28 March 2024

CHESNARA 2023 RESULTS

Continued strong cash generation with positive outlook for further M&A

AGENDA FOR OUR 2023 RESULTS PRESENTATION

OVERVIEW OF STRATEGIC DELIVERY	**STEVE MURRAY,** GROUP CHIEF EXECUTIVE OFFICER
FINANCIAL OUTCOMES	**DAVID RIMMINGTON,** GROUP FINANCE DIRECTOR
AREAS OF FOCUS, OUTLOOK AND SUMMARY	**STEVE MURRAY,** GROUP CHIEF EXECUTIVE OFFICER

Steve Murray
Group Chief Executive Officer

David Rimmington
Group Finance Director

Steve Murray

Group Chief Executive Officer

OVERVIEW OF STRATEGIC DELIVERY

CHESNARA CONTINUES EXECUTING ITS RENEWED STRATEGY TO DELIVER GROWTH

Chesnara

1. Multiple levers available to grow Economic Value, supporting sustainable long-term cash generation and shareholder dividends
2. Strong Solvency II position with high resilience to market volatility
3. Disciplined yet flexible M&A framework with proven track record of delivery, integration and growth
4. Experienced management team focused on sustainable shareholder value creation

M&A MOMENTUM SUPPORTING FURTHER GROWTH

Chesnara

M&A	COMPLETION OF THE ACQUISITION AND INTEGRATION OF CONSERVATRIX IN THE NETHERLANDS
	ACQUISITION OF A PROTECTION PORTFOLIO FROM CANADA LIFE IN THE UK WITH INTEGRATION PROGRESSING WELL
RESULTS	COMMERCIAL CASH GENERATION OF £53M
	ECV GROWTH WITH CLOSING ECV PER SHARE OF 348p (FY 2022: 340p)
	STRONG SOLVENCY AT 205%, WELL ABOVE NORMAL OPERATING RANGE OF 140 – 160%
	COMMERCIAL NEW BUSINESS PROFITS OF £10M
	3% INCREASE IN TOTAL 2023 DIVIDEND TO 23.97p, OUR 19TH YEAR OF CONSECUTIVE RISES

SIGNIFICANT OPERATIONAL DELIVERY ACHIEVED IN THE YEAR

OPERATIONAL & SUSTAINABILITY ACTIVITY

- PART VII TRANSFER OF SANLAM BOOK COMPLETED IN DECEMBER
- WORK PROGRESSING WELL ON THE MIGRATION OF POLICY ADMINISTRATION TO SS&C TECHNOLOGIES IN THE UK
- MOVE TO IFRS 17 REPORTING SUCCESSFULLY DELIVERED
- ON TRACK FOR JULY 2024 CONSUMER DUTY DEADLINE – NO MATERIAL COMMERCIAL IMPACT EXPECTED
- REINSURANCE IN THE UK TO PROTECT AGAINST MASS LAPSE RISK AND BROADENING OF THE GROUP FX HEDGE, BOTH DELIVERED IN THE YEAR
- NEW CEOS IN PLACE FOR CA, SCILDON AND MOVESTIC
NEW GROUP CFO JOINING IN APRIL
- SETTING OF OUR INITIAL INTERIM TARGETS FOR EMISSIONS REDUCTION FROM OUR INVESTMENT PORTFOLIO

David Rimmington

Group Finance Director

FINANCIAL OUTCOMES

Chesnara

MARKET CONTEXT & FINANCIAL HIGHLIGHTS

CASH GENERATION

SOLVENCY

GROWTH

IFRS

MACRO SLOWLY RETURNING TO NORMAL BUT REMAINS VOLATILE

Chesnara

EQUITY MARKETS

FTSE ALL SHARE

31 Dec 2023: 4,232

+4%

31 Dec 2022: 4,075

FTSE ALL WORLD

31 Dec 2023: 479

+20%

31 Dec 2022: 400

SWEDISH OMX ALL SHARE

31 Dec 2023: 904

+16%

31 Dec 2022: 782

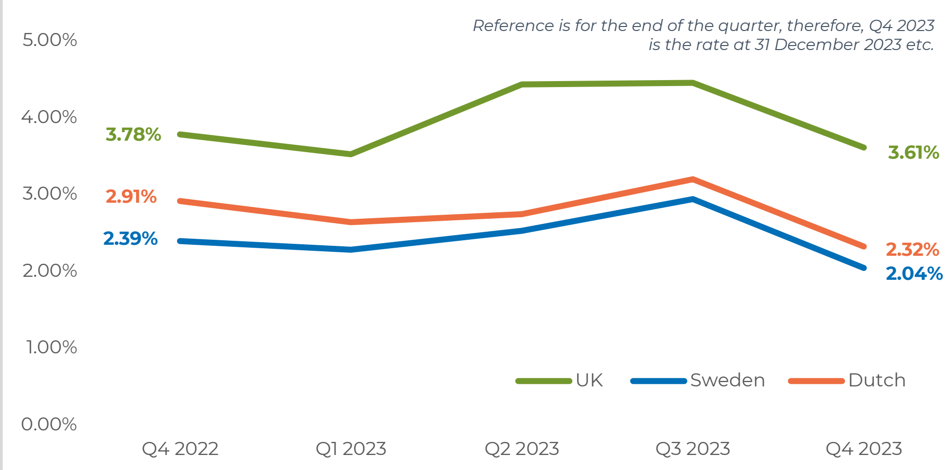
NETHERLANDS AEX ALL SHARE

31 Dec 2023: 1,072

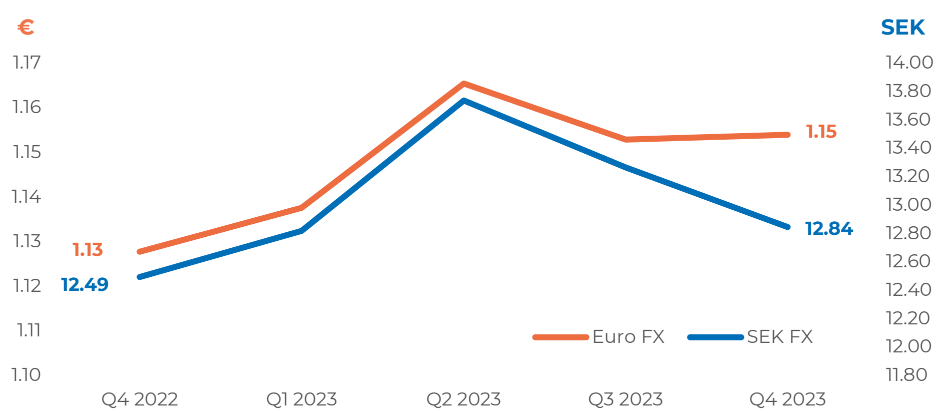
+13%

31 Dec 2022: 945

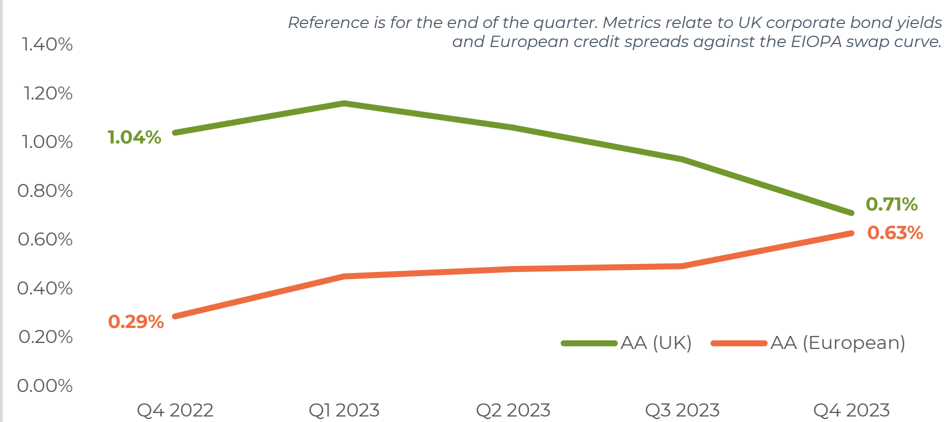
INTEREST RATES (10 YEAR)



FX RATES



CREDIT SPREADS



The macro environment recovered over the year, though not yet fully from the effects of an extraordinary market environment in 2022

H2 2023 SAW LIMITED RECOVERY FOLLOWING A MORE POSITIVE FIRST HALF

2023 has been a tale of two halves, with initial reasonable market recovery from the losses seen in 2022 slowing in the second half of the year.

MACRO	CASH GENERATION		ECV	IN LINE WITH SENSITIVITIES?[1]
Equities	With SA[2]: **-£7m**	Without SA[2]: **+£7m**	**+£21m**	✓
Bond yields	**+£11m**		**+£10m**	✓
Credit spreads	**+£1m**		**+£3m**	✓
FX	With FX hedge[3]: **-£2m**	Without FX hedge[3]: **-£4m**	**-£11m**	✓
Inflation	**-£3m**		**-£3m**	✓

Notes:
(1) The determination of whether the impact is in line with sensitivities assumes a level of tolerance.
(2) SA refers to the symmetric adjustment. The Solvency II capital requirement calculation includes an adjusting factor that reduces or increases the level of the equity capital required depending on historical market conditions. Following periods of market growth, the factor tends to increase the level of capital required and conversely, in falling markets the capital requirement becomes less onerous.
(3) Results shown both including and excluding the impact of the movement in fair value of the derivatives used to hedge FX retranslation.

Rising equities has been one of the key components in the real-world growth seen over 2023

FINANCIAL HIGHLIGHTS

Chesnara

CASH GENERATION

Group base **£32.5m**
FY 2022: *£82.7m*

Group commercial **£53.0m**
FY 2022: *£46.6m*

ECV

Closing EcV **£524.7m**
FY 2022: *£511.7m*

EcV earnings(1) **£59.1m**
FY 2022: *£(84.7)m*

SOLVENCY II

Group SII ratio **205%**
FY 2022: *197%*

Absolute surplus **£351.0m**
FY 2022: *£298.4m*

GROWTH

Commercial VNB **£10.1m**
FY 2022: *£9.5m*

FUM **£11.5bn**
FY 2022: *£10.6bn*

IFRS(2)

Profit before tax **£1.8m**
FY 2022: *£(62.1)m*

CSM movement(3) **£53.8m**
FY 2022: *£(6.9)m*

BALANCE SHEET

IFRS capital base(4) **£487.4m**
FY 2022: *£469.2m*

Leverage ratio(5) **29.2%**
FY 2022: *30.3%*

Notes:
(1) EcV earnings quoted include day 1 acquisition gains but exclude FX impacts and dividend payments
(2) The IFRS results have been restated from IFRS 4 to IFRS 17, noting that only 42% of liabilities were in scope of IFRS 17 as at 31 December 2023
(3) The contractual service margin (CSM) represents the future unearned profits of the insurance contracts
(4) IFRS capital base is defined as 'IFRS net equity + CSM (net of tax and reinsurance)'
(5) Leverage ratio is defined as 'debt' divided by 'net equity + debt + net of tax CSM', with the FY 2022 ratio being restated on an IFRS 17 basis in line with Fitch's updated methodology.

We have increased our proposed full year dividend by 3% to 23.97p which represents our 19th year of consecutive rises

MARKET CONTEXT & FINANCIAL HIGHLIGHTS

CASH GENERATION

SOLVENCY

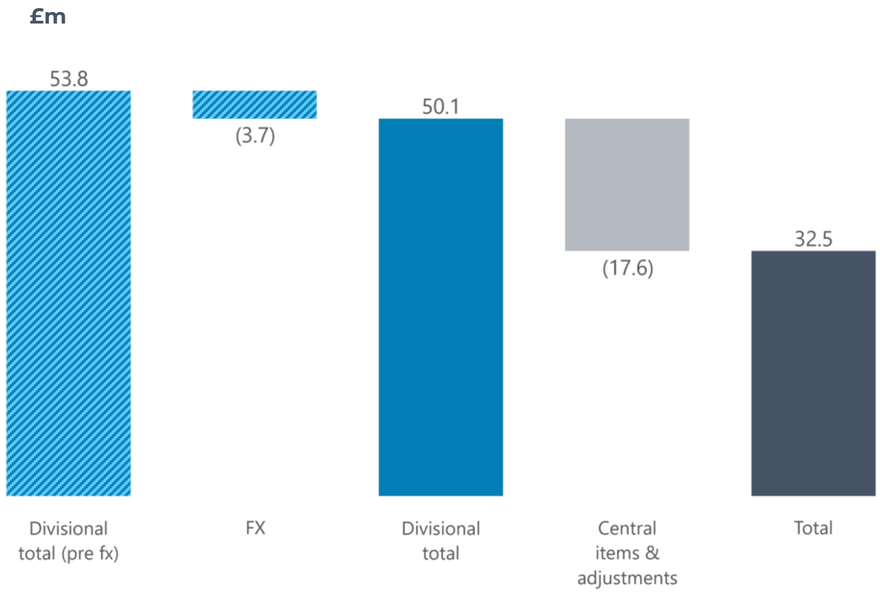
GROWTH

IFRS

CONTINUED STRONG COMMERCIAL CASH GENERATION OVER 2023

Base cash generation

Divisional base cash of £50.1m (1)(2)

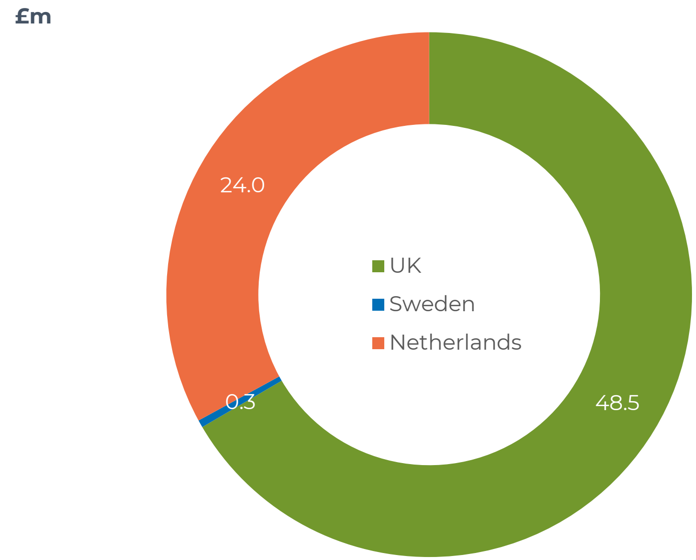


Group base cash of £32.5m (4)

Includes the impact of the symmetric adjustment of -£13m

Commercial cash generation

Divisional commercial cash of £72.8m (1)(3)



Group commercial cash of £53.0m (3)(4)

Includes the benefit from UK mass lapse reinsurance and the PRA SII risk margin changes

Notes:
(1) Divisional cash and commercial cash generation excludes: 'central items and adjustments'
(2) Base divisional results best illustrate the level of dividend paying potential that has emerged in the period
(3) Commercial divisional total better reflects how effective the businesses have been at generating surplus from operations
(4) Group totals are more relevant if we are focusing on the headline solvency movements

Commercial cash generation more than covers the dividend

SIGNIFICANT CASH RESERVES TO FUND FUTURE M&A

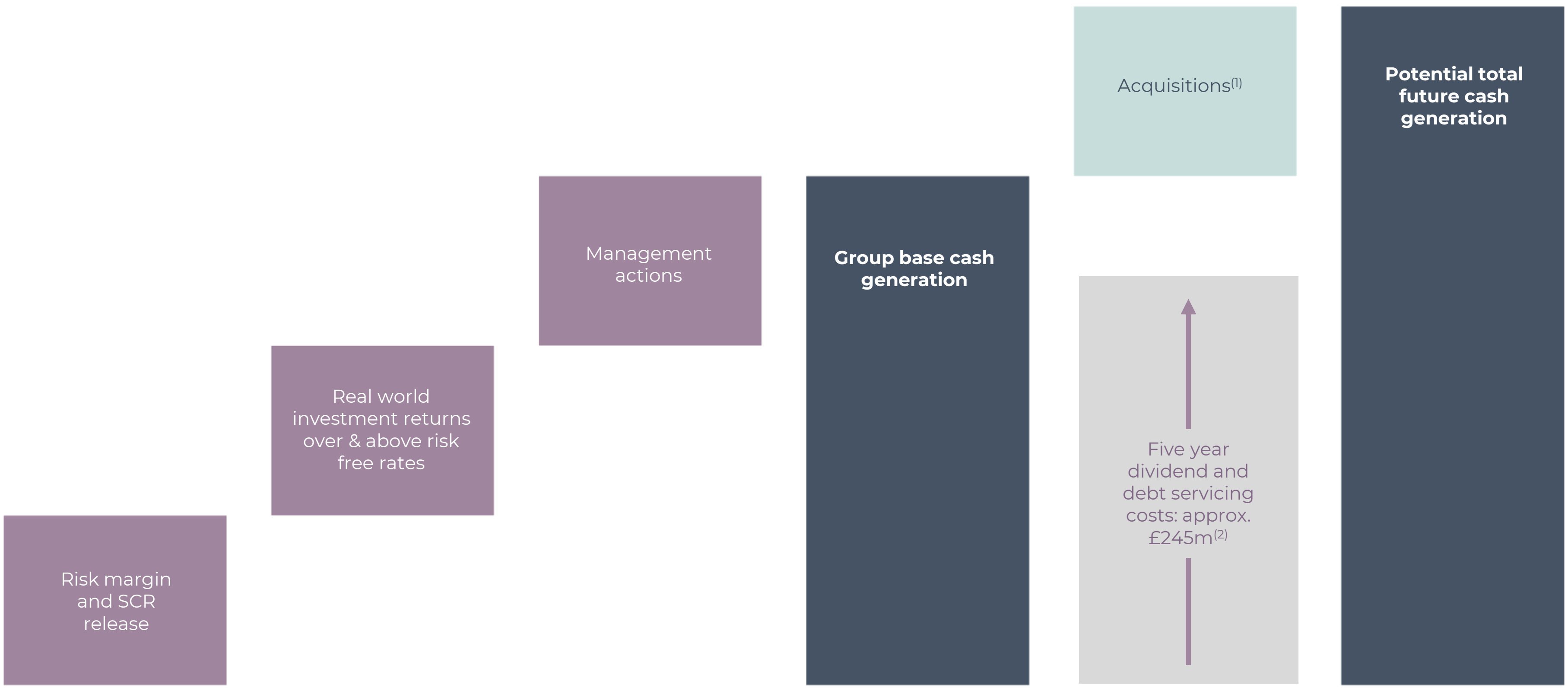
Chesnara and holding company cash reserves(1) (£m)

Reconciliation from FY 22 to FY 23

Notes:
(1) Chart above reflects physical cash balances at respective dates and includes cash held as collateral
(2) Final position to be confirmed as dividends are formally agreed post local accounts sign off, and FX impacts are taken into account.

Cash balances at group holding companies increased over the period providing substantial resources to fund future acquisitions

Sources of future cash generation composition
(5 year estimate)



Notes:

(1) Boxes are broadly drawn to scale with the exception of acquisitions given their uncertainty.

(2) Dividend cost is based on historical growth levels which are then rolled forward. The board will review our approach to dividend each year deciding on what an appropriate level is.

(3) We expect new business to generate cash over the longer term, but remain broadly neutral in the 5-year outlook.

We have strong line of sight to sources of cash generation that more than cover our estimated cumulative dividend and debt servicing costs

FINANCIAL OUTCOMES

MARKET CONTEXT & FINANCIAL HIGHLIGHTS

CASH GENERATION

SOLVENCY

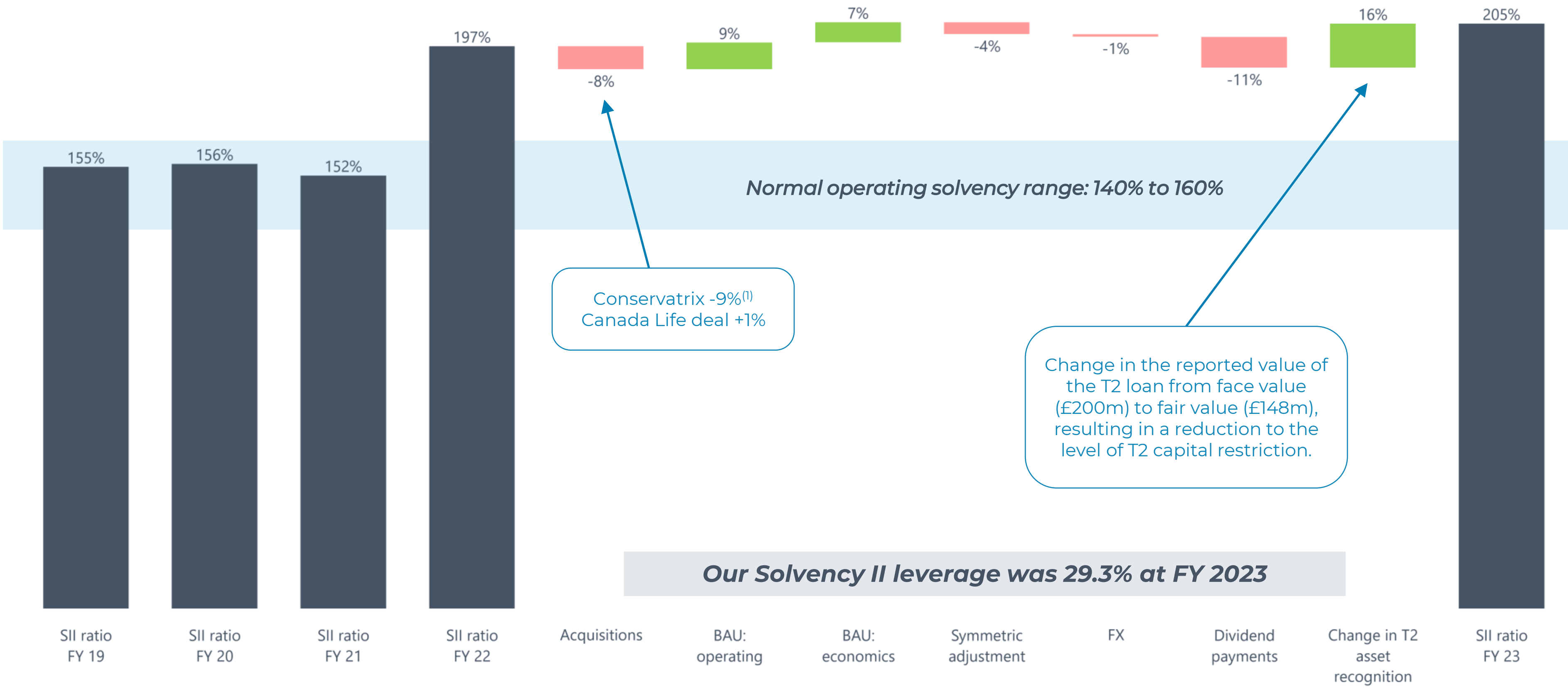
GROWTH

IFRS

MATERIAL SOLVENCY HEADROOM PROVIDES M&A CAPACITY

Solvency II position

Including a reconciliation of movement between FY 22 and FY 23



Notes:
(1) In the FY 2022 investor presentation, we estimated the impact of Conservatrix as -15%. This impact is now -9% due to differences between deal estimates, actual day 1 impacts and a change in allocation approach..

We expect our group solvency ratio to move towards our normal operating range of 140 - 160% as we do further M&A

MARKET CONTEXT & FINANCIAL HIGHLIGHTS

CASH GENERATION

SOLVENCY

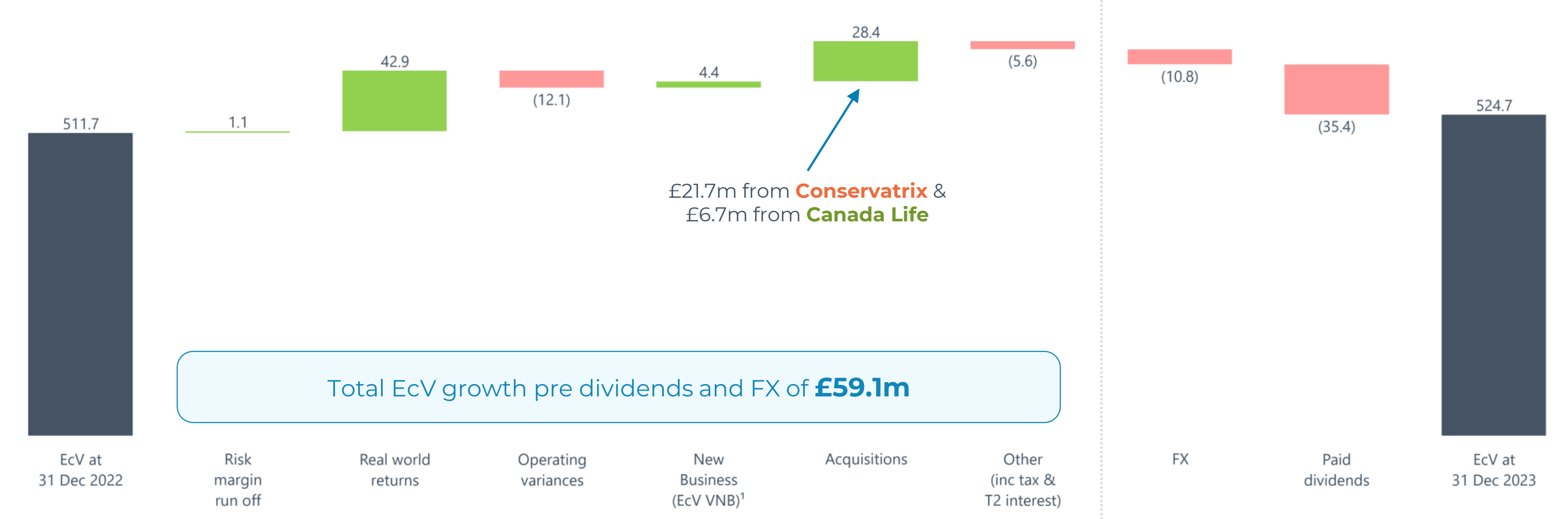
GROWTH

IFRS

ECV HAS GROWN EVEN AFTER FX IMPACTS AND PAYMENT OF THE DIVIDEND

Group EcV (£m)

Reconciliation from FY 22 to FY 23



- Operating variances in the period relate to strengthening of assumptions, including inflation, and investment in strategic projects including M&A. Cost efficiency and cost control activity has partly mitigated the impact of this investment.
- £43m of real-world returns, with the vast majority in H1.
- Appreciation of SEK and Euro over H2 has offset some of the FX adverse impact seen at the end of H1 2023.

Notes:

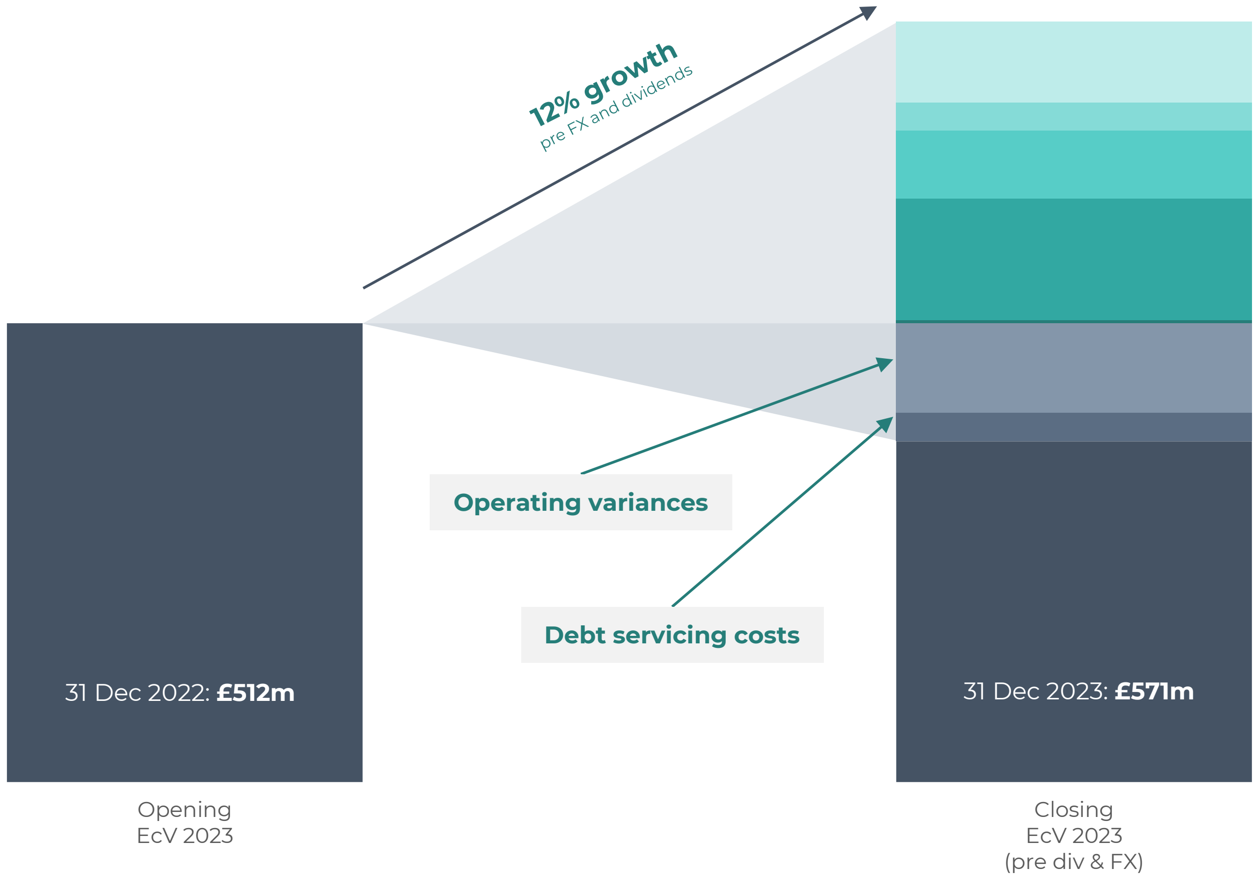
(1) EcV VNB of £4.4m is on a different calculation basis to Commercial VNB, which totals £10.1m for the year

EcV growth in the period primarily generated from acquisitions and real-world returns

PRE FX & DIVIDENDS, WE GENERATED 12% ECV GROWTH OVER THE COURSE OF 2023

THE CHESNARA FAN

Not drawn to scale



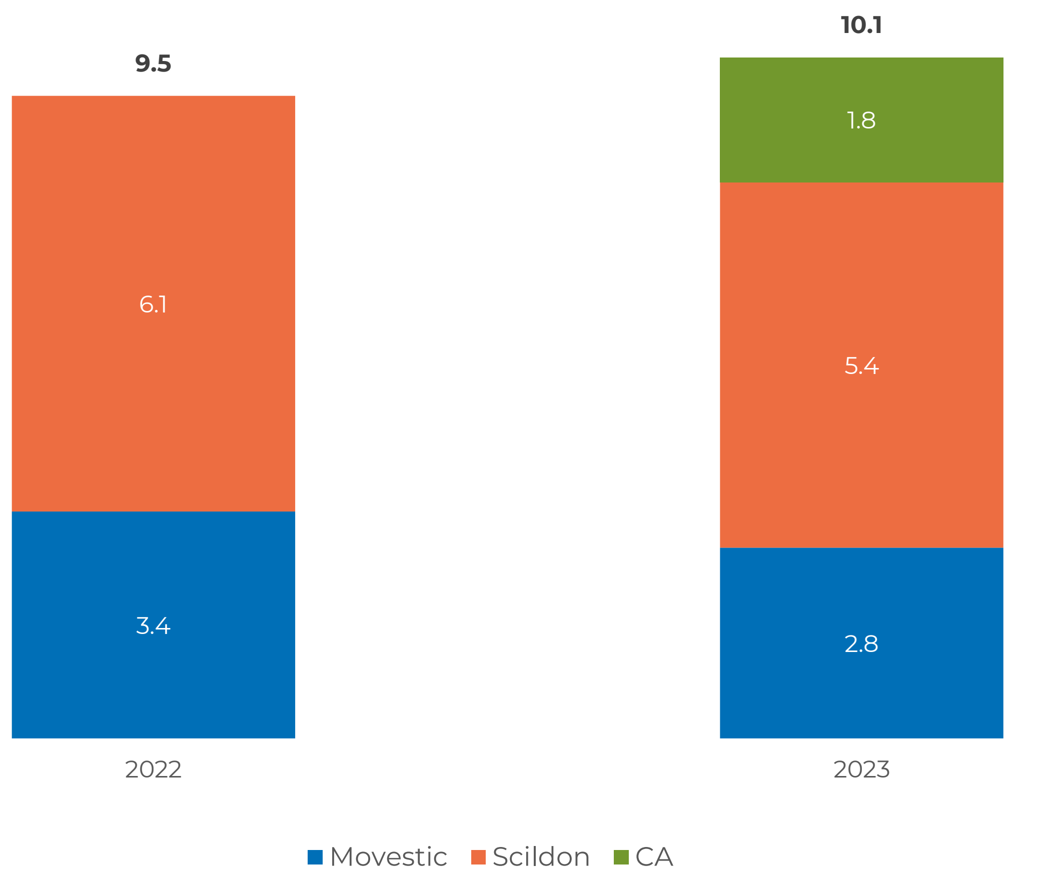
Area of the fan	2023 result
M&A	£28m
Commercial VNB[1]	£10m
Synergies	£24m
Real-world returns	£43m
Risk margin run-off	£1m

Notes:
(1) Commercial new business is shown as a component of the fan to show the total potential commercial value of the group

Over the course of the year, all components of the Chesnara fan delivered positively

DESPITE MARKET PRESSURES OVER 2023, NEW BUSINESS HAS REMAINED RESILIENT

Group Commercial VNB (£m)



MOVESTIC

Primarily sells brokered occupational pensions in addition to custodian and risk products.

For the second year in a row, been **awarded 'Unit-linked Insurance Company of the Year'** for 2023 by Söderberg & Partners.

SCILDON

Primarily sells brokered protection in addition to individual savings and annuities.

Awarded a **5-star rating** for the second year in a row for its **lifestyle product** by independent trade body, Moneyview.

CA

The onshore bond remains open to new business via third party platform links and the financial advisors that use them.

New business continues to provide incremental profitable value growth

MARKET CONTEXT & FINANCIAL HIGHLIGHTS

CASH GENERATION

SOLVENCY

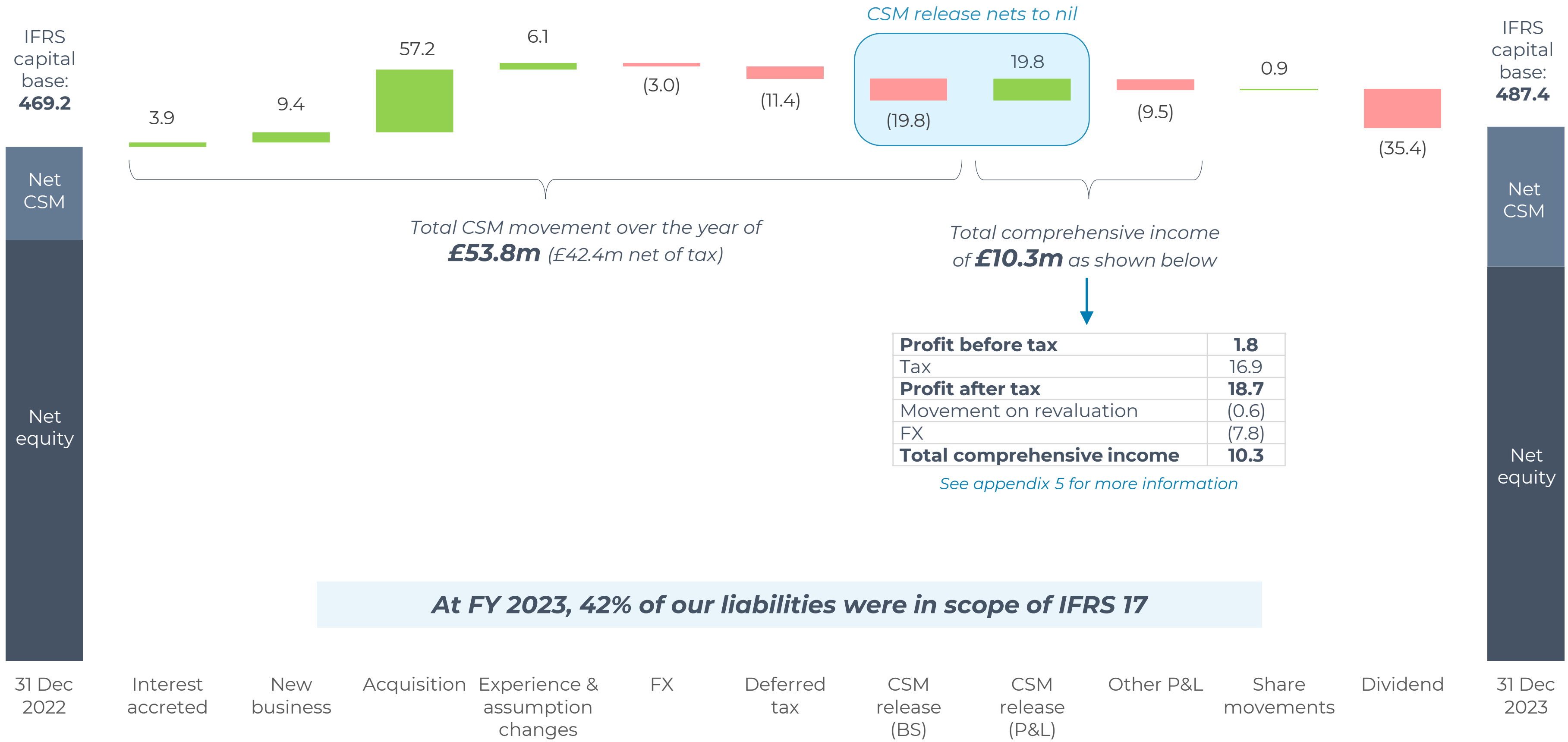
GROWTH

IFRS

OUR IFRS CAPITAL BASE HAS INCREASED

Movement in our IFRS capital base (£m)

IFRS capital base = net equity + CSM (net of reinsurance and tax)



Profit before tax	**1.8**
Tax	16.9
Profit after tax	**18.7**
Movement on revaluation	(0.6)
FX	(7.8)
Total comprehensive income	**10.3**

See appendix 5 for more information

Transition to IFRS 17 results in no change to the group's growth ambition, value or cash generation

Steve Murray

Group Chief Executive Officer

AREAS OF FOCUS, OUTLOOK & SUMMARY

CHESNARA HAS A STRONG BASE ON WHICH TO GROW

1 MAXIMISE THE VALUE FROM EXISTING BUSINESS

- c1 million policies post completion of Conservatrix and addition of Canada Life UK portfolio
- Continued focus on positive customer outcomes
- Reinsurance to protect against mass lapse risk in the UK and extended the group FX hedge
- New strategic partnership with SS&C in the UK will deliver efficiencies
- Ongoing opportunities to drive further cost synergies and accelerate cash generation

2 ACQUIRE LIFE AND PENSION BUSINESSES

- Two transactions delivered in the past year
- Solvency of 205% provides material headroom for strategic activity
- New SS&C partnership enables scalable platform for M&A
- Strong governance track record with regulators
- Positive M&A pipeline across a range of transaction sizes

3 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

- Continued strong market share in the Swedish custodian business and Dutch term assurance market
- A contribution in the UK adds a new dynamic to the result
- Recent awards won show the strength of broker relationships

SUSTAINABILITY: We are committed to becoming a sustainable group and being net zero by 2050. We have agreed initial interim targets to reduce the scope 1 and 2 emissions of our listed equity and corporate fixed income investments, which we can control or influence, by 50% by 2030.

We have the skills and the capability to run insurance books of business at scale for the benefit of customers, shareholders and our other stakeholders

UK AND EUROPEAN CLOSED BOOK M&A ACTIVITY CONTINUES TO BE VIBRANT

Chesnara

KEY DRIVERS

- **Operational simplicity**
- **Disposals of non-core products to release capital**
- **Focus on specific geographies**
- **Regulatory change**
- **Persistent cost inflation**
- **De-risking of portfolio to macroeconomic shifts**

EXAMPLES OF SIGNIFICANT RECENT M&A ACTIVITY IN THE UK AND EUROPE

Scottish Widows
Sale of Scottish Widows bulk annuity portfolio to Rothesay
£6bn of assets
(Mar-24)

AIG
Sale of AIG's UK protection business to Aviva
£460m
(Sep-23)

Federale Verzekering
Sale of portfolio from Federale Verzekering to Monument Re
Undisclosed
(Aug-23)

canada life
Sale of Canada Life's individual onshore protection business to Chesnara
£9m
(May-23)

integrale Luxembourg
Sale of Integrale Luxembourg's portfolio to Monument Re
Undisclosed
(May-23)

aegon
Sale of Aegon UK's protection book to Royal London
Undisclosed
(Apr-23)

We start 2024 with a positive acquisition pipeline covering a range of potential deal sizes

CHESNARA IS WELL POSITIONED TO EXECUTE FURTHER M&A

Chesnara

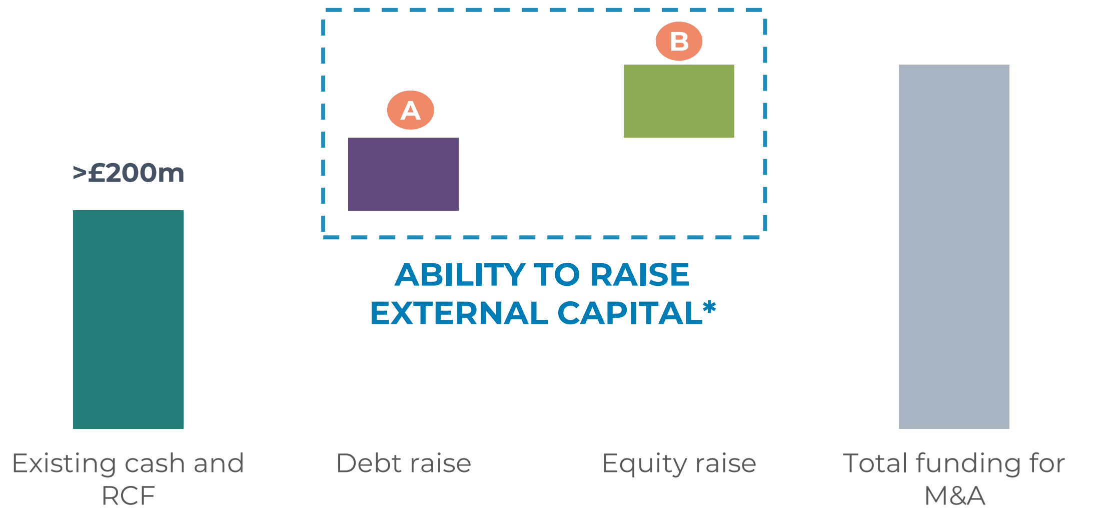
CHESNARA'S KEY STRENGTHS

- ✓ Strong record of customer service and governance
- ✓ Comfortable managing wide range of books including unit linked, life insurance, with profit and individual annuities
- ✓ Positive and long-standing relationships with multiple regulators
- ✓ Less likely to be a material competitor on new business than some other consolidators
- ✓ Flexibility on approach to managing assets / investment management

FINANCING CONSIDERATIONS

SOLVENCY	Normal operating range of 140% to 160%
LEVERAGE	Maintain our investment grade rating
CASH RESERVES	Retain liquid resources to cover the dividend, coupon and working capital for approximately one year
ACQUISITION CAPACITY	Capacity to finance smaller transactions without external fundraising

FINANCING CAPACITY OFFERS ABILITY TO FUND A RANGE OF DEAL SIZES



*Not drawn to scale

A FitchRatings

Investment grade rating provides access to the debt capital markets

B

Equity financing from shareholders, new strategic partners or via vendors taking stake in enlarged group

WE ARE COMMITTED TO BECOMING A SUSTAINABLE CHESNARA

Chesnara

Our sustainability commitments:

1 To support a sustainable future, including our net zero transition plans

2 To make a positive impact, including our plans to invest in positive solutions

3 To create a fairer world and ensure our group is an inclusive place for all employees, customers and stakeholders

Our targets:

A NET ZERO EMITTER

INVESTING IN POSITIVE SOLUTIONS

INCLUSIVITY FOR ALL STAKEHOLDERS

Our 2023 activity:

Baselining our financed emissions and creating our net zero transition plan

- ✓ Baselined our financed emissions
- ✓ **Set our initial interim targets to reduce the scope 1 and 2 emissions of our listed equity and corporate fixed income investments, which we can control or influence, by 50% by 2030**

We'll progress our work on our transition plans during 2024.

Establishing our framework for investing in positive solutions

- ✓ Established our positive solutions framework
- ✓ Identified c£80m of existing investments in green and social bonds

Planning and implementing changes to reduce our operational carbon footprint

- ✓ Baselined our operational emissions, including scope 3
- ✓ Made small, pragmatic steps to decarbonise alongside making plans for longer term change

Embedding sustainability into decision-making at all levels across the group

- ✓ Held our first Group Sustainability Summit
- ✓ Delivered training to senior management across the group
- ✓ Commenced work to embed sustainability into our suite of policies

During 2024, we will continue the development of our transition plans, setting the roadmap to achieve our decarbonisation targets

CONTINUED STRONG CASH GENERATION WITH POSITIVE OUTLOOK FOR MORE M&A

Strong commercial cash generation of £53m

Strengthened senior leadership team and new strategic partnership with SS&C

EcV growth of £59m[1]

Two deals in the period and positive acquisition pipeline

Strong and resilient solvency at 205% with clear line of sight to future sources of cash generation

Progress on sustainability, with initial interim targets now set and continued focus on positive customer outcomes

Notes:
(1) Figure show is pre FX and dividend

In May we will be celebrating our 20th anniversary as a listed company

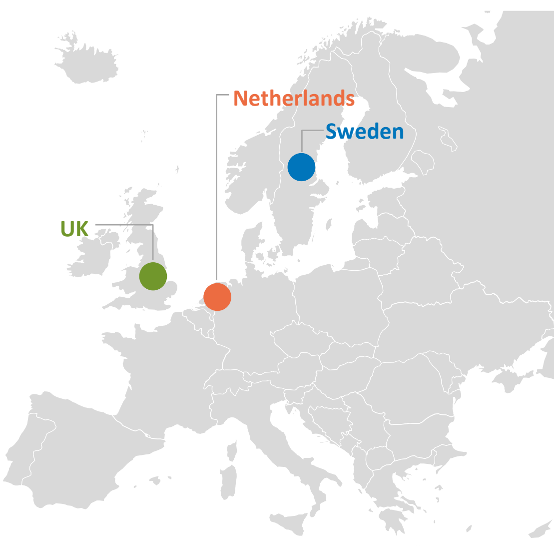
QUESTIONS

APPENDICES

Chesnara

WHO WE ARE

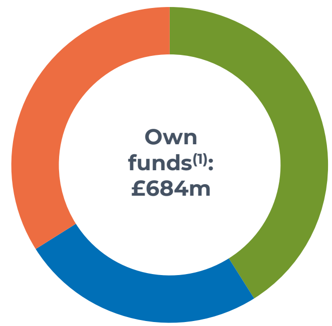
- Chesnara plc was formed in 2004 and is listed on the London Stock Exchange.
- The group is a European life and pensions consolidator, having successfully completed thirteen acquisitions to date.
- We are focused on three key markets: UK, Sweden and the Netherlands.
- Our new business franchises in Sweden and the Netherlands complement the group's long-term cash flow generation.
- Chesnara has committed to becoming a sustainable group and being net zero by 2050.



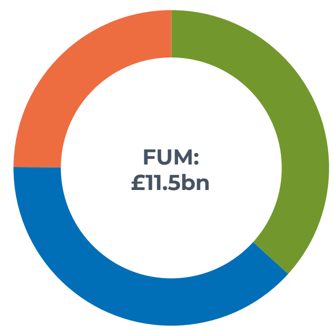
FINANCIAL KEY METRICS

31 December 2023

Group Solvency II Ratio: 205%



UK NETHERLANDS SWEDEN



THREE CORE STRATEGIC OBJECTIVES

01 MAXIMISE THE VALUE FROM EXISTING BUSINESS

- Efficient management of existing customers and financial resources to optimise long-term cash flow
- Key strategy across all three geographies – UK, Netherlands and Sweden

02 ACQUIRE LIFE AND PENSION BUSINESSES

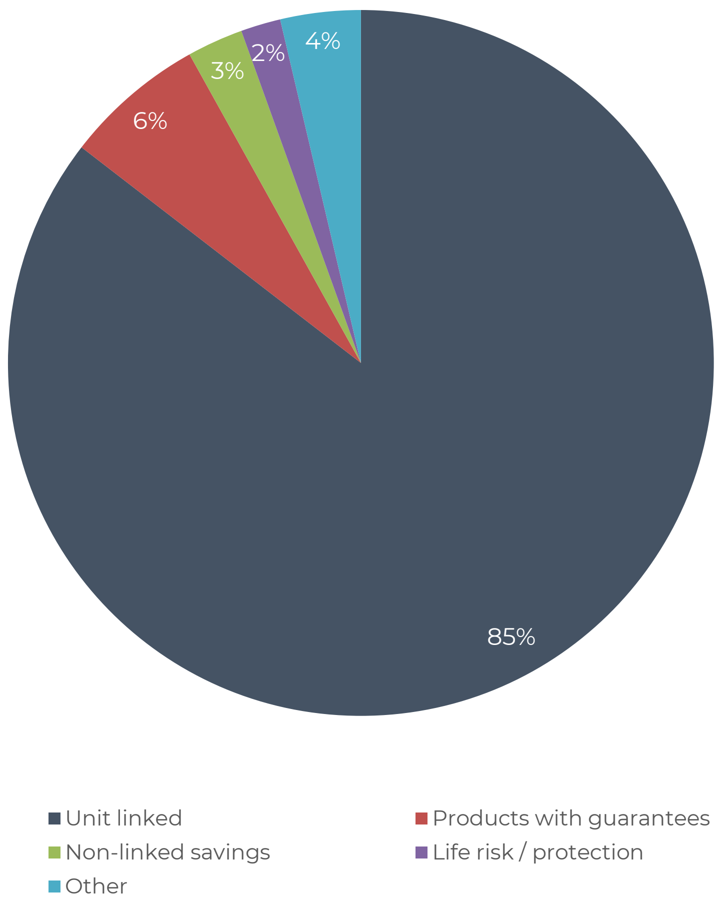
- Disciplined M&A framework identifies opportunities that enhance value over the long-term

03 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

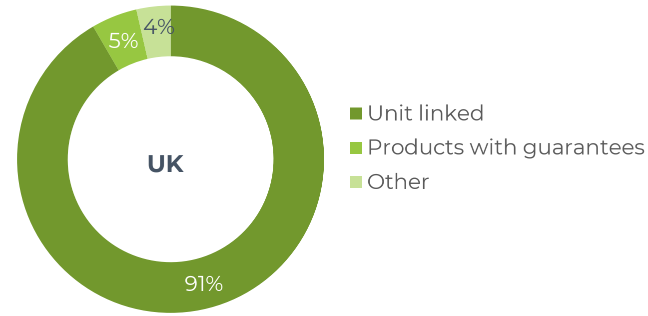
- New business franchises in Sweden and the Netherlands (including a small number of open product lines in the UK)
- Focused on delivering long-term cash flow accretion for the group

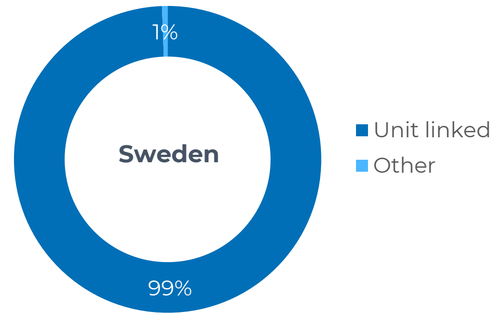
Notes:
1. Geographical split for UK includes other group activities

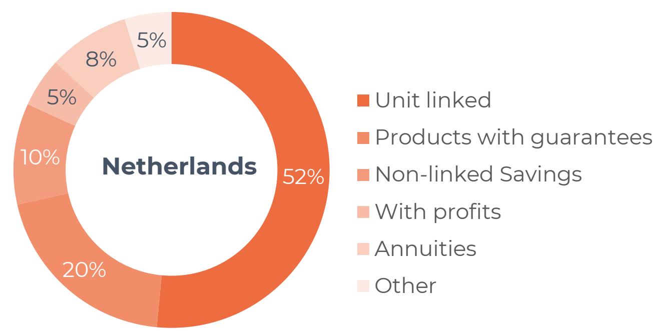
Split of Group SII BEL[(1)] by product



Divisional split

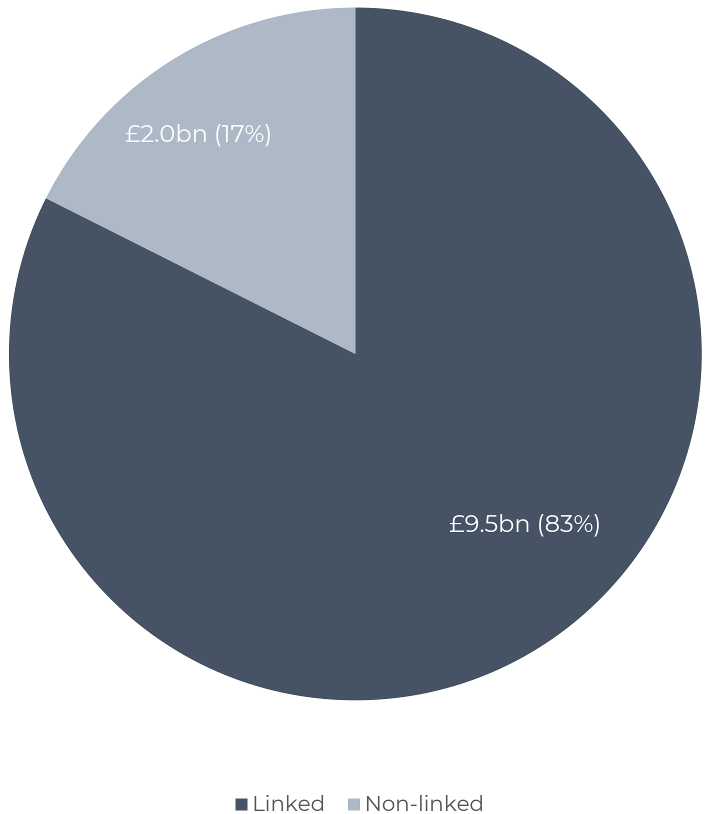




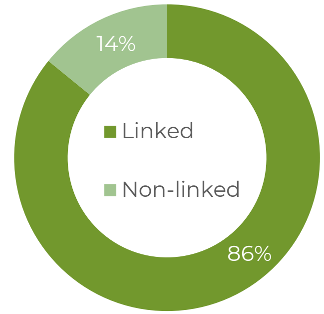


Notes:
(1) The analysis above is based on our group Solvency II Best estimate of Liabilities (BEL) as at 31 December 2023.

Split of our total group FUM[1] of £11.5bn

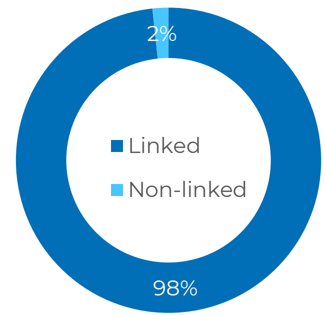


Divisional split



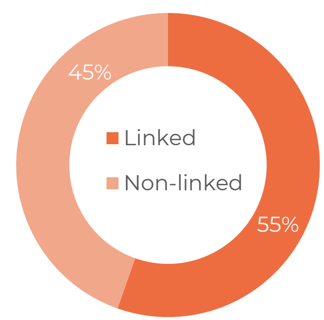
UK

FUM: £4.2bn



Sweden

FUM: £4.4bn



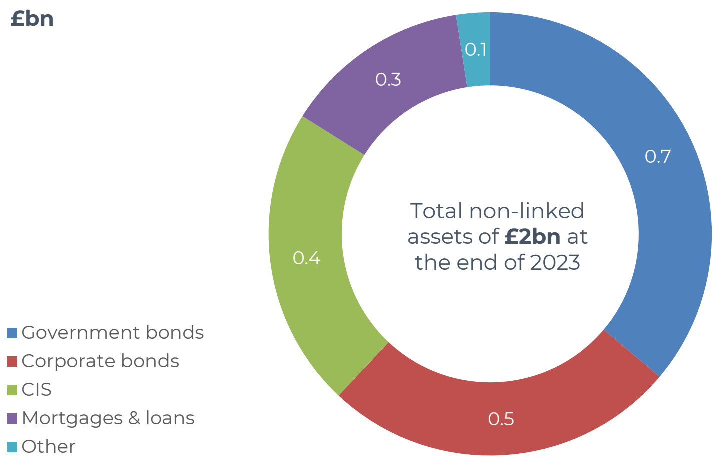
Netherlands

FUM: £2.9bn

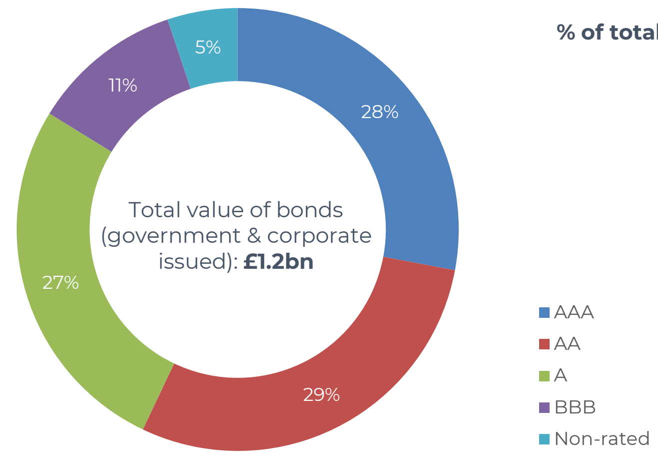
Notes:
(1) FUM at 31 December 2023, see accounts for a definition
(2) UK FUM excludes £0.1bn of assets held in Chesnara

Chesnara

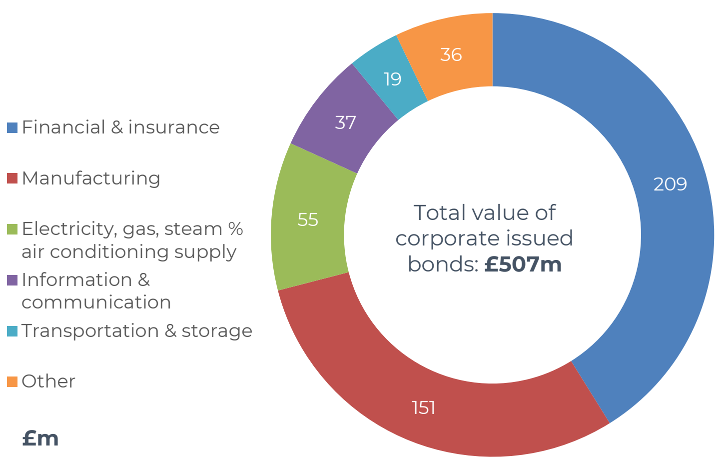
Breakdown of investment portfolio



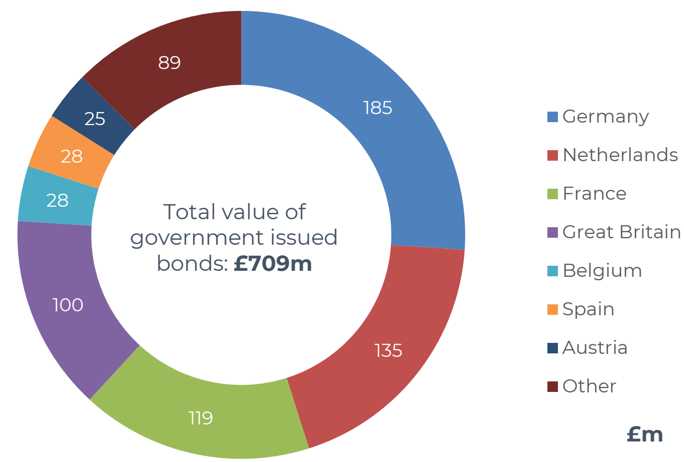
Credit quality of our bonds



Sector split
Corporate issued

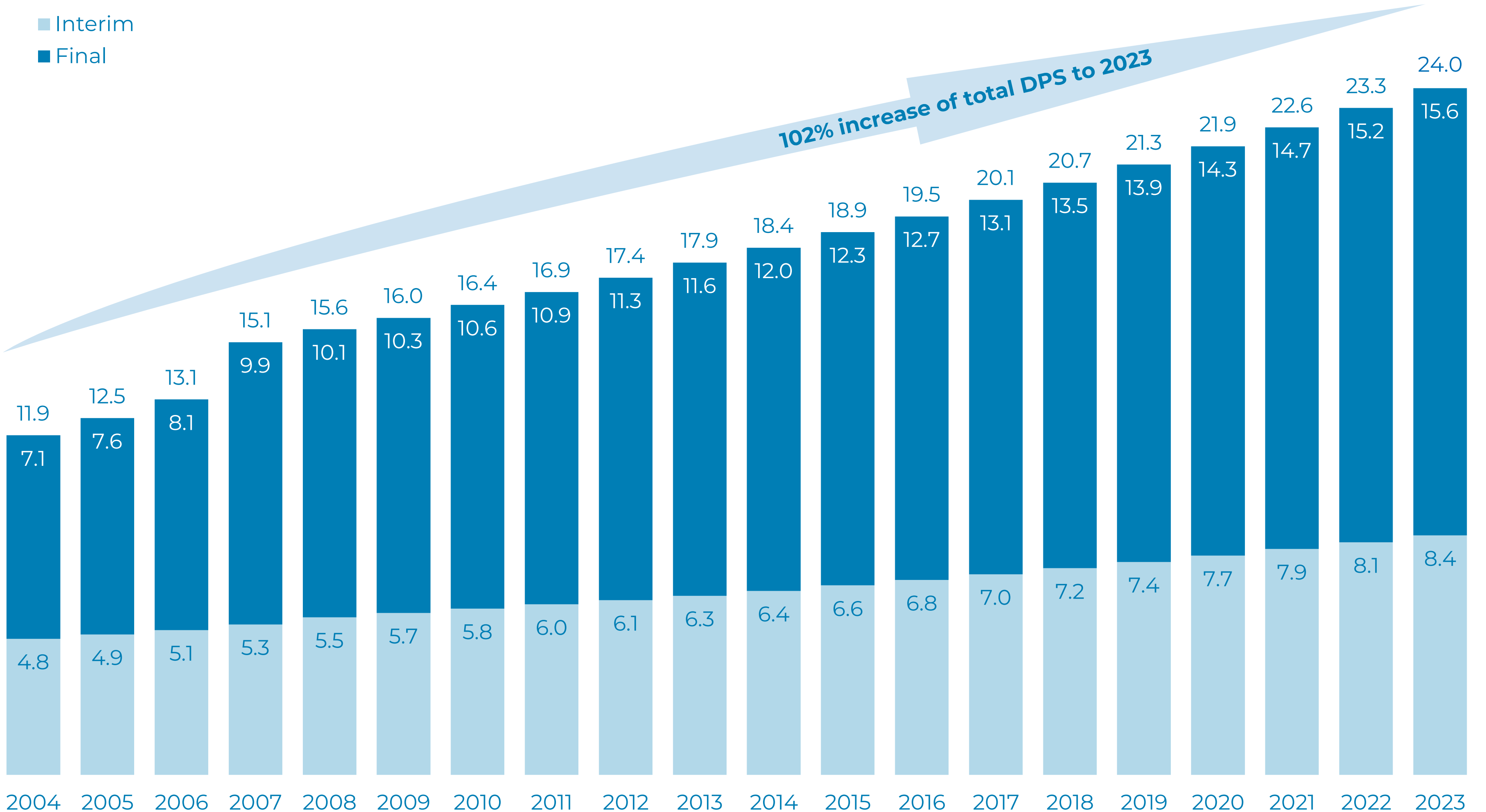


Geographical area split
Government issued



APPENDIX 2: DIVIDEND GROWTH

Dividend history (pence per share)



APPENDIX 3: COMMERCIAL CASH

BASE CASH GENERATION: £32.5m

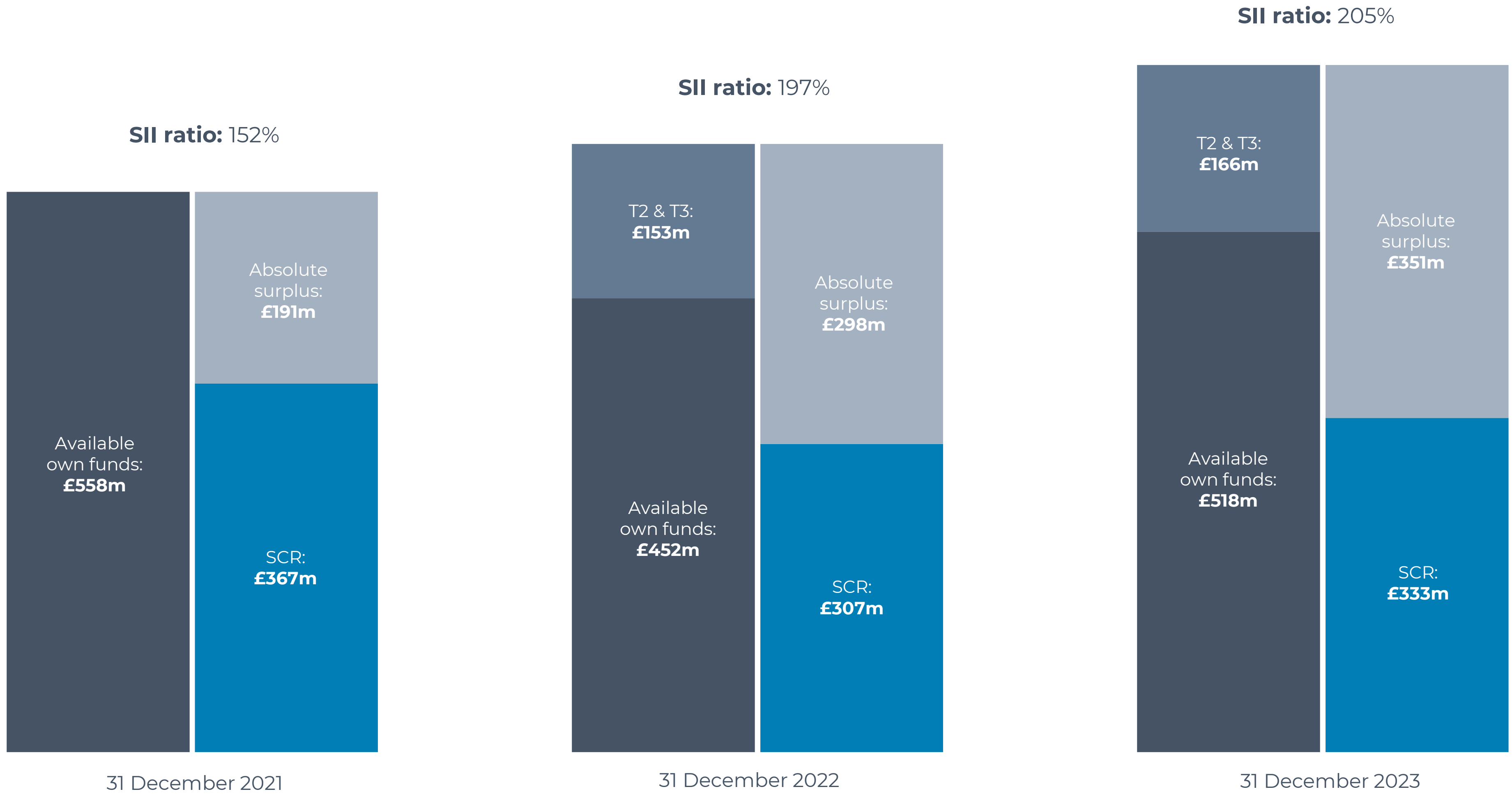
DIVISIONAL BASE CASH GENERATION: £50.1m

COMMERCIAL CASH GENERATION: £53.0m

DIVISIONAL COMMERCIAL CASH GENERATION: £72.8m

£m	UK	SWEDEN	NETHERLANDS	DIVISIONAL TOTAL	CENTRAL ITEMS & ADJUSTMENTS	TOTAL
Base cash generation	45.0	(7.0)	12.1	**50.1**	(17.6)	**32.5**
Symmetric adjustment	3.0	7.3	1.8	**12.2**	0.9	**13.1**
WP restriction look through	0.5	-	-	**0.5**	-	**0.5**
Temporary tax impacts on the SCR	-	-	10.0	**10.0**	(3.2)	**6.8**
Commercial cash generation	**48.5**	**0.3**	**24.0**	**72.8**	**(19.8)**	**53.0**

Solvency position (FY 2021 to FY 2023)



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Summary group consolidated income statement

£m	FY 2023	FY 2022
Net insurance service result	(5.1)	13.3
Net investment result	71.7	(39.0)
Fee, commission and other income	89.4	59.6
Other operating expenses	(149.9)	(100.8)
Financing costs	(11.0)	(10.5)
Profit arising on acquisitions	6.7	15.4
Profit/(loss) before income taxes	**1.8**	**(62.1)**
Income tax	16.9	28.4
Profit/(loss) for the period after taxes	**18.7**	**(33.7)**
Foreign exchange (loss)/gain	(7.8)	6.9
Other comprehensive income	(0.6)	0.7
Total comprehensive income	**10.3**	**(26.1)**

Net insurance result is a small loss underpinned by gains from the release of the CSM and Risk Adjustment offset by losses from a combination of experience and loss component impacts. This loss should not be considered in isolation as there are some corresponding partial offsets in the net investment result.

Rising equities and falling yields are the primary contributors to the investment result gain.

Increase primarily driven by the acquisitions in the year in addition to some one-off items: an impairment charge in the UK (that nets off with tax to £6.1m) and an increase in respect of yield tax on policyholder funds in Movestic which is largely offset in fee, commission and other operating income.

More information can be found in the financial statements.

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The charts below provide some insight into the potential range of impacts of certain sensitivities that the group is exposed to, covering surplus and economic value

Whilst cash generation has not been shown in the diagrams below, the impact of these sensitivities on the group's solvency surplus has a direct read across to the immediate impact on cash generation. Each individual bar in the diagram illustrates the estimated impact range (£m) of the respective sensitivities and whether that impact is positive (green) or negative (red). Further details are provided on the following slide.

£m

Positive impact Negative impact

	Sensitivity	Solvency % impact
1	20% sterling appreciation	10.7%
	20% sterling depreciation	-16.1%
2	25% equity fall	7.9%
	25% equity rise	-15.4%
	10% equity fall	3.4%
	10% equity rise	-5.5%
3	1% interest rate rise	5.7%
	1% interest rate fall	-8.0%
4	50bps credit spread rise	-5.1%
5	25 bps swap rate fall	-4.5%
6	10% mass lapse	2.7%
7	1% inflation rise	-10.2%
8	5% mortality increase	-3.2%

APPENDIX 6: SENSITIVITIES (2 of 2)

Explanatory notes on the sensitivities on the previous slide are provided below:

1 **20% sterling appreciation/depreciation**: A material sterling appreciation reduces the value of surplus in our overseas divisions and any overseas investments in our UK entities, however this is partially mitigated by the group currency hedge so the overall impact on solvency is reduced.

2 **Equity sensitivities:** The equity rise sensitivities cause both Own Funds and SCR to rise, as the value of the funds exposed to risk is higher. The increase in SCR can be larger than Own Funds, resulting in an immediate reduction in surplus, depending on the starting point of the symmetric adjustment. The converse applies to an equity fall sensitivity, although the impacts are not fully symmetrical due to management actions and tax. The Tier 2 debt value also changes materially in these sensitivities. The change in symmetric adjustment can have a significant impact (25% equity fall: -£20.1m to the SCR, 25% equity rise: +£30.2m to SCR). The EcV impacts are more intuitive as they are more directly linked to Own Funds impact. CA and Movestic contribute the most due to their large amounts of unit-linked business, much of which is invested in equities.

3 **Interest rate sensitivities:** An interest rate fall has a more adverse effect on group economic value than an interest rate rise. Group solvency is less exposed to rising interest rates as a rise in rates causes capital requirements to fall, increasing solvency.

4 **50bps credit spread rise:** A credit spread rise has an adverse impact on surplus and future cash generation, particularly in Scildon due to corporate and non-local government bond holdings that form part of the asset portfolios backing non-linked insurance liabilities. The impact on the other divisions is less severe.

5 **25bps swap rate fall**: This sensitivity measures the impact of a fall in the swap discount curve with no change in the value of assets. The result is that liability values increase in isolation. The most material impacts are on CA and Scildon due to the size of the non-linked book.

6 **10% mass lapse:** In this sensitivity Own Funds fall as there are fewer policies on the books, thus less potential for future profits. This is largely offset by a fall in SCR, although the amount of eligible Tier 2 capital also falls. The division most affected is Movestic as it has the largest concentration of unit-linked business.

7 **1% inflation rise:** This sensitivity measures a permanent increase in inflation in every future year (above existing valuation assumptions). Such a rise in inflation increases the amount of expected future expenses. This is capitalised into the balance sheet and hits the solvency position immediately.

8 **5% mortality increase**: This sensitivity has an adverse impact on surplus and cash generation, particularly for Scildon due to their term products.

BASIS OF PREPARATION ON REPORTING: Although it is not a precise exercise, the general aim is that the sensitivities modelled are deemed to be broadly similar (with the exception that the 10% equity movements are naturally more likely to arise) in terms of likelihood. Whilst sensitivities provide a useful guide, in practice, how our results react to changing conditions is complex and the exact level of impact can vary due to the interactions of events and starting position.

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