulatory regime called Solvency II. Many firms now have to hold more capital than in previous years. One component of the extra capital is called the Risk Margin, which increases in size as interest rates fall.

2. All individual with-profit policyholders have contracts with a guaranteed investment return. Approximately 97 out of 100 of these policyholders benefit from today's announcement, as the capital distribution at 35% together with the policy value exceeds the guaranteed benefit.

3. Capital distribution history (% of policy values)

	2017	2016	2015	2014	2011
Capital Distribution	35%	35%	35%	25%	12.5%
Financial Adjustment	0%	0%	0%	0%	5%

4. The following example gives an indication of possible future capital distribution outcomes. Consider a policy with a current value of £10,000 of which £7,500 is guaranteed in any circumstance. If a policyholder wished to cash in their policy right now, the Society can pay £13,500, being the £10,000 current policy value plus the capital distribution of 35% referred to above (as it is higher than the guaranteed amount). However, the actual fund potentially available in regard to the policy is c£15,000, but the regulations require the Society to retain £1,500 to cover financial shocks that would affect other policyholders.

   So, policyholders are faced with a choice. The only amount that is certain is the guarantee (£7,500). The capital distribution is currently 35% and the Society is looking at ways of improving it but, if the future does not turn out as is hoped, there is the potential to lose at least £3,500 (35% of £10,000). Or policyholders can wait in the hope that the £15,000 will eventually become payable.

5. The Society's results for the year ended 31 December 2016 are published today on the Equitable website:
   www.equitable.co.uk/annualreports2016/