



ANNUAL REPORT AND ACCOUNTS

2025

WELCOME TO THE
**CHESNARA ANNUAL
REPORT & ACCOUNTS**
FOR YEAR ENDED
31 DECEMBER 2025

WELCOME

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AN INTRODUCTION TO CHESNARA

CHESNARA PLC IS A FTSE 250 EUROPEAN LIFE, PENSIONS AND INVESTMENT COMPANY WITH SPECIALIST EXPERTISE IN CONSOLIDATION.

We now administer **c1.4m policies** across the Group's business units of Countrywide Assured and Chesnara Life (formerly HSBC Life (UK) Ltd) in the UK, Scildon in the Netherlands and Movestic in Sweden. At Chesnara, with customers at the forefront of all we do, we focus on three things:

OUR STRATEGIC OBJECTIVES

MAXIMISE VALUE FROM EXISTING BUSINESS

The efficient management of life assurance, investment and pension policies whilst ensuring good outcomes for customers and policyholders.

1

ACQUIRE LIFE AND PENSIONS BUSINESSES

Creating value through acquiring new companies or books of business.

2

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Writing new business only where conditions ensure products add value, meet hurdle rates, and support long-term Operating Capital Generation.*

3

BECOMING A SUSTAINABLE CHESNARA

Our sustainability strategy underpins our three strategic objectives and is built on our commitment to: build a sustainable Chesnara; support a sustainable future; and help to create a fairer world.

This focus has enabled us to deliver a growing dividend and a robust and stable solvency position for more than 20 years and we look forward with confidence in our ability to continue this delivery in the future.

*Operating Capital Generation is a new Alternative Performance Measure (APM). For more information, please see the financial performance measures section on page 11 where this measure is introduced.

Who we are

The Group was formed through the demerger of Countrywide Assured (CA), a closed life and pensions book from Countrywide plc, a large estate agency group over 20 years ago. The business was subsequently listed in 2004 with the holding company named as Chesnara plc.

The Group today comprises both open-book and closed-book operations and has grown through:

- acquisitions of predominantly closed UK businesses and life insurance portfolios. The UK business has written new business, mainly onshore investment bonds since the acquisition of Sanlam's legacy life and pensions business in 2022;
- the purchase of an open life and pensions business in Sweden in 2009, which mainly writes pension and custody account new business under the Movestic brand; and
- acquisitions of both a closed-book group (Waard Group, now part of Scildon following a legal entity merger process in 2025) and an open life and pensions business in the Netherlands (Scildon). The combined business writes mainly term insurance and investment new business.

The Group completed the acquisition of Chesnara Life (formerly HSBC Life (UK) Ltd) in January 2026. This transformative deal adds over 450k policies, c£5bn¹ of Assets under Administration (AUA) and is expected to add over £800m of Cash Generation across the lifetime of the book of business.

In February 2026, the Group announced the proposed acquisition of Scottish Widows Europe SA, a Luxembourg based closed life insurance business, from Scottish Widows Limited (a subsidiary of Lloyds Banking Group plc) for a total cash consideration of €110m. The deal is anticipated to complete in late 2026, subject to regulatory approvals, and is expected to add over €250m of lifetime Cash Generation, €1.7bn of AuA and approximately 46,000 policies.

See pages 8 to 10 for further detail on our history and businesses.

We are committed to becoming a sustainable Chesnara, including decarbonising our operational and financed emissions in line with our published Climate Transition Plan. This commitment is a key factor in our corporate decision making.

What we do

We help to protect customers and their dependants through the provision of life, health and disability cover and enable policyholders to meet their financial needs in the future by providing savings, investments and pensions products.

How we create value

For customers

- We deliver an effective customer experience with good standards of operational service, clear communication and competitive fund performance. We also offer customers the option, where possible, to invest in sustainable funds.
- Product reviews across the Group help to ensure good customer outcomes.
- Customers can also be confident in the security of their policies through the robust solvency levels to which we operate our businesses.

For investors

- Operating Capital Generation from our existing in-force business through efficient management of these books and good capital management practices. This enables Cash Remittances to be paid from the business units to Chesnara, which in turn can fund further investment in the business including acquisitions, payment of the coupons on the Group's listed debt and an attractive shareholder dividend which has grown each year since our listing in 2004.
- Growth from both our proven acquisition model and from writing profitable new business has a positive impact on the Own Funds[†] of the business and supports longer-term Operating Capital Generation. Market returns above a risk-free rate of return are a further potential area of positive value growth to Own Funds.



We are committed to becoming a sustainable Chesnara. This commitment is a key factor in our corporate decision making.

¹£4bn on announcement.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.

Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

AN INTRODUCTION TO CHESNARA

How we operate

- Chesnara has a centrally-defined Governance and Risk Management Framework operating across the Group and within each of its business units.
 - This framework aligns to our strategy and enables us to grow the business and deliver strong financial results while remaining within the Board’s stated risk appetite.
 - Our management teams have clear responsibilities and are accountable for the delivery of set objectives and the identification and management of risks and opportunities, including those arising from climate change.
 - We are committed to becoming a sustainable Chesnara, including decarbonising our operational and financed emissions in line with our Climate Transition Plan. This commitment is a key factor in our corporate decision making.
- Our team has significant experience and a proven track record in governing, acquiring and successfully integrating life and pension businesses.
 - Acquisitions form a key part of our strategy and are assessed against stringent capital allocation criteria, adopting a robust risk-based due diligence process.
 - We write new business where we are confident that conditions will ensure the products are both value adding and will support the Group’s Operating Capital Generation in the long term.
 - We maintain robust solvency and liquidity levels as part of our wider Capital Management Framework.
 - In the UK division we adopt a largely outsourced operating model, whereas our overseas businesses use outsourced services on a more selective basis.

	UK	SWEDEN	NETHERLANDS	CHESNARA GROUP
ASSETS UNDER ADMINISTRATION†	£6bn ^Δ	£7bn	£3bn	£15bn ^Δ
OWN FUNDS†	£118m	£201m	£232m	£859m
IFRS CAPITAL BASE†	£124m	£112m	£302m	£694m
POLICIES†	c260k ^Δ	c300k	c350k	c910k ^Δ

Note.
1. The values above have been rounded to the nearest whole number and exclude the impact of Chesnara Life and Scottish Widows Europe SA.

NOTE ON TERMINOLOGY
Following the completion of the acquisition of HSBC Life (UK) Ltd in January 2026, the business was renamed Chesnara Life and is referred to as such from the Strategic Report onwards.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.
^ΔIncludes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026.

DELIVERING OUR STRATEGY

Focusing on our three strategic objectives has enabled us to deliver sustainable growth over the long term. This has been supported by 16 acquisitions across 4 territories since 2004, including the recently announced Scottish Widows Europe SA acquisition, of which 8 have taken place since the beginning of 2021.

We have a range of deal structures available with flexible financing options including:

- value enhancing ‘bolt-on’ deals to more transformative acquisitions
- capability to find attractive inorganic opportunities in our current operating markets and beyond
- flexible and efficient deal funding solutions
- ability to find expedient solutions to de-risk where required.

A well-established and robust Capital-Allocation Framework is used to assess merger and acquisition opportunities, ensuring that deals:

- enhance Operating Capital Generation in the medium term
- deliver positive impact on the Group’s Own Funds per share in the medium term
- are within the Group’s risk appetite
- have been subject to appropriate due diligence
- deliver positive customer outcomes.



**16 ACQUISITIONS
ACROSS
4 TERRITORIES
SINCE 2004**

DELIVERING STRONG CUSTOMER OUTCOMES IS CENTRAL TO OUR PURPOSE

- c1.4m policies held (including Chesnara Life), with customers who trust us to manage their pensions, life assurance or other savings and investments policies.
- Customers and their advisors can be confident that they hold policies with a well-capitalised group where financial stability is central to our culture and values.
- We carry out regular reviews across the Group to ensure that our customers’ investment returns remain competitive.
- Our overriding philosophy of ‘putting the customer first’ and breadth of product offering ensures a rewarding financial future for our customers and supports the delivery of a service that meets their needs.

21 SUCCESSIVE YEARS OF DIVIDEND GROWTH WITH A 6% PROPOSED INCREASE TO THE 2025 FINAL DIVIDEND

We recognise the importance of providing stable and attractive dividends to our shareholders. A proposed final year 2025 dividend of 14.80p per share represents an increase of 6% on the prior year. This is our 21st successive year of dividend growth; an unbroken track record since entry to the FTSE in May 2004^Δ.

Dividend per share history
Pence per share^Δ



Total dividend per share has increased by 119% since 2004 to 22.50p per share.

^ΔDividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.

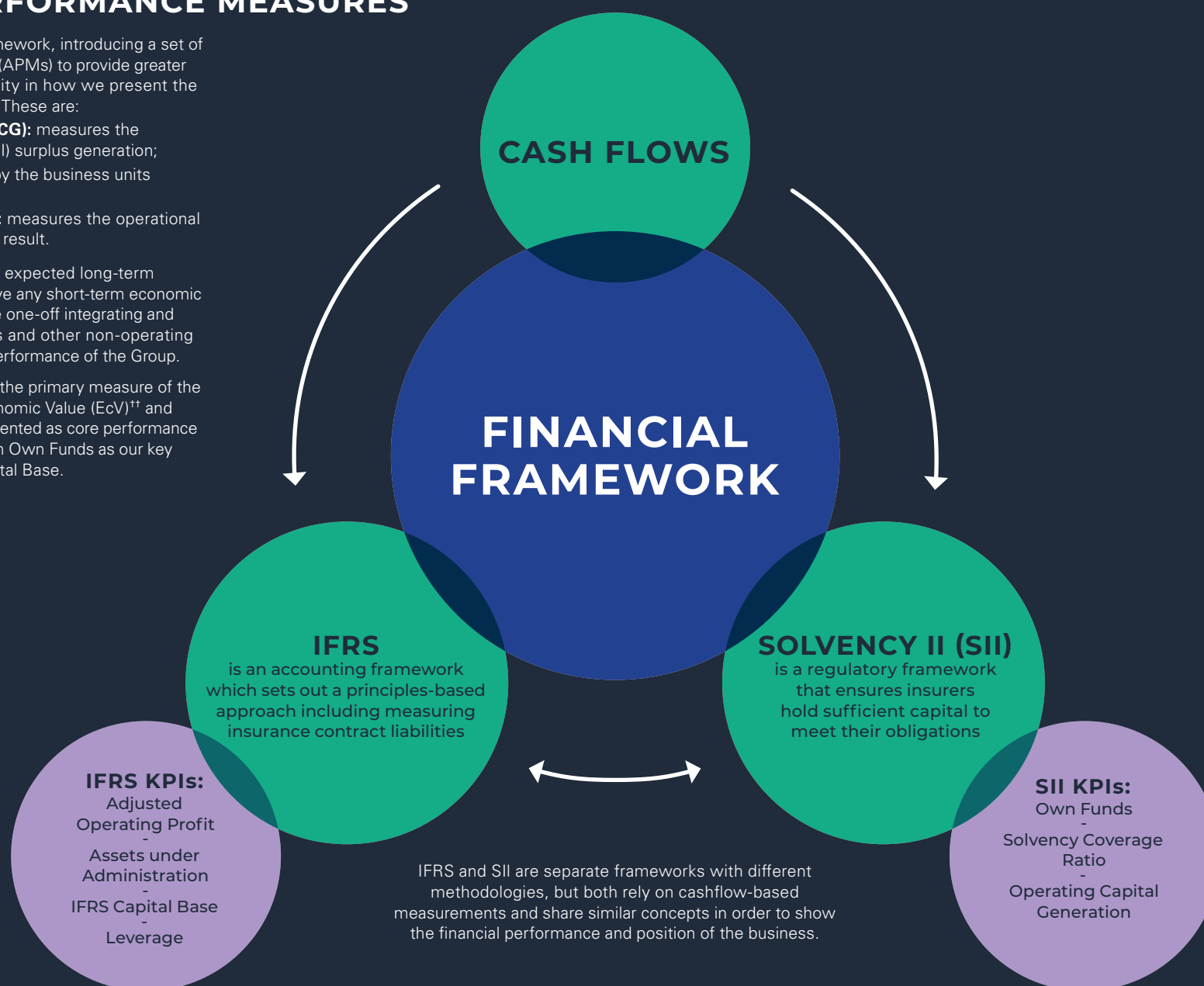
FINANCIAL PERFORMANCE MEASURES

We have updated our Financial Framework, introducing a set of Alternative Performance Measures[†] (APMs) to provide greater clarity, consistency and comparability in how we present the financial performance of the Group. These are:

- **Operating Capital Generation (OCG):** measures the operational drivers of Solvency II (SII) surplus generation;
- **Cash Remittances:** the cash paid by the business units to Group Centre; and
- **Adjusted Operating Profit (AOP):** measures the operational drivers of the IFRS Profit before Tax result.

OCG and AOP results are based on expected long-term investment returns in order to remove any short-term economic volatility. The measures also exclude one-off integrating and restructuring costs, financing costs and other non-operating items to reflect the core operating performance of the Group.

OCG replaces Cash Generation^{††} as the primary measure of the Group's SII surplus generation. Economic Value (EcV)^{††} and EcV^{††} Earnings will no longer be presented as core performance metrics of the Group, with a focus on Own Funds as our key value measure, alongside IFRS Capital Base.



[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.

Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

^{††}In the medium term, we will continue to calculate and disclose Cash Generation, EcV and EcV Earnings for remuneration scheme purposes.

2025 FINANCIAL HIGHLIGHTS

OPERATING CAPITAL GENERATION (OCG)¹

£94M

2024: £79M

① Financial review p49

CASH REMITTANCES²

£58M

2024: £45M

① CFO Report p21

Notes:

These results include the impact of the rights and RT1 issuances, but exclude the impact of Chesnara Life which completed in January 2026 and the recently announced Scottish Widows Europe SA acquisition.

Items 1 to 7 below are Alternative Performance Measures (APMs) used by the Group to supplement the required statutory disclosures under IFRS and Solvency II (SII), providing additional information to enhance the understanding of financial performance. Further information on these APMs can be found throughout the Financial Review and in the APM appendix on pages 250 to 251.

1. Operating Capital Generation (OCG) measures the SII capital that the Group generates from operating activities.
2. Cash Remittances represent cash paid by our business units to Group Centre, primarily consisting of dividends.

3. Solvency is a fundamental financial measure which is of paramount importance to investors and policyholders. It represents the relationship between the value of the business as measured on a SII basis and the capital the business is required to hold – the SCR. Solvency can be reported as an absolute surplus value or as a ratio.
4. Own Funds is defined as Eligible Own Funds under the SII regime.
5. Adjusted Operating Profit is IFRS Profit before Tax adjusted for the impacts of economic volatility, amortisation and impairments of intangibles, finance and restructuring costs and other non-operating items which in the directors' view should be excluded by their nature or incidence to enable a full understanding of financial performance.
6. Assets under Administration (AuA) represents the sum of all financial assets on the IFRS balance sheet.
7. IFRS Capital Base is IFRS net equity plus the consolidated Contractual Service Margin (CSM) net of reinsurance and tax.

**In the UK the final Prudential Regulation Authority (PRA) rules for Solvency UK became effective from 31 December 2024. The new regime has been referred to as 'Solvency II' throughout this report, in line with the name of the prudential regime in PRA policy material.*

SOLVENCY COVERAGE RATIO³**257%**

31 December 2024: 203%

① Financial review p46

ASSETS UNDER ADMINISTRATION (AUA)⁶**£15BN^Δ**31 December 2024: £14BN^Δ

① Financial statements p52

^ΔIncludes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026.

OWN FUNDS⁴**£859M**

31 December 2024: £643M

① Financial review p47

IFRS CAPITAL BASE⁷**£694M**

31 December 2024: £449M

① Financial review p51

ADJUSTED OPERATING PROFIT (AOP)⁵**£56M**

2024: £39M

① Financial review p50

IFRS PROFIT BEFORE TAX

£19M

2024: £21M

① Financial review p51

CHAIR'S STATEMENT

“The Group has delivered a strong set of financial results, completed a transformational acquisition and announced a second significant acquisition. This has supported a 6% step up in the proposed final dividend, a Total Shareholder Return of 43% for 2025 and reinforced our belief that the Group can deliver sustainable long-term growth.”

LUKE SAVAGE, CHAIR



Increase in the final 2025 dividend by 6%

I am pleased to report that we are proposing that our shareholders will receive a final dividend of 14.80p per share, with the final dividend increasing by 6% on the prior year, supported by the acquisition of HSBC Life (UK), renamed as Chesnara Life following deal completion in January 2026. This increase reflects our confidence in the financial benefits of this acquisition and continues our impressive track record of continuous year-on-year dividend growth since listing over 20 years ago.

Financial strength

Our proposed dividend is again underpinned by strong levels of Operating Capital Generation and the strengthening of our balance sheet in 2025, despite a continued backdrop of volatile geopolitical and macro-economic factors.

Each of our operating divisions contributed to the Group's Operating Capital Generation of £94m, an increase of 19% compared to the same period in 2024 and against a total dividend cost of £52m.

Our strong Solvency Coverage Ratio of 257% remains significantly above our normal operating range of 140%-160% following the successful capital raises during the year. The Group's diversified business model and our risk-based approach to financial management is fundamental to providing financial security to our customers. Our strong and resilient balance sheet continues to provide us with considerable strategic flexibility to invest in our businesses and pursue further M&A opportunities as they arise.

Operational execution

Across the Group, our operating divisions have performed well in support of the Group's key strategic priorities.

We have completed a transformational acquisition in the UK, with Chesnara Life adding £5bn of Assets under Administration and expected to generate £140m Cash Generation over the next 5 years and £800m of lifetime Cash Generation. In July 2025, alongside the announcement of the proposed acquisition of HSBC Life (UK), we raised £140m of equity capital through a rights issue well supported by existing shareholders. We also extended the Group's Revolving Credit Facility (RCF), increasing the facility to £150m and raised £150m from the issuance of an RT1 bond, positioning us to pursue further M&A opportunities and strategic activity. The Group has also entered the FTSE 250, a strategic milestone reflective of the achievements in 2025.

In February 2026, we announced the proposed acquisition of Scottish Widows Europe SA for €110m, at an attractive multiple of 64% of Eligible Own Funds as at 31 December 2024. The acquisition, another significant achievement for the Group, is expected to deliver €250m of Cash Generation over the lifetime of the policies held in the Scottish Widows Europe SA portfolio, with €100m of this Cash Generation occurring in the first 5 years.

In the UK, Countrywide Assured continued to implement its Transition and Transformation (T&T) programme, consolidating policy administration, finance, and investment processes onto a single platform managed by SS&C, its strategic outsource partner with four migrations now complete. Planning is also underway for the integration of Chesnara Life, following the completion in January 2026.

In the Netherlands, we completed the legal merger of the Scildon and Waard businesses, with planned further integration, significantly simplifying our operating model in the Netherlands. In addition, Scildon's pension business was transferred to Allianz, allowing us to focus on expanding the individual life insurance portfolio.

In Sweden, we delivered strong growth in our custodian business, supported by the development of new partnerships and continued diversification of our distribution model. Overall, new business sales momentum remains robust, driven by ongoing enhancements to our product range and the continued digitisation of our service offering.

It has been another year of significant delivery across the Group and, as ever, I want to thank colleagues for their continued efforts and dedication.

Your Board

Throughout 2025, we maintained a strong focus on ensuring that the Group benefits from a diverse range of skills and expertise across our Boards, supporting effective governance and strategic decision making.

Gail Tucker became an Independent Non-Executive Director in January 2025, chairing the Audit & Risk Committee and joining the Nomination & Governance Committee, following the departure of Jane Dale after completing her 9-year term. Gail brings with her decades of experience in the finance sector, further enhancing the Board's expertise and supporting robust financial oversight.

In May 2025, it was announced, that after three successful years with Chesnara, Karin Bergstein stepped down as an Independent Non-Executive Director, and as a member of the Board, Nomination & Governance Committee, and Audit & Risk Committee. I would like to express my gratitude for her valuable contributions and support during this time and wish her every success in the future.

We welcomed Samantha (Sam) Tymms to the Board in June 2025. Sam brings extensive experience as a Non-Executive Director and advisor to global financial services businesses, adding significant capability expertise and insight to our organisation. In addition, Sam has substantial regulatory expertise, which will further strengthen our governance and support the Group's ongoing commitment to effective oversight and compliance.

Purpose

At Chesnara, we help to protect customers and their dependants by providing life, health, and disability cover and also provide savings and pensions solutions to meet the future financial needs of our customers. These are very often customers that have come to us through acquisition, and we are committed to ensuring that they remain positively supported by us.

Maintaining our strong capital position and delivering strong and sustainable financial returns will always remain of key importance. It underpins our desire to offer compelling returns to our shareholders, to meet our debt investor coupon payments and importantly, to ensure our customers can be confident in the ongoing financial strength of our business.

We have always managed our business in a responsible way and have a strong sense of acting in a fair manner, giving full regard to the relative interests of all stakeholders. With this in mind, sustainability is a key part of the strategy of the Group and we continue to balance our responsibilities across the 3Ps – Profit, People and Planet. We are taking steps to further embed sustainability and the management of sustainability-related risks and opportunities into decision making across the business. A key element of our transition to become a sustainable Chesnara are our plans to decarbonise. We published our first Climate Transition Plan in September 2025 which outlines the steps we are taking to become net zero by 2050. Our Annual Sustainability Report and Climate Transition Plan (available on the Chesnara website) provides further details of our sustainability commitments, long-term ambitions and the activities underpinning our sustainability strategy.

Summary

Our 2025 financial results demonstrate that Chesnara's diversified business model continues to deliver strong Operating Capital Generation, sustained value growth, and positive returns for shareholders.

We have had a successful year for M&A, and the outlook continues to be positive supported by a robust Capital Base and a clear ambition for growth. We are well positioned to pursue further value-accretive acquisitions.



Luke Savage,
Chair
23 March 2026

CHIEF EXECUTIVE OFFICER'S REPORT

“The Group has again delivered strong financial results alongside two material deals. The acquisition of HSBC Life (UK) Ltd and the proposed acquisition of Scottish Widows Europe SA are expected to materially increase the Group’s scale and longer-term Operating Capital Generation potential.”

STEVE MURRAY, CEO



2025 saw the Group take a number of material steps forward whilst remaining focused on driving delivery in our three areas of strategic focus namely:

1. **Ensuring good outcomes for customers and investors whilst running our in-force books efficiently and effectively;**
2. **Seeking out and delivering value-enhancing M&A opportunities; and**
3. **Writing focused, profitable new business where we are satisfied an appropriate return can be made.**

We have again delivered strong full year financial results with Operating Capital Generation of £94m, and a continued strong Solvency Coverage Ratio of 257%. The acquisition of HSBC Life (UK), renamed as Chesnara Life following deal completion in January 2026, is the largest deal in our history and will transform the scale of our UK business. It is expected to add total lifetime Cash Generation of over £800m with the addition of the business meaning the Group now looks after c1.4m policies across the UK, Netherlands and Sweden with c£20bn of AuA. We also welcomed an additional 206 colleagues to Chesnara in January 2026. Our confidence in the long-term value that this acquisition will bring to the Group, alongside our strong financial results in 2025, has led to a proposed step up in the final dividend of 6% to 14.80p^a per share.

To support the acquisition, we raised £140m (before costs) of capital through a strongly supported rights issue, followed by Chesnara joining the FTSE 250 for the first time on 18 August 2025, marking a major step since its 2004 listing. Post the rights issue, we secured £150m in Restricted Tier 1 debt at a pre tax coupon of 8.5%, replenishing the Group's central resources available for strategic development including acquisitions.

In February 2026, we announced the proposed acquisition of Scottish Widows Europe SA, a clear further demonstration of our ability to execute on our M&A strategy. The acquisition is expected to add €1.7bn of AuA, approximately 46,000 in-force policies and Cash Generation of €250m over the lifetime of the policies held in the Scottish Widows Europe SA portfolio, with €100m of this Cash Generation occurring in the first 5 years. It also marks our entry into Luxembourg, providing a new platform for in-market and wider European consolidation and expansion.

We are pleased that another major financial institution, Lloyds Banking Group, has chosen us to look after their policyholders. We look forward to welcoming Scottish Widows Europe SA policyholders and new colleagues to Chesnara with the completion of the acquisition expected around the end of 2026, subject to customary regulatory approvals.

The estimated pro-forma position of the Group post these acquisitions is over £1bn of Own Funds, which represents a near doubling over the last 5 years, post the payment of c£160m of dividends over the same period and includes capital raised of £490m.

The merger of our Dutch businesses this year also creates a more sustainable combined business, simplifying the Group's structure and providing efficiency and capital benefits.

Finally, we introduced new Alternative Performance Measures (APMs) which we believe should be simpler for investors to understand whilst also being more comparable with other listed peers by reducing the short-term volatility that can arise from market movements and adopting APMs such as OCG that are more widely used across the industry. Tom introduces these measures in his report, including how they help stakeholders better understand the operating value drivers of the Group.

Operational delivery continues

We have seen positive progress across all areas of the Group.

The UK has continued to deliver on its Transition and Transformation (T&T) programme and has so far delivered four successful migrations to our new operating platform managed by SS&C Technologies (SS&C) and is leveraging AI to potentially accelerate future migration timelines. Extensive work has already been conducted on the planned migration of the HSBC Life (UK) Ltd business, now rebranded as Chesnara Life, onto our UK operating platform. We expect this migration to be largely completed by the end of 2026. We have confirmed that the Chesnara Life onshore bond will remain open for new business and we see further opportunities to expand our distribution partnerships in this space. And on protection, we have already communicated to the market the close of this product area to new business.

In Sweden, the team expanded its custodian distribution network, partnering with a savings platform targeting digital-only wealth builders in early 2025. Following this, the division also announced a new partnership with a traditional life insurer, enhancing occupational pension offerings with life insurance solutions. And a new partnership has also been established in Norway, for the distribution of life and health products in the Norwegian market. These collaborations will help diversify the Company's distribution channels.

As mentioned above, in the Netherlands, the team completed the legal merger of Scildon and Waard in July 2025 as part of plans to integrate our Dutch businesses. 2026 will see us progress with the next phase of work aligning IT systems, harmonising product portfolios, and streamlining organisation design and wider governance where appropriate to improve scale and efficiency and deliver synergies. Additionally, the disposal of Scildon's Defined Contribution pension portfolio led to its migration to Allianz Benelux, removing a product line that we felt was unlikely to generate an acceptable longer-term return.

Each of our businesses continues to serve our customers well. In Sweden, enhancements to products and services have addressed the demand for tailored solutions, including the introduction of the 'Pension Lab', which empowers users to manage their pensions effectively. Scildon has continued to advance its digital capabilities with notable improvements to both customer and advisor portals. In the UK, further progress has been made on fair value commitments, and customer terms have been improved through initiatives such as the removal of exit charges.

Becoming a sustainable Chesnara

We continue to believe that becoming a more sustainable business and net zero group remains in the best longer-term interests of all of our stakeholders, including customers, staff, regulators, investors and the planet. Becoming sustainable is dependent on a number of external factors. However, the structures and processes we have put in place to embed sustainability into decision making gives us the foundation to successfully manage the risks and opportunities that are presented by a changing world.

The Group's first Climate Transition Plan was published in September 2025, detailing the steps we will take to continue our journey to become a net zero group by 2050. A summary of our ambitions and activities from our plan is shown below:

Ambitions		Core objectives	
Investments 99.93% of total emissions	– 50% reduction in emissions intensity by 2030 – £125m investments in climate solutions by 2030 – Net zero by 2050	Aligning our portfolio with net zero	Driving change through engagement
Operations 0.01% of total emissions	– 60% reduction in emissions by 2030 – Net zero by 2050	Reducing our operational footprint	
Supply chain 0.06% of total emissions	– 90% of material suppliers to have science-based targets by 2030 – Net zero by 2050		

Alongside this, we will continue to take steps to embed sustainability into decision making across our business, guided by our principles:

Do no harm. Do good. Act now for later.

We have also published our Annual Sustainability Report and this is available, together with the Climate Transition Plan, on our website. Our Annual Sustainability Report details our sustainability commitments, long-term ambitions and the activities underpinning our sustainability strategy.

^aDividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.

CHIEF EXECUTIVE OFFICER'S REPORT

We delivered on M&A and further management actions

Over the past 12 months we have announced two significant acquisitions: Scottish Widows Europe SA announced in February 2026 and HSBC Life (UK) Ltd, now rebranded as Chesnara Life, announced in July 2025 and completed in January 2026. In February 2026, Chesnara was recognised by the PLC Awards, receiving the coveted 'Transaction of the Year' award for the HSBC Life (UK) Ltd acquisition.

The proposed acquisition of Scottish Widows Europe SA marks another significant strategic milestone for Chesnara. As well as adding material future Cash Generation potential, this transaction expands our presence in Europe, broadening the opportunity set for future cross-border consolidation. This supports the Group's strategy of being a leading European life and pensions and investment company with specialist expertise in consolidation. The acquisition is testament to our disciplined approach to M&A, as we continue to identify opportunities that add genuine value for our customers and stakeholders.

Alongside our M&A achievements, we have continued to implement management actions to strengthen the Group's financial position, including mass-lapse reinsurance and foreign exchange hedging arrangements. These actions collectively enhance solvency resilience, reduce earnings volatility, and support long-term stability.

Growth in new business

Scildon's new Mortgage Lifestyle proposition has driven growth in New Business Contribution (NBC) throughout the year. Movestic delivered strong Custodian inflows through its expanded distribution network. In the UK, continued sales of onshore bonds have maintained momentum, contributing to a Group New Business Contribution (NBC) for the year of £12m. The addition of the Chesnara Life onshore bond capability should provide us with opportunities to increase the NBC going forward whilst ensuring the business we write continues to make an appropriate return.

People changes

Luke has highlighted some of the Chesnara Board level changes we have made this year.

Alongside these Board developments, Al Lonie took up the role of Group Company Secretary at the start of 2025 having served as my Chief of Staff the previous year. His previous Company Secretarial experience combined with his wider market experience will help ensure our plc governance remains strong and fit for purpose as we look to further scale the business. Emma Dawe joined Chesnara in April this year as Group General Counsel, reporting to me. Her arrival brings considerable legal and commercial expertise, especially on M&A, and further strengthens the Group's Senior Leadership Team and our wider internal M&A capabilities.

Gavin Hughes moved into the role of Group Chief Actuary at the end of 2025, reporting to Tom Howard, having previously been in the role of Group Chief Risk Officer. Following Gavin's move, we were pleased to welcome Niamh Carr from WTW as Interim Group Chief Risk Officer, ensuring strong continuity of risk leadership and further enhancing the Group's capability in managing risk across all business areas. An open market search is well progressed for a permanent Group Chief Risk Officer.

As part of the merger of our Dutch business, we also confirmed that Pauline Derkman and Edwin Bekkering would continue as CEO and CFRO respectively for the enlarged business. Both have already done an impressive job delivering the first phase of the planned merger.

Also worthy of highlighting was Chesnara's position in the 2025 FTSE Women in Leadership review, published in February 2026. Gathering data from FTSE 350 organisations and eligible private companies, this review aims to improve the representation of women on Boards and in senior leadership across the UK. In its fifth year of being published, it is the first year Chesnara has been included since entering the FTSE 250. The report ranks Chesnara first in insurance, second overall in the FTSE 250 for women in leadership, and second across the FTSE as a whole, with 56.7 percent representation across our executive committee and their direct reports. This places us well ahead of the Review's voluntary target of 40 percent representation by the end of 2025.

Outlook

2025 has marked another year of unprecedented events and wider market volatility with shifting global trade dynamics and geopolitical developments. Currency movements, particularly the weakness of the US dollar against most European currencies, have also been a notable feature.

Against these conditions, Chesnara's business model continues to demonstrate its resilience and ability to generate cash across a wide range of market environments. We expect the addition of Chesnara Life and Scottish Widows Europe SA to further support this resilience and materially enhance the size of the Group and our longer-term Operating Capital Generation potential. This underpins our confidence in the Group's financial strength and ability to deliver sustainable value for investors.

Looking into 2026 and beyond, we continue to see a very healthy pipeline of acquisition opportunities and remain positive about the outlook for further M&A. Our disciplined approach and strong capital position mean we are well placed to execute value-accretive transactions. 2025 was a transformative one for the Group and a year where our people have done a terrific job delivering across our key strategic initiatives. Going forward, we have increased confidence we can materially grow the Group and deliver further value for our investors.



Steve Murray
Chief Executive Officer
23 March 2026

CHIEF FINANCIAL OFFICER'S REPORT

“2025 was a year of strong financial performance, delivered alongside significant strategic and operational milestones for the Group. Our continued momentum has driven growth in each of the metrics that underpin our updated Financial Framework, and we are confident in the Group’s longer-term performance outlook.”

TOM HOWARD, CFO



CHIEF FINANCIAL OFFICER’S REPORT

Overview

In 2025, the Group performed strongly across all of its Financial Framework performance metrics. The Group reported growth of 19% in Operating Capital Generation (OCG) and 42% in Adjusted Operating Profit (AOP).

The Solvency Coverage Ratio of 257% remains significantly above our operating range of 140%-160% and we expect the balance sheet to remain strong and resilient following the completion of the Chesnara Life acquisition.

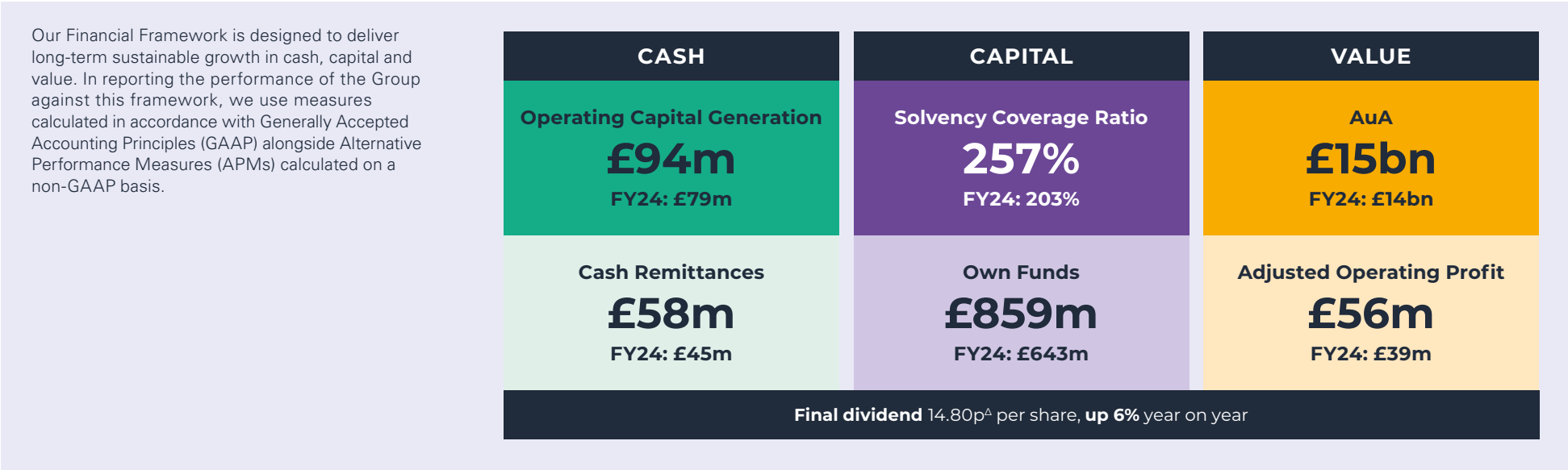
Following the announcement of the Scottish Widows Europe SA acquisition in February, we expect the pro-forma Solvency Coverage Ratio to remain above the Group’s operating range of 140%-160%. The Group’s Leverage Ratio is also expected to remain below our longer-term ambition of 30% or less.

This combination of balance sheet strength and operating performance leaves the Group well positioned to invest in the business, pursue further accretive M&A opportunities

and continue to provide an attractive regular dividend to our shareholders.

We have announced a 6% increase in the final dividend per share to 14.80p, the 21st consecutive year that the Group has increased returns to shareholders.

Our Financial Framework



To support the evolution of our Financial Framework, we have introduced the following APMs:

Operating Capital Generation (OCG)

OCG is the Solvency II surplus generated from underlying operating performance across the Group. It provides a transparent measure of the Group’s sustainable Solvency II surplus generation by looking through fluctuations from short-term market impacts and non-recurring costs associated with the Group’s M&A strategy and long-term investments into the business units. OCG has replaced Cash Generation as the Group’s primary measure of long-term Solvency II surplus generation.

Cash Remittances

Cash Remittances are the cash paid by the business units to Group Centre for the relevant reporting year. Over the long term, sustainable and increasing OCG will increase the solvency surplus within the Group’s business units, supporting stronger levels of Cash Remittances to Group Centre. This will support the Group’s working capital requirements, investment and M&A opportunities and capital returns to shareholders.

Adjusted Operating Profit (AOP)

AOP is a measure of the Group’s IFRS performance using long-term assumptions for the Group’s investment and insurance portfolios. It is less exposed to short-term market volatility and so provides a more sustainable view of the Group’s ongoing earnings profile. It also provides an underlying view of the Group’s earning progression by omitting non-recurring items such as one-off costs associated with the Group’s M&A strategy.

These APMs enhance our Financial Framework by:

- providing enhanced disclosure of the Group’s operational performance;
- removing volatility from short-term market movements and exceptional items to show the underlying, sustainable performance of the Group; and
- aligning more closely with the APMs used by our peer group.

A detailed overview of the Group’s APMs can be found on page 11 of this report.

^ADividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.

Operating results

Operating Capital Generation (OCG) increased by 19% to £94m (FY24: £79m) driven by robust operating performance in each of our business units, and the impact of capital optimisation actions in the UK business and at Group Centre.

Cash Remittances from the Group's business units increased by 30% to £58m supported by the ongoing growth in OCG across the Group.

The Group remains strongly capitalised with a Solvency Coverage Ratio of 257%, an increase of 54 ppts (FY24: 203%). This increase was driven primarily by higher Own Funds from positive operating and economic variances and the impact of the Group's equity and debt issuances over 2025. The Group's Solvency Capital Requirements were positively impacted by the implementation of mass-lapse and foreign exchange hedging optimisation actions in the UK and foreign exchange hedging arrangements at Group Centre.

Adjusted Operating Profit (AOP) increased by 42% to £56m (FY24: £39m), primarily from robust operating experience within the Group's insurance-classified portfolios. When including non-operating items, such as movements from the expected investment return, and financing and restructuring costs, the Group's profit before tax moved from £21m to £19m.

Business performance

UNITED KINGDOM

Own Funds increased by £10m (FY24: £29m) whilst SCR reduced by £5m (FY24: decrease of £5m), resulting in a Solvency Coverage Ratio of 155% (FY24: 182%). The growth in Own Funds arose from both positive economic and operating results on the in-force book, supported by the writing of profitable new business over the period. The extension of mass-lapse reinsurance arrangements to include the Canada Life portfolio (acquired in 2024) and the wider UK portfolio, along with the implementation of a foreign currency hedge supported the reduction in SCR. These actions contributed to an increased OCG result of £41m (FY24: £31m). The AOP of £19m was 55% higher than the prior year (FY24: £11m) with robust operating performance, partially offset by a lower insurance result from loss components within the IFRS 17 result and an IFRS Profit Before tax result of £33m (FY24: £28m). The Solvency II surplus of £31m (FY24: £60m) remained comfortably above the UK Board's risk appetite level and Cash Remittances of £45m were 32% higher than the prior year (FY24: £35m).

SWEDEN

Own Funds increased by £24m (FY24: increase of £15m) whilst SCR increased by £20m (FY24: increase of £5m), resulting in a Solvency Coverage Ratio of 146% (2024: 153%). Own Funds increased from positive equity market movements, dampened by the negative impact of the depreciation of the US dollar relative to the Swedish krona, particularly in the first half of the year. SCR also increased due to higher market risk requirements. The Swedish business unit held a Solvency II surplus of £37m (FY24: £40m) which is above its Board's risk appetite level with Cash Remittances of £6m to Group Centre (FY24: £4m) and OCG of £14m (FY24: £10m). AOP of £11m (FY24: £13m) arose primarily from the investment result contribution and an IFRS Profit before Tax result of £5m (£10m) due to the actual investment return impact.

NETHERLANDS

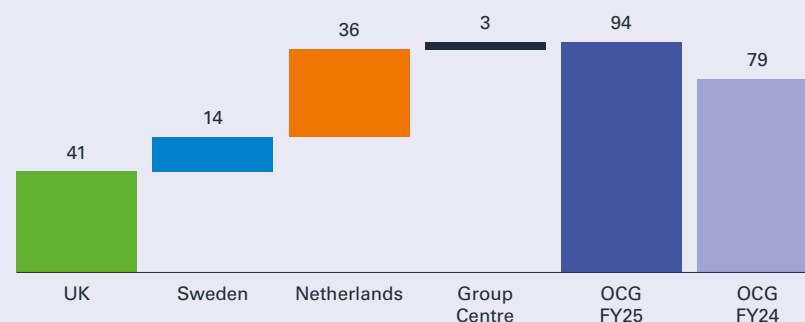
Own Funds increased by £41m (FY24: £4m decrease) whilst SCR increased by £6m (FY24: £7m decrease), with a closing Solvency Coverage Ratio of 265% (2024: 237%). Own Funds and OCG of £36m (FY24: £30m) benefitted from the cost synergies arising from the merger of the two Dutch entities. The Dutch business unit's Solvency II surplus of £89m (FY24: £75m) above its Board's risk appetite levels with Cash Remittances to Group Centre of £7m (FY24: £7m). Increased AOP of £23m (FY24: £17m) benefitted from lower loss component experience relative to FY24 following the sale of Scildon's group pension business, effective from September 2025, with an IFRS Profit Before Tax result of £33m (FY24: £5m) positively impacted by economic returns.

Note all Own Funds and SII Surplus numbers above are quoted pre-foreseeable Cash Remittances and the FY24 comparators for the Netherlands are the aggregated amounts of the reported results of Scildon and Waard on a pre-merger basis.

Cash & Capital

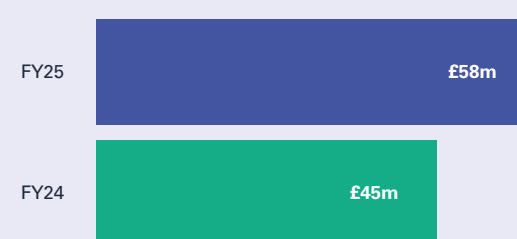
Operating Capital Generation

OCG of £94m provides 1.8x coverage of the Group's dividend cost, reflecting the Group's ability to comfortably generate sufficient operational capital to meet ongoing dividend costs and debt requirements with strong contributions from each business unit.



Management actions are an important component of our strategy to maximise value from existing business and are included within the OCG measure. In 2025, the UK business unit implemented a currency hedge, to enhance capital efficiency relating to foreign exchange risk. The UK also extended existing mass-lapse reinsurance arrangements to include the most recent Canada Life portfolio acquisition and most recently the wider UK book. This will provide the Group with further capital relief against the risk of extreme lapse events. The Group has also renewed and rebalanced the Group's foreign exchange hedge, releasing capital and generating OCG of £9m.

Cash Remittances



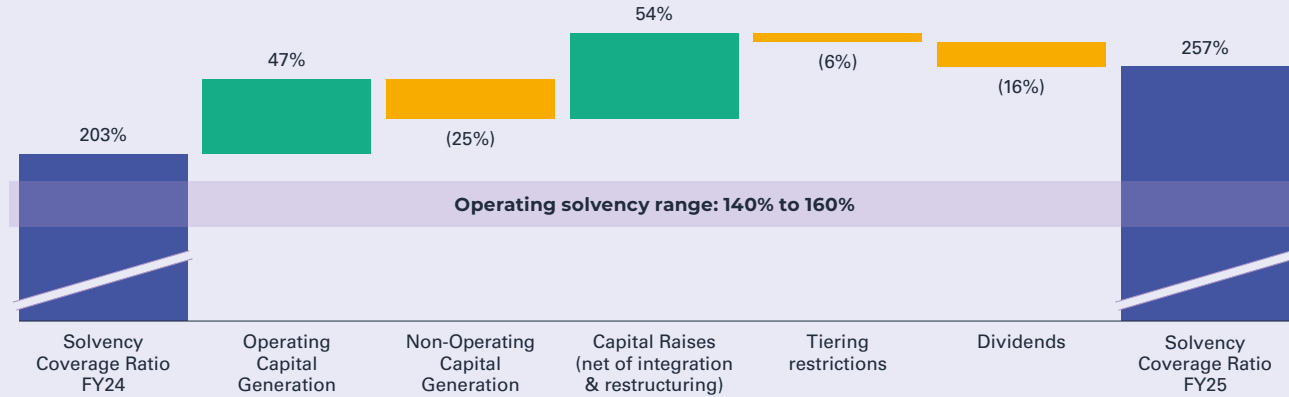
Cash Remittances represent the cash paid from the Group's business units to Chesnara Group Centre, with 2025 Cash Remittances of £58m (FY24: £45m). The increase is driven by a strong Cash Remittance from the UK following the execution of management actions.

CHIEF FINANCIAL OFFICER’S REPORT

Cash & Capital

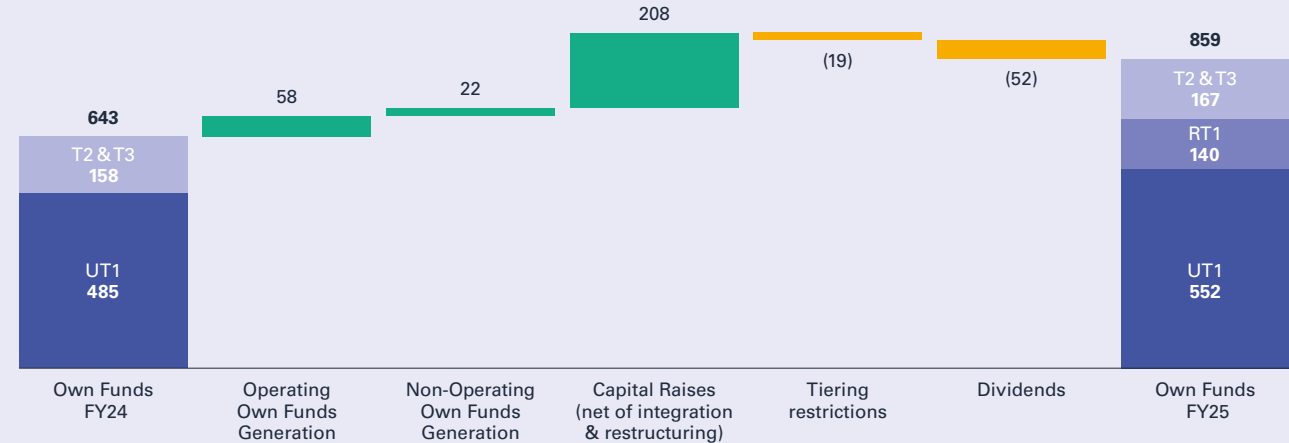
Solvency Coverage Ratio

The Group’s Solvency Coverage Ratio has increased following the debt and equity raises completed earlier in the year. The increase is also reflective of OCG of £94m (FY24: £79m), driven by a combination of several factors. These include: operational growth; cost saving efficiencies from the merger of the Group’s operating entities in the Netherlands; and the execution of capital management actions within the UK business unit and at Group Centre.



Own Funds

The Group’s Own Funds have increased by £216m over the year largely due to the Capital Raises in the year as well as operating impacts from investment return and Dutch merger synergies, offset with strategic expenditure, an increase in restrictions and shareholder dividends.

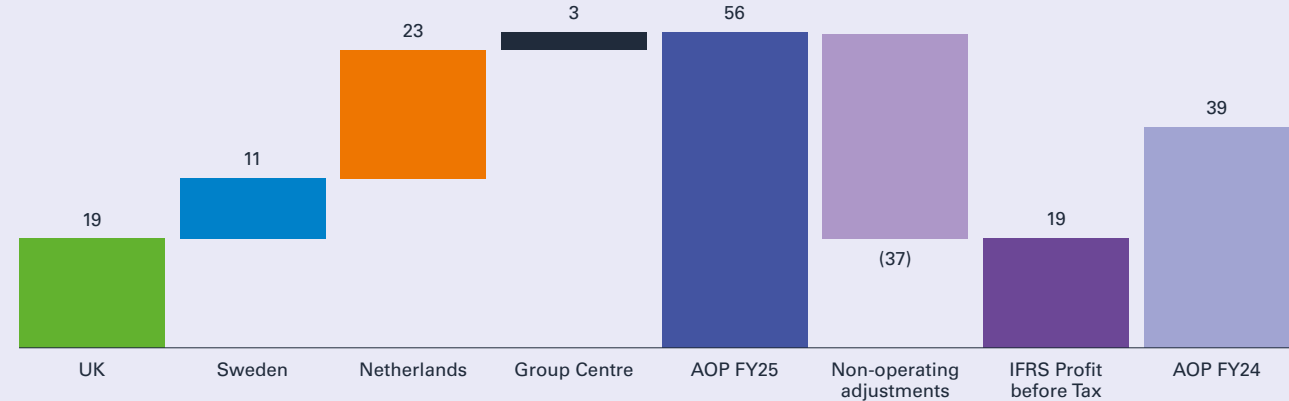


Value

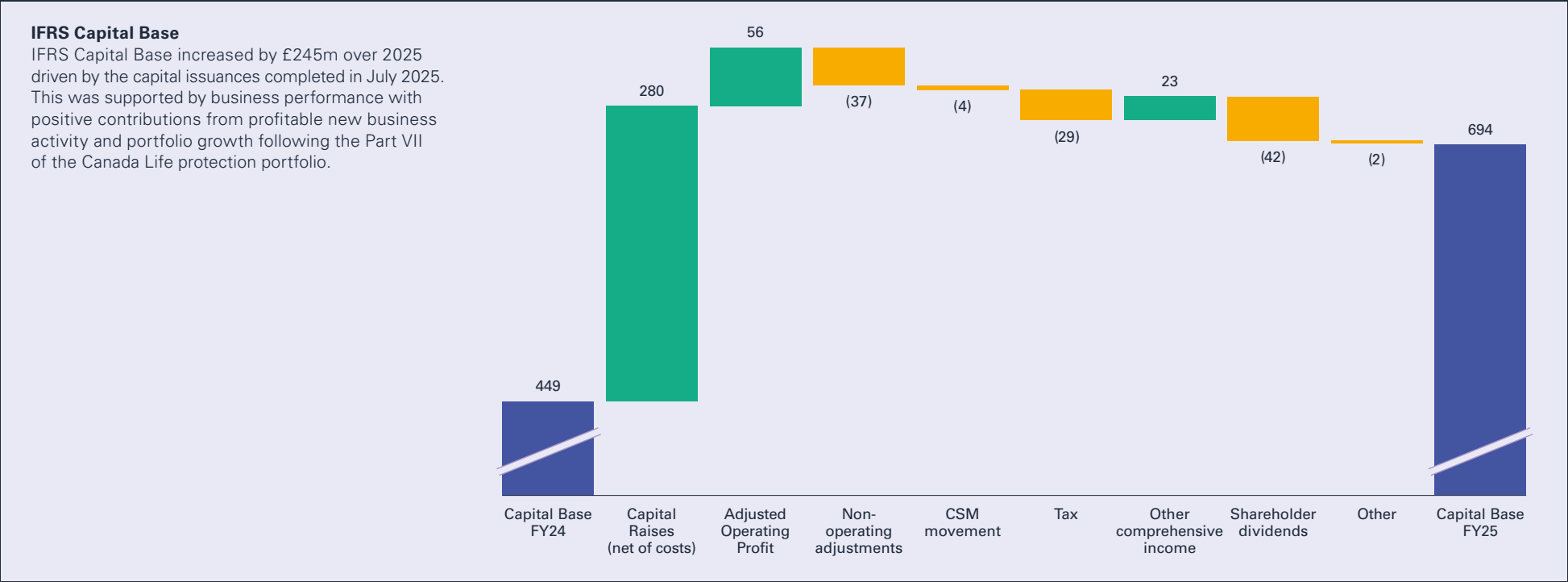
Adjusted Operating Profit

Adjusted Operating Profit (AOP) of £56m (FY24: £39m) has been driven primarily by the expected investment return on shareholder assets. It was also impacted by the reversal of Scildon’s group pension loss component following the completion of its sale to Allianz during the year, effective from 30 September 2025. AOP removes the impact of investment variances and one-off project expenditure such as M&A costs to show a truer reflection of the Group’s operating performance.

More detail on the non-operating adjustments is included in the financial review section on page 50.



Value



Value

Leverage

Leverage* has reduced to 22% (FY24: 31%) following the rights and RT1 issuances and positive business performance supporting the IFRS Capital Base. This remains well below the Group’s long-term ambition of 30% or less.

AuA

The Group’s AuA is now £15bn[†], which reflects strong custodian inflows in Sweden and depreciation of GBP relative to the Swedish krona and the euro. On a pro-forma basis, AuA exceeds £20bn after allowing for the impact of the Chesnara Life acquisition as at 31 December 2025.

Shareholder dividends

The Group’s continued strong financial delivery, alongside the completion of the Chesnara Life acquisition in January 2026, has supported the directors’ decision to recommend a 6% increase in the final dividend to 14.80p[‡] per share (2024 final rebased: 13.96p per share). This will be the 21st consecutive year that the Group has increased returns to shareholders.

^{*}Leverage is presented in line with the Fitch basis of calculation. For further information, please see Alternative Performance Measures in the additional information section.
[†]Includes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026.
[‡]Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.

Summary

The Group’s continued focus on delivering its operational and strategic priorities has driven strong financial outcomes across all key metrics during the year.

The acquisitions of Chesnara Life and Scottish Windows Europe SA are significant strategic milestones for Chesnara, significantly enhancing the long-term financial profile of the Group. In addition, the successful equity and debt issuances have strengthened the Group’s balance sheet providing additional financial flexibility against the backdrop of an active and attractive market for further M&A opportunities.

On a pro-forma basis, we anticipate the acquisitions will satisfy the requirements of our capital allocation framework, with a pro-forma leverage ratio of c20% and a Solvency Coverage Ratio of c180% post Chesnara Life, as at 31 December 2025. The two recent transactions have added more than £1bn of expected future lifetime Cash Generation, and we are looking forward to integrating the businesses and delivering increased value for our investors.

Tom Howard,
Chief Financial Officer
23 March 2026

STRATEGIC REPORT

26	Our strategy, business model and culture & values
28	Our strategy
30	Section 172 reporting
39	Business review
46	Financial review
53	Financial management
55	Risk management
67	Corporate and social responsibility

OUR STRATEGY, BUSINESS MODEL AND CULTURE & VALUES

Our strategy focuses on delivering value to customers and shareholders, mindful of the interests of other stakeholders, through our three strategic objectives, executed across our territories.

STRATEGIC OBJECTIVES

Read more on p28-29

MAXIMISE THE VALUE FROM EXISTING BUSINESS

Managing our existing customers efficiently, whilst delivering good outcomes, is core to delivering our overall strategic aims.

1

ACQUIRE LIFE AND PENSIONS BUSINESSES

Acquiring and integrating companies into our business model is key to continuing our growth journey.

2

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Writing profitable new business supports the growth of our Group and helps mitigate the natural run-off of our book.

3

BECOMING A SUSTAINABLE CHESNARA

Our sustainability strategy underpins our three strategic objectives and is built on our commitment to: build a sustainable Chesnara; support a sustainable future; and help to create a fairer world.

OUR FINANCIAL FRAMEWORK

Our Financial Framework sits at the heart of Chesnara’s three strategic pillars, acting as the mechanism that connects strategic delivery with measurable financial outcomes. The framework helps translate strategic actions, whether managing existing books, acquiring new portfolios, or writing profitable new business into clear, comparable indicators of performance. It is based on three financial pillars: Cash, Capital and Value. Under each pillar, we have introduced an updated set of Alternative Performance Measures¹ (APMs) to provide greater clarity, consistency and comparability in how we present the financial performance of the Group, as set out in the overview section of the report.

CASH

- Operating Capital Generation
- Cash Remittances

CAPITAL

- Solvency Coverage Ratio
- Own Funds

VALUE

- Adjusted Operating Profit
- Assets Under Administration

HOW WE ORGANISE OURSELVES

UK ¹		NETHERLANDS	SWEDEN	TERRITORY
COUNTRYWIDE ASSURED	CHESNARA LIFE	SCILDON	MOVESTIC	BUSINESS UNIT
Read more on p40-41		Read more on p44-45	Read more on p42-43	
Linked pension business; life insurance, covering both index-linked and unit-linked; endowments; whole of life; annuities; and some with-profit business.		Protection, individual savings and term life policies, with some unit-linked and non-life policies.	Unit-linked pensions and savings, life and health product offerings and custodian business.	KEY PRODUCTS
c720k ¹		c350k	c300k	NUMBER OF POLICIES
Onshore bond sold through Investment platforms.		Sold through a broker network.	Largely through a network of brokers and partners, although some is directly to customers.	DISTRIBUTION METHOD

¹With effect from 30 January 2026, following completion of the acquisition, the UK division includes Chesnara Life.

CHESNARA BUSINESS MODEL

CUSTOMERS	INVESTORS	REGULATORS	PEOPLE	SUPPLIERS AND PARTNERS	THE PLANET & NATURAL ENVIRONMENT	STAKEHOLDERS
Good outcomes	Competitive returns through attractive dividends and share price growth for shareholders and a dependable coupon payment for debtholders	Financial stability and regulatory compliance	Attract, promote and retain quality people Job satisfaction and motivation	Long-term reliable relationships	Progress to being a sustainable group	OBJECTIVES
Good outcomes Investment return	OCG [†] Own Funds growth Solvency Coverage Ratio	Good outcomes Solvency Coverage Ratio	Staff survey results Staff retention rates	Quality of service Tracking expenditure Openness of relationship	Carbon emissions Climate Value-at-Risk Implied Temperature Rise Investment in positive solutions	KPIs

OUR CULTURE AND VALUES

RESPONSIBLE RISK-BASED MANAGEMENT FOR THE BENEFIT OF ALL OUR STAKEHOLDERS	FAIR TREATMENT OF CUSTOMERS	MAINTAIN ADEQUATE FINANCIAL RESOURCES	PROVIDE A COMPETITIVE RETURN TO OUR INVESTORS	ROBUST REGULATORY COMPLIANCE	A JUST TRANSITION TO A SUSTAINABLE GROUP	KEY AREAS
Customers Shareholders Debtholders People Suppliers and partners Natural environment	Customers Regulators	Customers Regulators Staff	Shareholders Debtholders	Customers Shareholders Debtholders Regulators Natural environment	All stakeholders including the planet	STAKEHOLDERS

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

OUR STRATEGY

Our strategy focuses on three areas: the efficient management of our existing business, the creation of value through acquisitions and writing profitable new business. Underpinning these is our commitment to become a sustainable Chesnara.

STRATEGIC OBJECTIVES

WHY THIS MATTERS

HOW WE DELIVER OUR BUSINESS MODEL

1 MAXIMISE VALUE FROM OUR EXISTING BUSINESS	Delivering on the commitments we have made to customers is fundamental to the ongoing success of the Group. Existing books of policies are the principal source of the Group's Operating Capital Generation[†] and are at the heart of the investment case for our shareholders and debtholders. If we do not do a good job for our customers then we will not have the right to execute against our other two strategic objectives.	A centralised governance oversight and corporate management team ensures robust and consistent governance across the Group. Operational execution is devolved to our business units to ensure the Group benefits from strong management teams and reflects the need to ensure that processes are fit for purpose locally. The core operations of our UK division follow a largely outsourced business model. The core operating activities of our businesses in Sweden and the Netherlands are predominately managed internally. We create value and generate cash through: – running our in-force books of business efficiently and effectively; – executing management actions that create long-term value and/or generate capital; – optimising the risk/reward balance in how we invest our assets and generate future returns; – accessing broader Group diversification synergies; – ensuring our customer processes deliver good outcomes (recognising Consumer Duty requirements for UK customers) and remain robust and in line with customer expectations, which in turn supports stronger persistency; and – investing in emerging technologies and artificial intelligence to enhance scalability and drive operational efficiencies.
2 ACQUIRE LIFE AND PENSIONS BUSINESSES	Integrating value-enhancing acquisitions into the Group maintains and potentially enhances the efficiency of the operating model, creates a source of ongoing value enhancement and sustains the longer-term Operating Capital Generation potential of the Group.	– Identify potential deals through an effective network of our own relationships, supplemented by advisers and industry associates. – Assess deals by applying well established criteria which consider the impact on Operating Capital Generation and solvency under the best estimate and stressed scenarios and the impact of the deal on the enlarged Group's risk profile. – Minimise transaction risk through stringent risk-based due diligence procedures and the senior management team's acquisition experience and positive track record. – Finance deals with debt, equity and/or cash depending on the size and cash flows of each opportunity. – Work cooperatively with regulators.
3 ENHANCE VALUE THROUGH WRITING PROFITABLE NEW BUSINESS	The Group generates incremental value through writing profitable new business. New business activity supplements the growth delivered from the management of our in-force portfolio and periodic acquisitions.	– In the UK, new business is primarily sold via advisers who provide new customers with access to our onshore bond product via a selection of investment platforms. – In Sweden, we primarily focus on unit-linked pensions and savings business, distributed largely through brokers, and custodian business distributed by partners, albeit with an ambition to grow our risk protection business. – In the Netherlands, we sell protection products and individual savings contracts via a broker-led distribution model. – New business terms are regularly reviewed to ensure that they remain competitive in their respective markets whilst maintaining profitable returns to the Group.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

THE PRINCIPAL RISKS ASSOCIATED WITH MEETING OUR STRATEGIC OBJECTIVES AND OUR APPROACH TO MITIGATING THESE RISKS ARE DISCUSSED IN DETAIL IN THE RISK MANAGEMENT SECTION ON PAGE 55.

HOW WE MEASURE DELIVERY

Customer outcomes

This is measured through monitoring:

- customer service metrics;
- policyholder fund performance against industry and market expectations;
- customer complaint levels; and
- our compliance with regards to regulatory conduct matters.

Financial outcomes

Operating Capital Generation measures the operational drivers of Solvency II surplus generated by the Group.

Financial outcomes

Acquisitions must meet the hurdle-rate financial returns required by our capital allocation policies and must be attractive relative to alternative uses of the Group's capital resources.

Customer outcomes

Acquisitions must ensure we protect, or ideally enhance, customer interests.

Risk appetite

The alignment of any acquisition with the Group's documented risk appetite must be rigorously assessed and accepted, taking full account of the financial case, strategic fit, and its impact on the Group's overall risk profile.

Financial outcomes

New business activity must meet hurdle-rate financial returns in accordance with the Group's Capital-Allocation Framework, thereby delivering an acceptable level of New Business Contribution to the Group.

Customer outcomes

New business activity must ensure we protect, or ideally enhance, customer interests.

UPDATE

UK

Pages 40-41

SWEDEN

Pages 42-43

NETHERLANDS

Pages 44-45

UK

Pages 40-41

SWEDEN

Pages 42-43

NETHERLANDS

Pages 44-45

UK

Pages 40-41

SWEDEN

Pages 42-43

NETHERLANDS

Pages 44-45

Our strategy is underpinned by our commitment to become sustainable.



SECTION 172 • THE BOARD’S APPROACH

Our Section 172 reporting seeks to communicate the Board's approach to decision making, an overview of our key stakeholders and how stakeholders are considered by the Board when making decisions.

This section of the Annual Report and Accounts is therefore designed to provide insight into how the directors of Chesnara have discharged their responsibilities under Section 172 of the Companies Act, and having had regard to the matters set out in Section 172 (1) (a) to (f) when performing their duties.

Section 172 statement

The directors of Chesnara believe that they have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to:

- a)** the likely consequences of any decision in the long term;
- b)** the interests of the Company’s employees;
- c)** the need to foster the Company’s business relationships with suppliers, customers and others;
- d)** the impact of the Company’s operations on the community and the environment;
- e)** the desirability of the Company to maintain a reputation for high standards of business conduct; and
- f)** the need to act fairly between members of the Company.

The following disclosures provide further insight supporting the above statement over the course of 2025. The disclosures have been split into three key sections:

The Board’s approach

The overall approach taken by the Board in ensuring that the requirements of Section 172 are met.

Key stakeholders

This covers the key stakeholders that the Board considers are important to the long-term success of the Company; how the Company depends on these stakeholders; how key stakeholders are impacted by the decisions of the Company; and how we engage with those stakeholders.

Significant decisions

This covers the significant decisions made by the Board during the year and how the directors have considered key stakeholders and discharged their responsibilities under Section 172 in making these decisions.

The Board’s approach

Role of the Chair

As described on page 99 within the Corporate Governance Report, it is the role of the Chair to lead the Board in the determination of the Group’s strategy; to ensure that the Board is furnished with sufficient information in order to support its decision making; and to ensure that relevant stakeholders have been taken into account when making decisions.

Business planning

The principal process supporting the longer-term decision making of the Board is the Group business planning process. This is a three-stage process that takes place throughout the course of the year, as follows:

STAGE 1

Strategic planning

The preliminary stage of the business planning process allows the Board to review and challenge the strategy of the Group.

STAGE 2

Review and challenge of business unit and Group operational plans

Following completion of the strategic planning, including any associated feedback to the operating business units, operational plans are developed by the respective management teams and reviewed by the Group Leadership Team. The key objectives of these operational plans are explicitly linked to the strategic objectives of the Group, ensuring that the key management actions support the delivery of the Group strategy.

STAGE 3

Detailed business plans supported by financial projections

Final business plans are then produced at both a business and group level. These include the agreed operational deliverables for the short to medium term and their associated risks and opportunities, alongside the associated financial projections.

The business planning process for 2025 confirmed that the Board continues to support the Group’s strategic objectives:

1

MAXIMISE THE VALUE FROM EXISTING BUSINESS

Managing our existing customers efficiently whilst delivering good outcomes is core to delivering our overall strategic aims.

2

ACQUIRE LIFE AND PENSIONS BUSINESSES

Acquiring and integrating companies into our business model is key to continuing our growth journey.

3

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Writing profitable new business supports the growth of our Group and helps mitigate the natural run-off of our book.

Underpinning these objectives is our sustainability strategy which is built on our commitment to: build a sustainable Chesnara; support a sustainable future; and help to create a fairer world.

The strategy of the Group has regard for the following core culture and value principles:

- Fair treatment of customers.
- Responsible risk-based management for the benefit of all our stakeholders.
- Providing a competitive return to our investors.
- Robust regulatory compliance.
- Maintaining adequate financial resources.
- A just transition to a sustainable group.

These are described in more detail on pages 40 to 45.

Each key objective within the Group business plan is supported by relevant information to support the review and challenge process by the Board, having regard to the factors required by Section 172 (1) (a) to (f).

Further information on how the Board considers each key stakeholder group is provided on pages 32 to 38.

The projected financial and non-financial outcomes of the business plan process allows the Board to consider both the shorter-term and longer-term consequences of the plan in the context of all our stakeholders. The key financial items/metrics that the Board considers are shown below.

Key financial metrics in the business planning process:	
OPERATING CAPITAL GENERATION	LEVERAGE
CASH REMITTANCES	IFRS CAPITAL BASE
SOLVENCY COVERAGE RATIO	NEW BUSINESS CONTRIBUTION
OWN FUNDS	EXPENSES
ADJUSTED OPERATING PROFIT	RETURN ON CAPITAL
ASSETS UNDER ADMINISTRATION	RETURN ON EQUITY

Governance Framework and Board reporting

Long-term decision making of the Board is supported by the Group’s Governance Framework, which is set out in the Corporate Governance Report.

Regular Board meetings and robust reporting requirements (underpinned by a schedule of matters reserved for the Board) allow the Board to operate effectively, fulfil its responsibilities (including in relation to section 172 (1) (a) to (f) of the Companies Act 2006) and provide valuable oversight. One of the key additional sources of reporting to the Board, is the Group’s Chief Executive Report. This is designed to be a ‘one stop’ holistic view of the Group as a whole and covers, amongst other things, the following items of relevance to the requirements of Section 172:

- Divisional updates, including financial results, business plan progress, key customer initiatives, regulatory interactions, operational performance (including updates on key outsourcer, supplier and employee matters);
- Matters pertaining to investor relations;
- Consolidated financial results;
- Progress updates on key objectives within the business plan and projects;
- Risk matters affecting the Group; and
- Sustainability updates.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

SECTION 172 • KEY STAKEHOLDERS

The following table identifies the key stakeholders that the Board considers are important to the long-term success of the Company. It provides insight into how the Company engages with these stakeholders and how they are considered when making strategic decisions. Matters arising in relation to each stakeholder group are communicated by management to the Board in a management information (MI) pack at each Board meeting.

CUSTOMERS

Dependencies of business

Our customers are key to the long-term success of the Group, both in terms of retaining existing customers and attracting new ones to our open books of business. Without our customers, the Group would cease to exist.

Impact of business

Our primary concern is ensuring that our customers receive consistently strong outcomes from a well-capitalised and financially secure Company. Our financial management and culture & values statements demonstrate that this is embedded across the Group. We closely manage all aspects of the customer journey, covering customer experience, communications, policyholder expectations, product value for money, and our Solvency Coverage Ratio[†] levels.

How we engage

Our primary engagement with customers comes from a combination of outward communication, coupled with customer contact, be it through policy changes, queries or claims.

From an outwards communication perspective, our aim is to ensure we provide transparent and understandable information to our customers, be it in the form of regular written letters/booklets, information available on our website or through any other material made available to customers.

From the perspective of responding to customer contact, we seek to make our processes as helpful to the customer as possible, mindful of different customer group preferences. This involves ensuring that our customer contact staff are well trained for telephony or email correspondence and making other technology available where feasible (such as the use of apps). We obtain feedback on the way we engage with our customers through periodic market research or customer focus groups.

Related KPIs	– Policy lapses	– Customer engagement	– Policyholder investment returns
	– Complaints	– Service levels	– Customer survey scores

EQUITY INVESTORS

Dependencies of business

Having a strong and stable shareholder base is critical for the long-term success of the Group. It allows us to pursue our long-term strategy, including the potential for raising new capital for acquisition purposes.

Impact of business

Any business decision that is made that affects either the future dividend payments of the Group, or its long-term sustainability, may be of significant interest to our investors. If either of those elements are put under pressure, it could reduce confidence in the Group and could lead to a reduction in shareholder returns.

How we engage

We primarily engage with investors through the following key channels:

- Formal public financial reporting, which we produce every six months.
- Meetings with current and potential investors during the year, including as part of investor roadshows after formal results and at investor conferences.
- Our Annual General Meeting.
- Periodically, we hold ‘investor days’ with our shareholders and other market-related stakeholders, which are designed to provide further insight into our business and give investors an opportunity to meet a wider range of Chesnara senior management.
- We will periodically contact investors for feedback in advance of formal publication of matters, such as material changes to our Remuneration Policy. If we seek to raise additional debt or equity, our investors are actively engaged at the appropriate point in the process.

Related KPIs	– Dividend growth	– Solvency Coverage Ratio	– Significant investor purchases/sales
	– Share price	– IFRS Profit After Tax	– Operating Capital Generation [†]
	– TSR	– Investor feedback	– Adjusted Operating Profit [†]
	– Own Funds	– Net zero targets	– IFRS Capital Base & Leverage [†]

DEBT INVESTORS

Dependencies of business

The support of our debt investors facilitates the pursuit of our long-term strategy, including the potential for raising new capital for acquisition purposes.

Impact of business

Any business decision that is made that affects the Group’s long-term sustainability may be of significant interest to our debt investors, and any decision that could reduce capacity is likely to reduce confidence in the Group.

How we engage

We primarily engage with debt investors through the following key channels:

- Formal public financial reporting, which we produce every six months.
- Meetings with debt investors, including as part of investor roadshows after formal results and at investor conferences.

Related KPIs	– Debt investor feedback	– Solvency Coverage Ratio	– Leverage ratio [†]
	– Fitch Long-Term Issuer Default Rating	– Price of listed debt instruments	– Economic Value (EcV) [†]
		– Operating Capital Generation	– Net zero targets

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

It is worth noting that not all stakeholders have the same interests and whilst there is considerable overlap, they can at times conflict. The Board’s role is to weigh these factors up when setting the strategy and operational plans of the business.

SUPPLIERS AND PARTNERS

Dependencies of business

Key suppliers and partners include our banks, outsourcers, intermediaries and professional services providers. We depend on them for various aspects of our business model:

Banks:

Access to ongoing short-term lending to support our business.

Outsourcers:

Supporting the day-to-day policy administration, customer contact and associated accounting of our business, primarily in the UK, together with the decarbonisation of their operations to support our own net zero plans.

Intermediaries and partners:

Distributing our products in the UK, Sweden and the Netherlands.

Suppliers:

Support and advice from our key suppliers, including professional services, together with the decarbonisation of their operations to support our own net zero plans.

Derivative counterparties:

Provision of financial instruments to enable us to manage our risk profile in line with our tolerances.

Rating agency:

Fitch has assigned an investment grade credit rating for the Group’s subordinated debt, which supports the Group in raising capital at attractive rates of interest.

Asset managers:

Support the delivery of positive investment outcomes for customers through the management of certain assets on behalf of the Group and its business units and in the transition of our investment portfolio to net zero.

Impact of business

Our various suppliers and partners are impacted by the Group as follows.

Banks:

Our banking partners earn a return on the facilities they provide and take a keen interest in ensuring we manage our finances and strategy in a way that minimises their risk of loss.

Outsourcers:

Our outsourcers have an opportunity to share in the growth of the Group through further acquisitions or portfolio transfers. Our outsourcers rely on the ongoing financial stability of the Group to ensure that the services they provide continue to be paid for by the Group.

Intermediaries and partners:

Selling our products is a source of immediate and ongoing revenue for our intermediaries. When dealing with the end customer, intermediaries and partners rely on quality information being provided by us in a timely manner.

Suppliers:

For key suppliers of the Group, we are likely to be an important source of revenue, and therefore the Group’s ongoing success in terms of delivering its growth plans and remaining financially stable will be of interest to our suppliers.

Derivative counterparties:

They manage their own risk exposures through the derivative instruments or make a return as market makers for the trades.

Rating agencies:

Any business decision that affects the Group’s long-term sustainability may be of significant interest to Fitch and could impact the credit rating assigned.

Asset managers:

Our asset management partners earn fees on the assets they manage and have an opportunity to share in the success of the Group through additional assets brought into the Group through new business and acquisitions.

How we engage

Banks:

Our regular engagement with our banks takes the form of quarterly covenant compliance reporting, which is required for our existing Revolving Credit Facility (RCF) debt arrangement. On an ad-hoc basis we engage with our banks in the event of a change in our business or to seek new funding, say to support an acquisition. In the event of an acquisition where we would like to secure more short-term debt funding, we work with banks and other advisors to ensure that we are providing relevant information to support the banks’ decision making process.

Outsourcers:

We view having strong, open and honest relationships with our outsourcers as key to the long-term success of our business. We engage with our outsourcers through various scheduled meetings, focusing on a combination of specific function-driven relationship meetings and wider meetings focusing on the overall relationship. It is important that our outsource partners are suitably informed regarding business developments in the Group, and that the Group is aware of any relevant business changes in our outsourcers. This ongoing communication enhances the relationships and works towards maintaining the longer-term success of the Group. We are also working with our outsourcers to ensure they support the delivery of our emission targets.

Intermediaries and partners:

We strive to work closely with our intermediaries, engaging in a variety of ways. In both Movestic and Scildon, all intermediaries have access to a partner website, where they can administer customer processes and obtain information as required. The Swedish business unit also hosts annual meetings to engage with intermediaries, facilitating two-way discussion around products, services and market developments. Other areas of engagement include frequent meetings with intermediaries and partners, on an individual basis.

Suppliers:

A number of the Group’s suppliers take the form of the provision of a service or advice as opposed to the supply of goods. For these suppliers our engagement focuses on ensuring that the service or advice is fit for purpose and meets the intended scope. This typically involves up-front interaction in scoping the work, coupled with close monitoring of progress throughout the duration of the services. The Group ensures that it adheres to supplier payment terms.

Derivative counterparties:

Once a risk exposure has been identified that we want to manage, we engage with the derivative counterparty about the structures available to mitigate that risk. This engagement process continues through to execution of the trade and on an ongoing basis via regular reporting during the life of the instrument.

Rating agencies:

In addition to the annual ratings review process, we regularly engage with Fitch to discuss the strategy, operational and financial performance of the Group. We also liaise with Fitch on an ad-hoc basis in advance of any key events, such as acquisitions or other key corporate activity.

Asset managers:

Regular meetings are held with our main asset management partners to review the Group’s investment mandates with significant focus placed on the underlying performance of the investments and their fit with our sustainability objectives.

Related KPIs

– Leverage ratio†

– Investment performance

– Cost efficiency

– Economic Value†

– Adherence to timescales

– Quality of service

– Solvency levels

– Credit rating applied to Chesnara and its subsidiaries

– Service levels

– Financed and operational emissions of key third parties

SECTION 172 • KEY STAKEHOLDERS

REGULATORS

Dependencies of business Compliance with regulatory requirements is fundamental to the success of the Group. Without it, we would not be able to maintain our existing status as a life and pensions provider.	Impact of business The manner in which the Group manages itself, both from a prudential and conduct perspective, will dramatically affect how regulators view and interact with Chesnara and its subsidiaries. The higher risk that the Group is deemed to be to the regulator, the more focus that Chesnara and its subsidiaries are deemed to require. In addition, through being a member of the ABI, the Group also has the potential opportunity to respond to and shape future regulatory change in the UK.	How we engage Our engagement with regulators generally takes the following forms: – Regulators across the Group typically have regular routines and practices in place to support the delivery of their oversight objectives. This typically takes the form of periodic meetings with management and involves the Group furnishing regulators with relevant information, such as quarterly and annual financial risk reporting. The Group fully supports this process. – The Group’s management will also typically engage with regulators as and when required should there be a business update that would warrant this, for example, at the appropriate point during an acquisition process. – Annual regulatory college meeting where a number of the Group’s regulators meet with the Group CEO and CRO.
Related KPIs – Relationship with supervisory team – Formal feedback from regulators		

STAFF

Dependencies of business Our people are a key asset and drive the development and deliver the strategy of the Group. We recognise that to be able to meet the expectations that we have set ourselves, we need to ensure that we continue to attract, promote and retain high quality candidates. Without high performing and motivated staff, the Group would not be able to deliver against its strategic aims.	Impact of business We aim to provide a place of work that supports and develops the Group’s employees, and we recognise that the Group’s day-to-day culture and its overall remuneration and benefits package also have a significant effect on employees.	How we engage The Group and its subsidiaries have various mechanisms in place to ensure appropriate levels of engagement exist with employees. This involves: – completing staff feedback surveys. – holding regular update briefings covering matters such as business performance, policy updates or any other matters that are relevant to employees. – holding regular employee forums to discuss any employee-related matters. – having an appointed non-executive director (NED) who is responsible for employee-related matters and engages with local HR directors and employee forums. – ensuring that we have relevant employee policies in place and that these are available to our employees. – having robust whistleblowing policies in place. Our corporate and social responsibility statement on pages 68 to 72 provides further information.
Related KPIs – Staff surveys – Feedback from employee forums – Diversity information – Staff turnover – Feedback from appointed NED		

THE PLANET AND NATURAL ENVIRONMENT

Dependencies of business Our business relies on natural capital and the environment, both for our operations and our investments. Changes in the natural environment and the effects of climate change can potentially affect the way we operate our businesses, and the returns to our customers and shareholders. We are committed to applying sustainability-based decision making across the Group.	Impact of business Our main impact is from the assets in which we and our policyholders invest and their carbon and wider impact on the planet. For our own operations, the main category of emissions is those arising from goods and services purchased from suppliers. The impact of our investment decisions and the investment choices made by our customers are wide-ranging and will continue to be a key focus area as we transition to become a sustainable Group and work towards our net zero ambitions.	How we engage We impact the planet and natural environment through the business decisions that we and our policyholders make. Ensuring that sustainability is at the heart of our decision making is critical to ensuring that we consider the planet and natural environment. Our business units are working closely with their respective fund managers to fully embed sustainability within our own investment decision making criteria. For policyholders who choose where they wish to invest, we provide access to a range of sustainability-focused funds, and we continue to provide relevant material so that they can make informed decisions. In regard to our own operations, our business units are taking practical steps to reduce our emissions and minimise the impact that we have on the environment, as described on pages 73 to 91. Climate change risk is monitored as part of our risk identification and assessment processes (see pages 58 to 66 and 84 to 85).
Related KPIs – Climate Value at Risk – CO₂e financed and operational emissions – Energy consumption – ESG ratings – Value of assets invested within our definition of positive solutions		

SECTION 172 • SIGNIFICANT DECISIONS

The principal process that the Board uses to make shorter and longer-term decisions is the Group business planning process. Key decisions also arise outside of the business planning process depending on how the business develops during the year and the challenges and opportunities that it faces. The table below lists the key decisions made by the Board during 2025 and how the directors have considered the factors required by Section 172 in making these decisions, including their regard for matters set out in Section 172(1)(a) to (f).

MERGER OF SCILDON AND WAARD		
Overview In 2024 the Board approved the merger of the two Dutch subsidiaries, Scildon and Waard, and submission of the required documents to local regulators for approval. During 2025, the Board supported the merger which completed in July 2025. The emergent Dutch business unit resumed trading under the Scildon brand. Key considerations a) Customers’ interests will continue to be protected or enhanced. b) The merger will enhance the long-term prospects of the business from efficiencies that scale will bring. c) The interests of employees within the two entities was a significant consideration during the process, as the merger will result in organisational restructuring. Management engaged with employees through the Works Council in Scildon following the decision and a positive opinion was received from their independent considerations. In addition, the Chesnara Nomination & Governance Committee reviewed the appointment of key senior management roles. d) A key part of the implementation plan would be to ensure the merger brings no detriment to customers. e) The merged entity will trade under the Scildon brand which has a strong reputation in the Netherlands for high standards of business conduct. Primary beneficiaries Customers: The merger will create a larger more sustainable organisation that can even better support the needs of current and future customers. Shareholders and debt investors: The merger is expected to improve the Solvency Coverage Ratio and Operating Capital Generation of the Group in the short and longer term.		Other stakeholder considerations Staff: The merger will impact the day-to-day work for employees of Scildon and Waard. Implementation plans are being put in place with steps included to make this transition run as smoothly as possible. Customers: Throughout the transitional period of the merger, ensuring that it does not detrimentally affect customers. Continuing to foster the relationship with our customers is a priority. Regulators: The Dutch regulator, De Nederlandsche Bank (DNB), will be interested in ensuring that the merger does not cause any prudential or conduct issues.
BUSINESS ACQUISITION		
Overview The Board is required to approve any acquisitions that the Group enters into. In addition to this, the Board reviews and approves any ‘firm’ material acquisition offers. In December 2024, the UK division reached agreement with Canada Life UK to acquire a closed portfolio of unit-linked bonds and legacy pension business with total AuA of £1.5bn. The deal was initially executed via a reinsurance agreement, with the policies expected to transfer to Countrywide Assured through a Part VII insurance business transfer process once court approval is obtained. On 2 July 2025 the Board approved the proposed acquisition of Chesnara Life for a total consideration of £260m. The transaction represents a significant strategic milestone for Chesnara which will materially expand our presence in the UK life insurance market. As at 31 December 2024, Chesnara Life had £314m in eligible Own Funds, £4bn of AuA and over 450,000 policyholders. The Board approved the acquisition of Scottish Widows Europe SA for €110m, announced on 17 February 2026. Scottish Widows Europe SA is a Luxembourg based closed life insurance business with 46,000 policies and €1.7bn of AuA as at 31 December 2024. At each Board meeting the Board considers the pipeline of potential opportunities in the market and endorses the resources required to evaluate or pursue specific deals. Key considerations a) The UK division is largely closed to new business; therefore acquisitions are the primary source of growth for the business. As such, these decisions improve the long-term prospects of the division which benefits multiple shareholders including staff, our UK suppliers and partners. b) The impact on employees of completing the acquisition was considered through the process and in discussion with the seller. c) Ensuring that customers would not be adversely affected by the acquisition and continue to receive good outcomes was fundamental to the decision making process. We consulted with our regulators in advance of completing the acquisition. d) Our due diligence process in assessing potential acquisitions includes an initial and ongoing assessment of sustainability criteria against our goals and commitments. e) The Board considered how the acquisition would impact the business’ reputation for high standards of business conduct. f) The Board also considered the future prospects for new business with the decision ultimately being taken to keep and invest in the onshore bond and close to new business for HSBC Life Protection.		Other stakeholder considerations Staff: The decision is of interest to the staff of our existing Group given it supports our growth ambitions which provides greater financial stability and development opportunities. Regulators: The FCA and PRA are responsible for approving elements of the Part VII documents and ensuring that the Company continues to remain compliant with regulations during the reinsurance period and after the Part VII. Suppliers: Our outsource partner, SS&C, will be administering the policies once the Part VII is complete for the Canada Life and Chesnara Life acquisitions, and therefore has an interest in the acquisitions. Our ratings agencies were engaged in advance of the completion of the acquisitions. IFAs: Financial advisers who recommended these products to the impacted customers will want to feel confident that the products will continue to be supported.

SECTION 172 • SIGNIFICANT DECISIONS

BUSINESS ACQUISITION (CONTINUED)

Primary beneficiaries

Customers: The customers of the acquired portfolio will wish that their policies continue to be administered in line with expectations, and that they continue to be prudently managed. As part of the Part VII process, we ensure all policyholders continue to receive the same benefits in their existing policies with the same level of security after the transfer.

Shareholders and debt investors: The acquisition of Chesnara Life is expected to add incremental lifetime Cash Generation of over £800m and supports an expected dividend increase of 6% for the final 2025 and interim 2026 dividends and the continued payment of the debt coupons on our publicly listed debt.

RIGHTS ISSUE AND PROSPECTUS

Overview

In July we published a prospectus and issued a rights issue which formed part of the financing package for the Chesnara Life acquisition detailed above.

Key considerations

The decision to issue a prospectus and rights issue was in furtherance of the decision to acquire Chesnara Life, and therefore the key considerations of the acquisition described above were shared with the decision to issue a prospectus and rights issue.

Primary beneficiaries

As above.

Other stakeholder considerations

Following the successful rights issue, Chesnara was admitted to the FTSE 250 Index (effective 18 August 2025) which marks a significant milestone in the Company’s growth since its listing in 2004. Growth measured by this entry to the FTSE 250 enhances our reputation and gives shareholders greater confidence, as well as liquidity in the share.

RESTRICTED TIER 1 BOND ISSUANCE

Overview

In July we issued a £150m Restricted Tier 1 Bond at a coupon of 8.5%.

Key considerations

The Board considered the issue of the Tier 1 Bond in light of its overall M&A strategy, providing the Company with additional financial flexibility to grow in the future.

Primary beneficiaries

Shareholders and debt investors: The £150m of capital provides the Group with additional solvency capital and liquidity that can be deployed in future M&A transactions.

Other stakeholder considerations

By securing this funding, we demonstrate our commitment to M&A activity to potential investors. Our ability to raise funds demonstrates our credibility as a committed buyer, giving future companies considered for acquisition confidence in us.

STAFF AND REMUNERATION DECISIONS

Overview

Over the course of the year, there were a number of significant staff and remuneration related decisions, the most notable of which are:

- UK staff were invited to participate in a 2025 issuance of the approved save as you earn (SAYE) scheme.
- Salary increases across the UK as part of the annual review.
- A review of the Directors’ Remuneration Policy was undertaken including the proposed increase to the executive directors’ participation levels in the LTIP and STIS.

Key considerations

Each decision (with access to external advice and benchmarking where appropriate) was discussed by the Remuneration Committee giving consideration as to the relevant merits of each item and whether the cost was appropriate given the current economic climate. For each of the decisions, the impact, the benefits and the position in the market and relative to competitors were considered (where appropriate) before a recommendation for approval was made by the Board.

- a) The Board considered the long-term impact of their choice of leadership and remuneration.
- b) The impact of expanding employees’ benefits packages on employees was considered by the Board.
- c) The Board considered the impact the Group’s leadership has on the Group’s reputation for high standards of business conduct.

Primary beneficiaries

The appointment of appropriately skilled and experienced Board members and senior leaders is in the interest of all our stakeholders.

Staff: The primary stakeholder affected by the SAYE decision is the UK workforce, as this directly affects their benefits packages.

Other stakeholder considerations

Shareholder:

Investment in staff provides a sustainable environment and workforce, which in turn is expected to have a positive impact on the business. Both in advance of the 2026 AGM and following shareholders’ votes on the 2025 Directors’ Remuneration Report, the Chair of the Chesnara Remuneration Committee engaged with major shareholders and a number of changes and clarifications were made as a result. Where required, the proposed changes to the Directors’ Remuneration Policy were communicated in advance to major shareholders and are being put forward as resolutions at the forthcoming 2026 AGM.

GOVERNANCE CHANGES

Overview

Mindful of non-executive director tenures, during the year we commenced the search for a new independent non-executive member of the Chesnara Board. In January 2025, Gail Tucker was appointed as a NED and a member of the Chesnara Audit & Risk Committee, and the Chesnara Nomination & Governance Committee. Gail also joined the Board of Chesnara’s UK subsidiary, Countrywide Assured plc, as a Non-Executive Director and Chair of the Audit & Risk Committee. Jane Dale, Non-Executive Director, stood down at the AGM having completed her 9-year term. At the same time, Gail Tucker was appointed as Chair of the Chesnara Audit & Risk Committee. Carol Hagh was appointed as the Senior Independent Director. In addition, Karin Bergstein stood down from the Chesnara Board and Sam Tymms joined the Board as an independent NED. The Board further considered the appropriate governance arrangements for Chesnara Life, including the role of SMFs.

Key considerations

Governance Code guidance, as well as skills, experience, geographical knowledge & capability, diversity, segregation and adequate oversight were all taken into account by the Chesnara Nominations & Governance Committee in its deliberations. So too was the broader skills matrix of the Board as a whole.

Primary beneficiaries

Strong governance and a breadth of knowledge, experience and capability in the Board and its committees puts the Company in the best possible position to drive positive outcomes for all our stakeholders.

APPLICATION OF CAPITAL MANAGEMENT AND DIVIDEND POLICIES

Overview

The Board is required to consider what level of dividends are appropriate for shareholders, whilst also ensuring that it continues to adhere to its own Capital Management Policy. Dividend proposals are subject to Board approval, with proposed final dividends being included in a resolution voted for at the Annual General Meeting. During 2025, the Board approved the year-end 2024 final dividend of 13.96p* per share, and the interim 2025 dividend of 7.70p per share.

Key considerations

The directors’ report on page 140 provides information on the key considerations made by the Board when approving dividends. The aim is to satisfy investor expectations by delivering an attractive dividend, with steady growth where possible. This dividend cannot and will not be delivered at the expense of financial security, be it to solvency or liquidity. In the process of approving a dividend, the Board is presented with a paper by management which considers the various aspects of the dividend decision, including Operating Capital Generation, solvency, liquidity, the Group’s acquisition strategy and investor expectations.

- a) The Board ensures that the payment of a dividend does not jeopardise the long-term prospects of the Group.
- b) The AGM allows Chesnara to engage with shareholders, ensuring fair consideration across all members, and informs dividend and capital management decisions.

Primary beneficiaries

Shareholders are the primary beneficiaries of dividends.

Other stakeholder considerations

Banks: Our banking partners are considered in the context of the impact of distributions on the Group’s liquidity and solvency positions.

Regulators and customers:

These stakeholders are considered in the context of ensuring that the solvency and liquidity positions of the Group remains robust.

REVIEW OF THE GROUP’S GOVERNANCE FRAMEWORK TO SUPPORT PROVISION 29 (2026)

Overview

Over the course of the year, work has been progressed to support implementation of Provision 29 of the revised Corporate Governance Code, including a refreshed review of principal risks and documentation of material controls. During 2025, the Board approved an assurance map to support its control effectiveness declaration for 2026.

Key considerations

During the year, the Board reviewed the principal risks to ensure that these were strongly aligned to the Chesnara Risk Universe and appropriately covered the key strategic, operational, financial and regulatory risk areas. The Board also considered the key control themes and mechanisms that provide assurance in relation to governance, risk management, oversight and reporting. This approach presents Material Controls in a consistent and transparent format, enhancing Board level visibility and supporting effective assurance.

**Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historic dividend per share metrics.*

SECTION 172 • SIGNIFICANT DECISIONS

REVIEW OF THE GROUP'S GOVERNANCE FRAMEWORK TO SUPPORT PROVISION 29 (2026) (CONTINUED)

Key considerations (continued)

The Board approved the 2026 Assurance Map for the identified Material Controls. In determining its scope and coverage, consideration was given to risk indicators that had operated outside of appetite during 2025, material incidents, and existing assurance findings.

Primary beneficiaries

A strong and well evidenced Governance and Assurance Framework enables the Board to effectively oversee risk and internal control, supporting informed decision making and a robust control effectiveness declaration. This supports the Company in delivering positive outcomes for all stakeholders.

EMBEDDING SUSTAINABILITY

Overview

We have continued to embed sustainability into our processes and decision making across the Group. This is in line with our commitment to become a sustainable Chesnara, including being a net zero group by 2050.

In reaching its decision to continue with our sustainability strategy, the Board considered the rationale for investing time and expenses in becoming a Sustainable Chesnara. The Board, supported by the oversight and direction provided by the Group Sustainability Committee, has considered the importance of managing the transition to net zero of the investments we hold, for being an organisation where all stakeholders feel welcome and for decarbonising our own operations and supply chain. The strategic importance of these activities, together with their potential to provide risk mitigation for issues such as climate change, continued to be assessed by the Board.

Notable areas of focus during 2025:

- Producing and publishing our first Climate Transition Plan, detailing our ambitions and the activities we will undertake to decarbonise our Group;
- Further embedding sustainability as a key consideration in the acquisition process for potential businesses and portfolios;
- Further embedding sustainability-relation considerations into performance management and remuneration; and
- Enhancing our climate change-related risk assessment to further understand the impact on our business.

Key considerations

- a) Being a sustainable group helps to ensure our long-term success and therefore provides more certainty over long-term returns for shareholders.
- b) The decision takes due account of the welfare of our colleagues, valuing the diverse needs and perspectives of this group of stakeholders. It raises awareness of the relevance of sustainability in our day-to-day operations, providing opportunities to work in an organisation making positive contributions to society and the planet.
- c) Embedding sustainability provides customers with the confidence that we continue to do the right thing, alongside developing our sustainable product offerings for policyholders looking for sustainable investment opportunities and improves the sustainability of investment returns where we are responsible for investment decisions. It also gives customers the benefit of more accessible and inclusive services.
- d) A just transition to being a net zero organisation, and one which directs capital to positive solutions, delivers positive outcomes for the planet and environment.
- e) Our sustainability practices confirm our commitment to meet our regulatory obligations and comply with disclosure requirements, in line with our reputation for good business conduct.

Primary beneficiaries

All stakeholders are impacted by the Group being a sustainable business.

Other stakeholder considerations

Asset managers:

Our asset managers are fundamental to the transition to net zero for financed emissions and sustainability criteria forms part of our selection and oversight processes. We will continue to have active engagement to ensure that our targets are met.

Suppliers and outsourcers:

Sustainability criteria forms part of our supplier selection and oversight processes.

BUSINESS REVIEWS

BUSINESS REVIEW UK

Countrywide Assured (CA) provides financial protection, ranging from pensions and savings to life cover and critical illness benefit. CA writes new business via its onshore bond proposition via third party platform links. This market position is expected to be further strengthened through the acquisition of Chesnara Life in 2026.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

In line with its long-term strategy, CA continues to implement its Transformation programme to consolidate policy administration, finance, and investment processes onto a single platform managed by SS&C, its strategic outsource partner. The programme is progressing positively with four books migrated successfully over 2025. The second acquired book of onshore bond business from Canada Life is scheduled to migrate and Part VII mid-2026.

CA executed several capital management initiatives during the year including the extension of pre-existing mass-lapse reinsurance coverage on the in-force portfolio, the application of new mass-lapse treaties to the onshore bond and pension business acquired from Canada Life, and a foreign exchange currency hedge to reduce exposure to US dollar and euro volatility.

Customer outcomes

Delivery of good customer outcomes continues to be a core priority with a focus on maintaining good service, delivering competitive fund performance and ensuring fair value with clear communications and proactive support for more vulnerable customers. In the last year, we have taken our fair value commitments further and enhanced customer terms with a range of initiatives including removing exit charges, capping charges on low value policies, reducing risk charges and refreshing communications.

The focus remains on ensuring operational and financial resilience across all core services and CA successfully met the March 2025 regulatory deadline to confirm compliance with the new Operational Resilience requirements.

Governance

Strong governance and constructive regulatory relationships remain fundamental to achieving our strategic goals, with management maintaining a clear focus on evolving and maintaining robust governance frameworks.

The business has also continued to drive forward its sustainability plan delivering initiatives across social, operational, financial, governance and reporting workstreams. A key area of focus has been supporting the publication of the Group's first Climate Transition Plan which was issued in September 2025.

Future priorities

- Ongoing delivery of the Transformation agenda. Continued identification and implementation of capital management initiatives to optimise Operating Capital Generation.
- Continued focus on strong customer service and delivering good customer outcomes.
- Maintaining positive and constructive relationships with regulators and continued compliance with relevant regulations.
- Continued support and implementation of the Group's Climate Transition Plan and UK-based sustainability initiatives.

⁴Includes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026.

ACQUIRE LIFE AND PENSIONS BUSINESSES

The Group’s acquisition of Chesnara Life (formerly HSBC Life (UK)) marks a transformational milestone for the UK business, delivering significant scale and efficiency benefits. The transaction will more than double the UK policy count, and add £5bn of Assets Under Administration, extending our presence in the onshore bond market and with closed products that complement the UK’s existing portfolio.

Following the legal transfer of control in January 2026, the policy administration, finance and investment processes of Chesnara Life will be migrated to S&C Technologies with remaining functions integrated into the UK business. It is anticipated a Part VII transfer will be completed by the end of 2027.

The final stage of the Sanlam Life and Pensions (subsequently renamed to CASLP) acquisition was delivered during the first half of the year, with CASLP Ltd having been dissolved in January 2025.

Future priorities

- Integration of the Chesnara Life business within the UK target operating model.
- Continued development of a market leading approach to accelerated migrations leveraging AI technology and increased automation.
- Continue to support the Group in the identification, assessment and delivery of UK acquisitions.
- Continue to deliver strong financial outcomes from previously completed acquisitions.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

CA has continued to generate positive new business profits through increased volumes of the on-platform onshore bond with New Business Contribution of £3m (FY24: £2m) and APE of £16m (FY24: £13m). This continued growth reflects our attractive proposition for customers coupled with increased market demand for the product. The increased market demand is driven by reductions in personal tax allowances over the last few years and inheritance tax on pensions from 2027.

We are committed to supporting the adviser community and have enhanced the CA website with a dedicated ‘Adviser Hub’ for the onshore bond that provides detailed technical information, tax calculators and other helpful tools and information.

There is continued interest from new platforms seeking to host the CA onshore bond, including the recently announced partnership with AJ Bell to distribute its onshore investment bond via the AJ Bell Investcentre platform, broadening adviser access to the Group’s UK onshore bond proposition. We anticipate further platform launches and strategic partners in 2026, supporting continued growth in new business volumes.

Future priorities

- Integration of Chesnara Life onshore bond into CA.
- Leveraging distribution synergies and strategic opportunities between the Chesnara Life and CA onshore bond.
- Improved digital integration with platforms for customers and advisers.
- Continued work to strengthen the advisor and customer proposition.
- Embedding new platform relationships and supporting all platforms to increase flows into the product.

CHESNARA CULTURE AND VALUE PRINCIPLES	
Responsible risk-based management for the benefit of all our stakeholders	– Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions. – Delivery of capital management actions including implementation of a mass-lapse reinsurance arrangement and foreign exchange hedge designed to mitigate the business’s exposure to fluctuations in foreign currencies within the unit-linked business.
Fair treatment of customers	– Embedded FCA Consumer Duty requirements, ensuring clear, concise communications and fair value assessments. – Enhanced website accessibility tools and additional flexibility and support for vulnerable customers.
Maintain adequate financial resources	– Delivery of strong Operating Capital Generation to support the Group’s progressive Dividend Policy. – Maintenance of strong capital solvency well above regulatory minimums.
Provide a competitive return to investors	– Continued support of Group’s consistent dividend flow through efficient management of closed books and cost control. – Contribution to strategic acquisitions, enhancing long-term value.
Robust regulatory compliance	– Successfully met the 31 March 2025 FCA deadline for Operational Resilience compliance. – Clear engagement with regulators during Part VII transfers and acquisitions, maintaining constructive regulatory relationships.
A just transition to a sustainable group	– Support of Group’s first Climate Transition Plan, published September 2025. – Embedded sustainability principles ‘Do no harm. Do good. Act now for later.’ into decision making, including our decisions in relation to our offices and increasing operational footprint. – Promoted community impact initiative including staff volunteering charitable giving and involvement in internship schemes.

KPIs

Operating Capital Generation
£41m
(FY24: £32m)

Cash Remittances
£45m
(FY24: £35m)

Solvency Coverage Ratio
(pre foreseeable Cash Remittance):
156%
(FY24: 182%)

Solvency Coverage Ratio
(post foreseeable Cash Remittance):
130%
(FY24: 135%)

Own Funds
£118m
(FY24: £130m)

AuA^A
£6bn
(FY24: £6bn)

Adjusted Operating Profit
£19m
(FY24: £11m)

BUSINESS REVIEW SWEDEN

Movestic is a life and pensions business which is open to new business. It offers personalised unit-linked pension and savings solutions, as well as life and health products, distributed through brokers and its direct channel. It also provides a custodian product via several private banks and is well regarded across all client segments.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

Whilst policyholder investment performance benefited from strong global equity market returns over 2025, this was offset by a significant weakening of the US dollar relative to the Swedish krona. AuA growth was supported by strong net client cash flow, mainly driven by robust inflows into the custodian product, resulting in an increase of 16% during 2025.

Continued strong activity in the market, supported by several new and enhanced offerings across all distribution channels, along with a focus on expanding our partner ecosystem, drove higher sales compared to the prior year. This growth reflects the benefits of greater diversification across both business areas and channels.

Whilst the transfer market for brokered occupational pension products continues to remain active within the Swedish market, the volume of business transferred from Movestic reduced relative to 2024, improving year-on-year persistency experience. On a total level, the net client cash flow within the pension and savings area amounted to a positive £807m, which is an increase of 62% compared to prior year.

Customer outcomes

During 2025, Movestic continued to enhance its products and services to meet the increasing demand for individually-adapted solutions. From 1 January 2025, Movestic offered customers the possibility to pause withdrawal of occupational pension within the first five years. The 'Movestic Freedom' concept, which assists customers in planning their retirement, gained significant momentum with strong adoption in 2025 and is expected to maintain high uptake rates going forward.

In Q4 2025, the 'Pension Lab' was launched – a new online tool that helps users take control of their pension. It offers easy-to-use visualisations of how different choices can impact future retirement income and is available to everyone on the Movestic website. The company also offers a digital service that allows customers to easily manage their pension payments. The service is highly valued by both customers and brokers, and its functionality was further enhanced during the year.

A brand survey shows increased awareness of the Movestic brand, especially within the core customer segment. The yearly customer and broker satisfaction surveys delivered strong results, exceeding target levels.

Governance

Movestic's sustainability programme supports the Group's strategy and commitments, guiding its sustainability efforts and targets.

Movestic is outside of the scope of Corporate Sustainability Reporting (CSR), and the company follows the development of EU's Omnibus proposal and its impact on other regulations.

The Digital Operational Resilience Act (DORA) came into force in 2025, with Movestic compliant to the requirement and work undertaken to embed the regulation as part of ongoing operations.

Updated Solvency II regulations are to be implemented in Swedish law by 30 January 2027 and will entail new requirements on capital and governance.

New EU-harmonised Anti-Money Laundering (AML) regulations are also to be implemented into Swedish law by 10 July 2027.

KPIs

Operating Capital Generation

£14m

(FY24: £10m)

Cash Remittances

£6m

(FY24: £4m)

Solvency Coverage Ratio
(pre foreseeable Cash Remittance):

146%

(FY24: 153%)

Solvency Coverage Ratio
(post foreseeable Cash Remittance):

142%

(FY24: 151%)

Own Funds

£201m

(FY24: £184m)

AuA

£7bn

(FY24: £5bn)

Adjusted Operating Profit

£11m

(FY24: £13m)

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Movestic continued to expand and further develop its custodian distribution network with a Custodian product new sales market share of 16% on a rolling 12 month basis (2024: 12%) helping to deliver New Business Contribution of £3m (FY24: £5m) and APE of £136m (FY24: £100m). During Q1 2025, a collaboration with a new type of partner was established, launching a savings platform aiming for customers within the segment of digital only wealth builders. This provides further diversification in distribution for the company. During Q2 2025, a new custodian occupational pension product was also launched. The pipeline for new potential partnerships continues to be strong.

Furthermore, Movestic has continued to develop its wider ecosystem of partners. Relationships with existing partners have deepened, enabling increased cross-selling between savings and health insurance. In Q4 2025, a new partnership was announced with a traditional life insurance company. This collaboration expands the occupational pension offering by introducing traditional life insurance solutions, providing customers with greater flexibility and choice.

During the year, Movestic continued to strengthen its focus on growing the life and health business by introducing new product offerings and implementing further technical integrations within the broker channel. At the end of the year, a further new partnership was announced, for the distribution of life and health insurance in the Norwegian market. This collaboration further reinforces the division's strategic focus on life and health insurance and establishes a presence in the Norwegian market.

Future priorities

- Continue building customer value and loyalty through further enhancement of the product offering, consisting of individually adapted pension and savings and life and health products, and associated digital services. Focus on both growing new business and retention activities.
- Continue expanding the partner ecosystem by onboarding new partners and strengthening relationships with existing ones to deliver a comprehensive wealth and health insurance solution while driving business growth.
- Continue developing the life and health insurance business to broaden business model diversification and offer customers a comprehensive range of products and services.

AI Act will apply in full from 2 August 2026, imposing requirements on AI systems with a focus on consumer protection, ethics and transparency. For insurance companies, the AI Act will introduce requirements for the use of AI tools within customer interactions, underwriting, pricing and claims handling. The requirements have been incorporated into Movestic's internal governance document which is revised annually in line with the schedule of the AI Act.

Future priorities

- Continue building long-term sustainable value for customers and stakeholders through a diversified business model and an expanding ecosystem of partners.
- Offer modern and individually adapted high-quality solutions within pension, savings and health insurance, and expand the area of customer focused digital services.
- Maintain a continued focus on an efficient platform and operational processes, leveraging AI solutions to increase automation, streamline workflows, and improve administrative efficiency.
- Support the Group's Climate Transition Plan commitments by embedding the work into everyday operations.
- Continue to drive automation and process improvements to increase scale and reduce cost per policy, including expanding the use of AI.
- Monitor developments in the regulatory landscape.

ACQUIRE LIFE AND PENSIONS BUSINESSES

Movestic together with the Group team is continuously engaging with other market participants and investment bank advisors in order to understand and assess potential opportunities for inorganic growth in the market.

Future priorities

- Seek out opportunities to bring in additional scale through non-organic growth.

CHESNARA CULTURE AND VALUE PRINCIPLES

Responsible risk-based management for the benefit of all our stakeholders

- Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.

Fair treatment of customers

- Fair treatment of customers by providing personalised and flexible solutions for financial security.

Maintain adequate financial resources

- Ensured effective administrative processes and operational cost control.
- Maintenance of strong capital solvency well above regulatory minimums.

Provide a competitive return to investors

- Continued diversification of business areas and distribution channels, together with competitive products and services to ensure strong and sustainable growth and returns.

Robust regulatory compliance

- DORA – Digital Operational Resilience Act came into force in 2025, with continued focus during the year to implement as part of BAU.

A just transition to a sustainable group

- Embedded ESG considerations in BAU, including the Group's net-zero ambitions into investment processes and overall operations.

BUSINESS REVIEW NETHERLANDS

Scildon is a Netherlands-based life insurance provider specialising in individual life and investment-linked products, focused on delivering long-term financial security to customers.

MAXIMISE VALUE FROM EXISTING BUSINESS

Capital and value management

In 2025, Scildon completed its merger with the Waard Group, creating a more scalable and sustainable business model. Scildon has focused on streamlining operations, aligning governance structure and assessing the financial impact of the merger.

The integration was executed successfully, and the organisation has emerged stronger, better able to respond to market changes, and equipped with improved capabilities to deliver value to stakeholders.

In addition, as part of a broader strategic shift aimed at focusing on individual life solutions within the Dutch market, Scildon made the decision to discontinue its collective pension offering. The portfolio was sold to Allianz with an effective date of 30 September 2025. Throughout the fourth quarter, all existing policies under the collective pension scheme were successfully migrated to Allianz, ensuring a smooth transition for policyholders and maintaining a high standard of customer service. This move enables Scildon to concentrate its resources and expertise on developing and enhancing products tailored to individual clients, further strengthening its competitive position in the Dutch insurance sector.

Customer outcomes

Scildon has continued to enhance its digital capabilities, with further improvements to its customer and advisor portals. These upgrades aim to simplify user experience and improve service delivery and are reflected in a positive eNPS score.

Governance

The business remains materially compliant with the EU Digital Operational Resilience Act (DORA) and continues to embed resilience practices into daily operations. Although Scildon falls outside the scope of mandatory Corporate Sustainability Reporting Directive (CSRD) reporting following the EU Omnibus proposals, we continue to monitor developments and adopt best practices where relevant.

A Climate Transition Plan has also been finalised, marking a significant step forward in Scildon's commitment to sustainability and responsible business practices.

Future priorities

- In 2026, the focus will be on realising synergies resulting from the merger, further embedding a unified culture and streamlining and simplifying the organisational structure. Key integration milestones include alignment of IT and financial systems.
- Complete an ALM study to optimise investment returns while aligning with the competitiveness of our pricing strategies.
- Ensure customers continue to receive high quality service.
- Continued support and implementation of the Climate Transition Plan.

ACQUIRE LIFE AND PENSIONS BUSINESSES

Scildon has continued to support the Group’s acquisition strategy by assessing M&A opportunities and processes, including due diligence activity, as appropriate.

Future priorities

- Deploy targeted M&A opportunities in the Dutch market in close collaboration with Chesnara, aligned with Group strategy and capital discipline.
- Focus on acquisitions that enhance Scildon’s scale, strengthen the product mix and create long-term value
- Leverage Chesnara’s expertise and financial capacity to pursue selective consolidation opportunities in the life insurance sector.

ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

Scildon has seen continued competitive pressure in the Dutch market, with new business maintained at a steady level of APE production throughout the year whilst improving the new business margin. This stability was driven by a strategic focus on simplifying the product offering, optimising the overall user experience, and delivering personal customer service. These efforts strengthened customer engagement and supported consistent sales performance, even in a challenging environment.

Scildon introduced a new Mortgage Term Lifestyle proposition in March. This new proposition supported a steady improvement in Scildon’s new business throughout the year, providing a promising outlook for 2026 Scildon’s products have earned recognition and prestigious awards in various areas;

- In 2025, Scildon’s Lifestyle Overlijdensrisicoverzekering (Term Life Insurance) received a 5-star rating from MoneyView in the Product Terms category. This marked the third consecutive year that Scildon earned this top rating for the product.
- Winner of the Adfiz Award category ‘Customer Interest’ for the Lifestyle Quit Smoking Term.
- 3rd place in the IG&H Performance Monitor category ‘Individual Life’. Financial advisors rated Scildon with an average score of 8.0, just 0.1 points behind the joint winners, TAF and Nationale-Nederlanden (NN).

The division delivered New Business Contribution of £6m (FY24: £2m) and has a term assurance market share of 12.5% (FY24: 10.6%).

Future priorities

- Streamline and simplify the product portfolio and focus on profitable growth.
- Ongoing competitor assessment to ensure pricing and distribution remain competitive.
- Complete ALM study to optimise investment returns while aligning with the competitiveness of our pricing strategies.

CHESNARA CULTURE AND VALUE PRINCIPLES	
Responsible risk-based management for the benefit of all our stakeholders	– Implementation and maintenance of robust risk management frameworks and performance of stress and scenario testing to ensure resilience under adverse conditions.
Fair treatment of customers	– Scildon has continued to enhance its digital capabilities, with further improvements to its customer and advisor portals.
Maintain adequate financial resources	– Scildon maintained a solid capital position, steady value generation, and disciplined cost management, all contributing to a resilient financial baseline.
Provide a competitive return to investors	– Completed the merger with Waard, generating cost synergies and diversification benefits.
Robust regulatory compliance	– The business remains compliant with the EU Digital Operational Resilience Act (DORA) and continues to embed resilience practices into daily operations.
A just transition to a sustainable group	– The transition plan towards net zero in the investment portfolio was finalised.

KPIs

Operating Capital Generation

£36m

(FY24: £30m)

Cash Remittances

£7m

(FY24: £7m)

Solvency Coverage Ratio (pre foreseeable Cash Remittance):

265%

(FY24: Waard 350% and Scildon 205%)

Solvency Coverage Ratio (post foreseeable Cash Remittance):

234%

(FY24: Waard 324% and Scildon 205%)

Own Funds

£232m

(FY24: £222m)

AuA

£3bn

(FY24: £3bn)

Adjusted Operating Profit

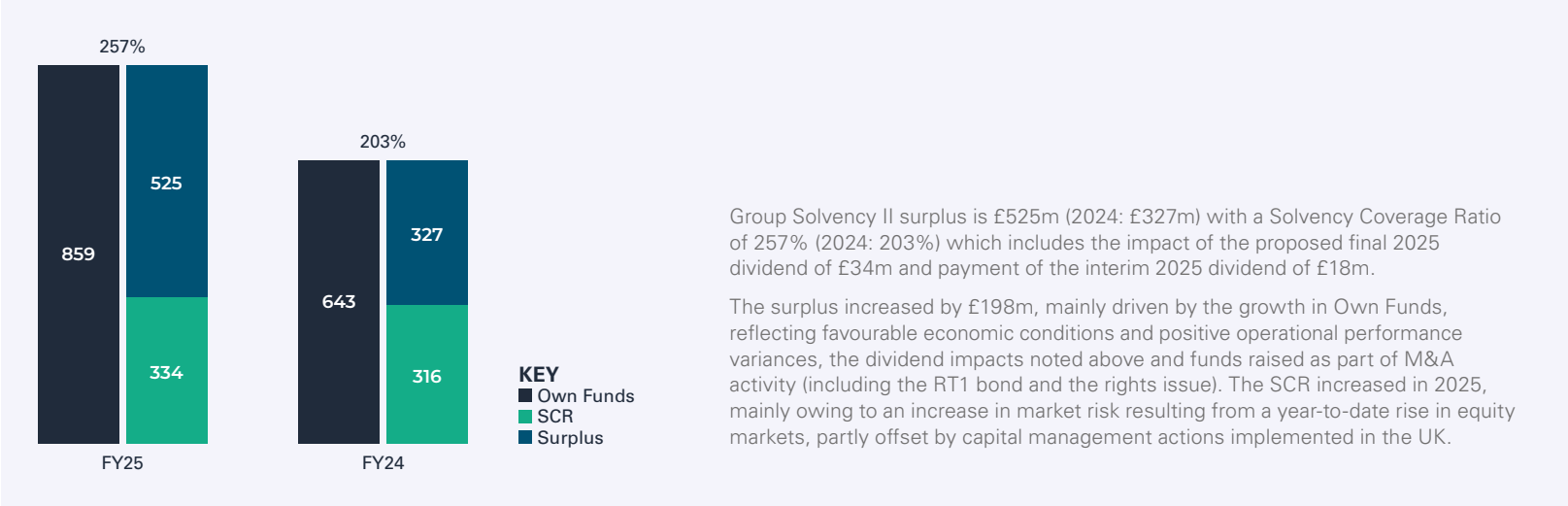
£23m

(FY24: £17m)

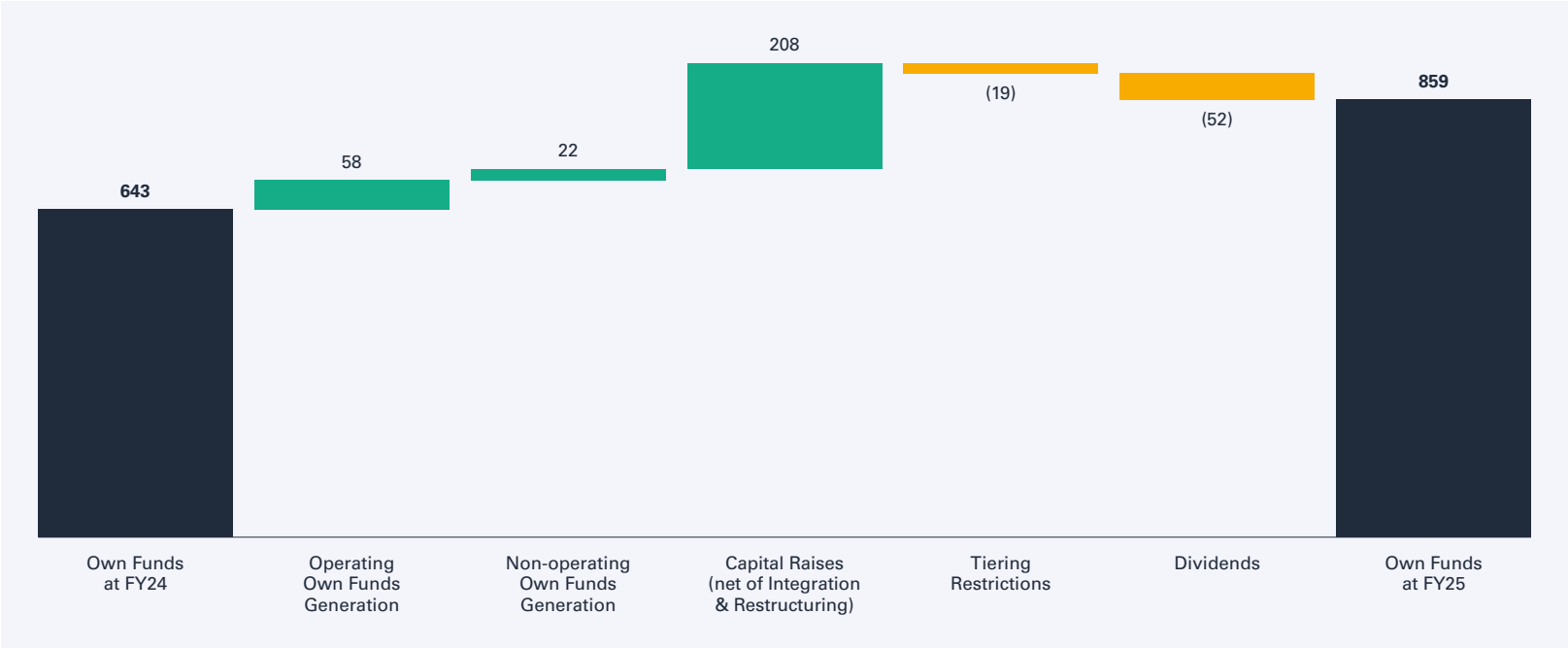
FINANCIAL REVIEW • SOLVENCY II

The Group's Solvency Coverage Ratio of 257% is significantly above our operating range of 140% to 160%.

Solvency Coverage Ratio



Own Funds

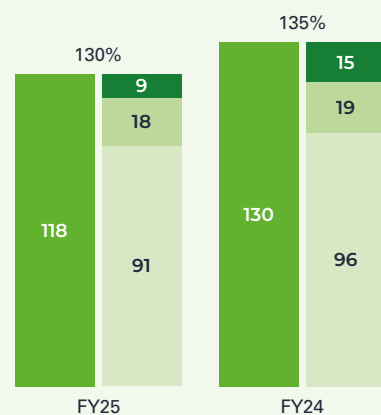


Divisional solvency position

The numbers that follow present the divisional view of the solvency position which may differ to the position of the individual insurance company(ies) within the consolidated numbers.

UK

The decrease in surplus to £9m (FY24: £15m) reflects lower Own Funds and the impact of Cash Remittances to Group. Own Funds, pre-Cash Remittance, increased (£9m), supported by new business and positive economic returns. The SCR reduced by £5m, including the impact of capital management initiatives such as mass-lapse reinsurance and the implementation of a new foreign exchange hedge.

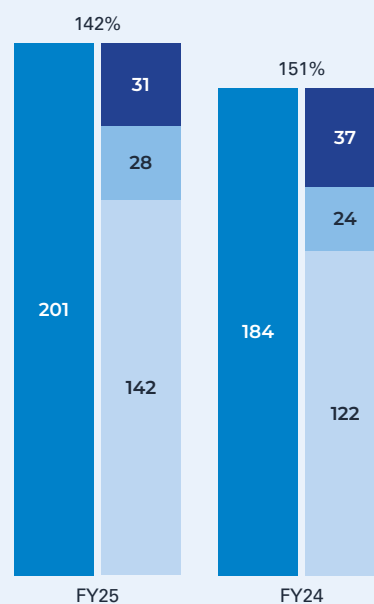


KEY

Own Funds
SCR
Buffer
Surplus

SWEDEN

Movestic reported a surplus of £31m (FY24: £37m) which relates to a rise in Own Funds from positive equity markets, partly offset by the US dollar depreciation against the Swedish krona, and increased SCR as a result of higher market risk requirements. The impact of exchange rate movements also resulted in an increase in both Own Funds and SCR on translation.

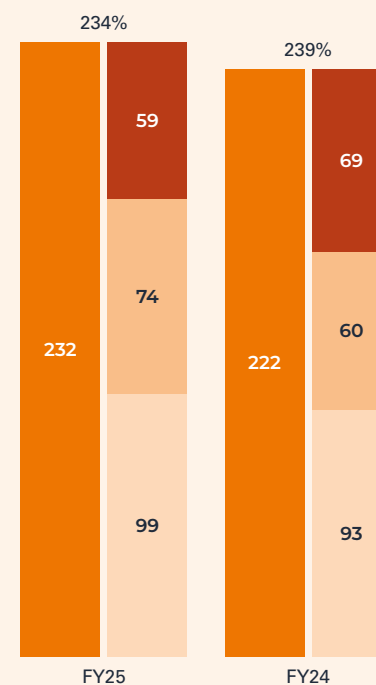


KEY

Own Funds
SCR
Buffer
Surplus

NETHERLANDS

Scildon reported surplus of £59m, reflecting growth in Own Funds as well as an increase in SCR. The rise in Own Funds includes the positive impacts of synergies resulting from the merger of the Dutch business units and economic returns, offsetting adverse mortality experience. The rise in SCR includes the impact of market conditions as well as some one-off restructuring activities.



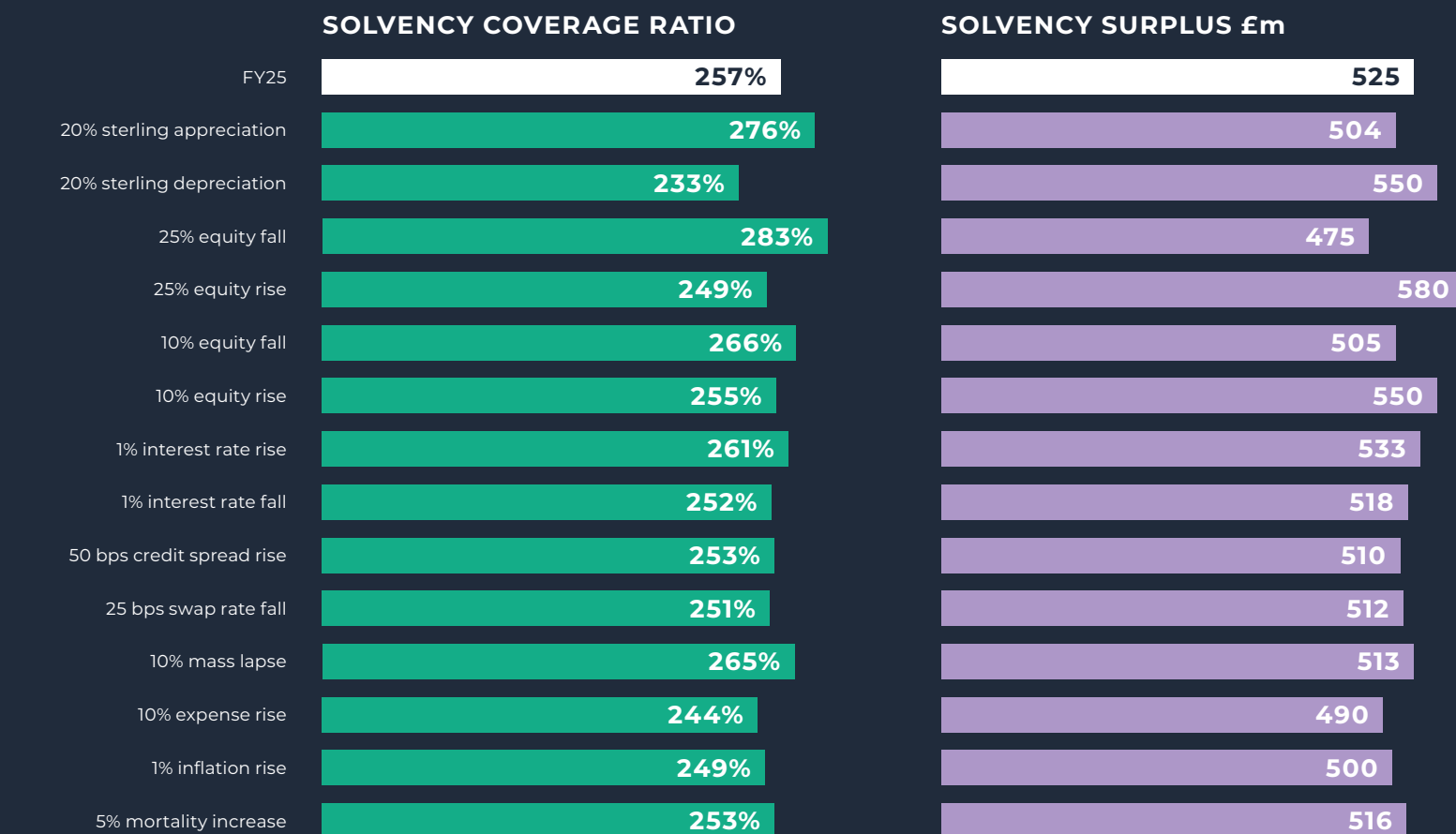
KEY

Own Funds
SCR
Buffer
Surplus

The FY24 comparator reflects the combination of the reported results of Waard and Scildon on a pre-merger basis and individual buffers (Waard 35% and Scildon 75%).

FINANCIAL REVIEW • SOLVENCY II SENSITIVITIES

The diagram below provides some insight into the immediate impact of certain sensitivities on the Group's Solvency Coverage Ratio and Solvency Surplus on a pre-Chesnara Life basis.



Foreign exchange: Appreciation of sterling relative to our overseas currencies reduces the value of overseas surplus with partial mitigation from the Group currency hedge.

Equity stresses: Lower equity valuations reduce the Group's AuA. In turn, this decreases the value of Own Funds and the associated SCR as the value of the funds exposed to market risk reduce. The SCR reduction includes the impact of the Solvency II Symmetric Adjustment, and results in an increase in the Solvency Coverage Ratio.

Interest rates: An interest rate rise reduces both the assets and liabilities, with the liabilities reducing more than the assets as the assets have a shorter duration than the liabilities. Conversely, an interest rate fall increases both the assets and liabilities, with the liabilities increasing more than the assets.

Credit spreads: Higher spreads reduce surplus as the rise in spreads decreases the value of Own Funds.

Swap rates: A reduction in the swap discount rate profile reduces the Group's surplus by increasing the time-value of the projected future liabilities associated with the in-force book.

Mass lapse: A 10% mass-lapse event drives an immediate reduction in the Group's projection of future surpluses, largely offset by the reduction in the associated SCR.

Inflation: A permanent increase in inflation for all future years increases the Group's future expense profile, reducing Own Funds and surplus.

Mortality rates: A 5% increase in mortality rates across the Group will reduce the future surplus projections from the in-force book, leading to lower Own Funds and a reduction in Group's surplus.

FINANCIAL REVIEW • OPERATING CAPITAL GENERATION

£94m FY24: £79m

OPERATING CAPITAL GENERATION

i) Operating Capital Generation by business unit

£m	FY25	FY24
UK	41	32
Sweden	14	10
Netherlands	36	30
Group Centre	3	7
Operating Capital Generation	94	79

Operating Capital Generation for the year of £94m was driven by expected investment returns of £50m (from non-linked and shareholder assets), positive operating variances and management actions of £51m, operating assumption changes of £(14)m, and £5m relating to smaller contributions from other operating components. Non-operating capital generation included the RT1 and rights issue.

ii) Solvency II surplus movement for the year ended 31 December 2025

£m	31 December 2024	Operating Capital Generation	Non-Operating Capital Generation	Dividends	Restrictions	Acquisitions	31 December 2025
Own Funds	643	58	229	(52)	(19)	–	859
SCR	(316)	36	(54)	–	–	–	(334)
Surplus	327	94	175	(52)	(19)	–	525

iii) Solvency II surplus movement for the year ended 31 December 2024

£m	31 December 2023	Operating Capital Generation	Non-Operating Capital Generation	Dividends	Restrictions	Acquisitions	31 December 2024
Own Funds	684	57	(38)	(37)	(33)	10	643
SCR	(333)	22	8	–	–	(13)	(316)
Surplus	351	79	(30)	(37)	(33)	(3)	327

FINANCIAL REVIEW • IFRS INCOME STATEMENT

£56m FY24: £39m
ADJUSTED OPERATING PROFIT

iv) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the year ended 31 December 2025

£m	UK	SWEDEN	NETHERLANDS	OTHER GROUP ACTIVITIES	TOTAL
Profit/(loss) before tax and consolidation adjustments	33	5	33	(52)	19
Tax attributable to policyholders' returns	(26)	–	–	–	(26)
Profit before tax attributable to shareholders' profits	7	5	33	(52)	(7)
Investment variances and economic assumption changes	4	1	(17)	18	6
Impairment, amortisation and profit or loss on disposal	4	2	–	–	6
Integration and restructuring costs	4	3	7	26	40
Financing costs	–	–	–	11	11
Adjusted Operating Profit before tax attributable to shareholders' profits	19	11	23	3	56

Adjusted Operating Profit was £56m (2024: £39m), driven primarily by robust operating performance in the UK and Netherlands. The Netherlands benefited from merger synergies and the sale of the collective pension book to Allianz, positively impacting the annual CSM release, whilst the UK experienced positive economics, reflecting greater returns as a result of lower yields in comparison to the prior year.

The Profit Before Tax (PBT) of £19m was adjusted to reflect the following items: £40m for integration and restructuring costs, including those associated with the Chesnara Life acquisition and M&A activities; £(26)m attributable to policyholder tax; £11m in central finance costs; £6m from short-term volatility; and £6m related to impairment, amortisation, and disposals of acquired value of in-force business (AVIF). The application of these adjustments resulted in an Adjusted Operating Profit of £56m.

v) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the year ended 31 December 2024

£m	UK	SWEDEN	NETHERLANDS	OTHER GROUP ACTIVITIES	TOTAL
Profit/(loss) before tax and consolidation adjustments	28	10	5	(22)	21
Tax attributable to policyholders' returns	(18)	–	–	–	(18)
Profit before tax attributable to shareholders' profits	10	10	5	(22)	3
Investment variances and economic assumption changes	(2)	(3)	5	(4)	(4)
Impairment, amortisation and profit or loss on disposal	3	2	–	–	5
Integration and restructuring costs	–	4	7	13	24
Financing costs	–	–	–	11	11
Adjusted Operating Profit before tax attributable to shareholders' profits	11	13	17	(2)	39

£19M FY24: £21m

IFRS PRE-TAX PROFIT

Analysis of IFRS result:		
	FY25 £m	FY24 £m
Net insurance service result	22	9
Net investment result	50	53
Fee, commission and other operating income	114	104
Other operating expenses	(156)	(134)
Financing costs	(11)	(11)
Profit before income taxes	19	21
Income tax (charge)/credit	(29)	(17)
(Loss)/Profit for the period after tax	(10)	4
Foreign exchange (loss)/gain	20	(15)
Other comprehensive income	2	–
Total comprehensive income	12	(11)
Movement in IFRS Capital Base		
Opening IFRS Capital Base	449	479
Movement in CSM (net of reinsurance and tax)	(4)	15
Total comprehensive income	12	(11)
Other adjustments associated with shareholders' equity	279	2
Dividend	(42)	(36)
Closing IFRS Capital Base	694	449

Net insurance service result

The net insurance service result comprises the revenue and expenses from providing insurance services to policyholders and ceding insurance business to reinsurers and is in respect of current and past service only.

Assumption changes, relating to future service, are excluded from the insurance result (as they adjust the CSM), unless the CSM for a given portfolio of contracts falls below zero; thereby in a 'loss component' position. Economic impacts are also excluded from the insurance service result.

The net insurance service result of £22m is broken down into the following elements:

- gains from the release of risk adjustment and CSM of £23m (2024: £22m). These gains represent a consistent source of future profits for the Group.
- losses of £1m (2024: £14m loss) caused by experience impacts and loss component effects where portfolios of contracts suffered adverse impacts that would otherwise be offset in the balance sheet if the CSM for those portfolios were positive.

£12M FY24: £(11)m

TOTAL COMPREHENSIVE INCOME

Other adjustments associated with shareholders' equity at FY25 mainly relate to funds raised for M&A activity.

Net investment result

The net investment result contains the investment return earned on all assets, together with the financial impacts of movements in insurance and investment contract liabilities. The investment result also includes losses made on the Group's currency hedging arrangement of £17m (in 2024: gain of £4m).

Fee, commission and other operating income

The most significant item in this line is the fee income that is charged to policyholders in respect of the asset management services provided for investment contracts. There is no income in respect of insurance contracts in this line, as this is all now reported in the insurance result.

Total fee, commission and operating income in the year was £114m (2024: £104m) and was £76m net of Swedish policyholder yield tax (2024: £73m).

Other operating expenses

Other operating expenses consist of costs relating to the management of the Group's investment contracts, non-attributable costs relating to the Group's insurance contracts and other certain one-off costs such as project costs and expenses relating to M&A activity.

Other items of note are the amortisation of intangible assets in respect of investment business and the payment of yield tax relating to policyholder investment funds in Movestic, for which there is a corresponding offset within the fee income line.

After removing the impacts of policyholder yield tax the other operating expenses in the year are £118m (2024: £103m).

Financing costs

This predominantly relates to the cost of servicing our Tier 2 corporate debt notes which were issued in early 2022.

Foreign exchange

The Group's IFRS consolidated results show a foreign exchange gain of £20 million for the period, owing to sterling depreciation versus Swedish krona and the euro, offsetting the loss on foreign exchange rates hedges included within the net investment result.

Other comprehensive income

This represents the revaluation of pension obligations for our Dutch division.

Income tax

Income tax consists of both current and deferred taxes.

The total IFRS tax charge of £29m mainly represents UK policyholder tax that is reflective of positive investment growth in the period. The charge is offset by equal and opposite policyholder fund rebates primarily within the investment result.

FINANCIAL REVIEW • IFRS BALANCE SHEET

	£m		£m
FY24 CSM (gross of tax)	176	FY23 CSM (gross of tax)	157
Interest accreted	4		4
New business	8		7
Acquisition impacts	7		1
Experience & assumption changes	(13)		33
CSM release	(20)		(19)
Foreign exchange impact	8		(7)
FY25 CSM (gross of tax)	170	FY24 CSM (gross of tax)	176

The CSM represents future profits that are expected to be released to the Income Statement over the lifetime of the portfolio. The CSM (net of reinsurance and gross of tax) has decreased by £6m from £176m to £170m during 2025. Adverse experience and assumption changes across the Group reduced the CSM by £13m, which was mainly the result of mortality experience and cost assumption strengthening in Scildon. New business movement, along with the acquisition impact which resulted in additional CSM from the Canada Life portfolio transferred under Part VII, created a net £15m CSM (after reinsurance). CSM release in FY25 included one-off items, primarily associated with Scildon following the sale of the pension book to Allianz, while underlying movements were broadly consistent with prior year.

Leverage

The IFRS leverage of 22.4% ratio reduced by 8.5 ppts (FY24: 30.9%), driven primarily by the Group's capital issuances in 2025.

Assets Under Administration (AuA)

£bn	FY25	FY24
UK	6 ^Δ	6 ^Δ
Sweden	7	5
Netherlands	3	3
Total	15	14

Please note that the values above have been rounded to the nearest whole number.

The Group's AuA as at FY25 was £15bn following strong custodian inflows in Sweden and depreciation of sterling relative to the Swedish krona and the euro.

¹Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.
^ΔIncludes impact of the second Canada Life portfolio acquisition, expected to Part VII and migrate during 2026.

FINANCIAL MANAGEMENT

The Group's Financial Framework is designed to provide security for all stakeholders, while meeting the expectations of policyholders, investors and regulators. The following diagram illustrates the aims, approach and outcomes from the Financial Management Framework:



Further detail on capital structure

The Group is funded by a combination of share capital, retained earnings and debt finance. Debt leverage was 22.4% at 31 December 2025 (30.9% at 31 December 2024). The level of debt that the Board is prepared to take on is driven by the Group's Debt and Leverage Policy which incorporates the Board's risk appetite and has a long-term ambition to maintain IFRS leverage at 30% or less. Over time, the Group's debt leverage will change, and is a function of the funding requirements for future acquisitions and the repayment of existing debt.

Acquisitions are funded through a combination of debt, equity and internal cash resources. The ratios of these three funding methods vary on a deal-by-deal basis and are driven by a number of factors including, but not limited to, the size of the acquisition; current cash resources

of the Group; solvency levels, the current leverage ratio and the Board's risk tolerance limits for additional debt; the expected Operating Capital Generation profile and funding requirements of the existing subsidiaries and potential acquisition; future financial commitments; and regulatory rules. In 2025, the Group raised significant firepower to fund M&A activity, including £140m of equity capital through a rights issue, a further £150m from the issuance of an RT1 bond and the extension of the Group's Revolving Credit Facility (RCF), increasing to £150m. These sources of capital have been used to fund the Chesnara Life acquisition and will be utilised for future transformational deals, such as the recently announced acquisition of Scottish Widows Europe SA operation.

FINANCIAL MANAGEMENT

Outcomes from implementing our financial management objectives

1. Maintain the Group as a going concern

After making appropriate enquiries, the directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for a period of twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

In performing this work, the Board has considered the current solvency and cash position of the Group and Company, coupled with the Group's and Company's projected solvency and cash position as highlighted in the most recent Business Plan and Own Risk and Solvency Assessment (ORSA) process. These processes consider the financial projections of the Group and its subsidiaries, covering projected solvency, liquidity, and IFRS positions.

These projections assess the Operating Capital Generation of the business units of the Group and how Cash Remittances flow up into the Group Centre Company balance sheet and support the Group's debt repayments, shareholder dividends and the Group Centre function.

The Business Plan projections included the impact of the Capital Raises in (RT1 and Rights issuances) in 2025, the Chesnara Life acquisition which completed in January 2026, as well as projections to include the Scottish Widows Europe SA acquisition, which was announced in February 2026. Following the completion of these acquisitions, the Group expects the Solvency Coverage Ratio to remain above the normal operating range of 140-160%.

The Group's Going Concern process also considered the impacts of the recently announced acquisitions under stressed scenarios for both projected solvency and liquidity positions.

Further insight into the immediate and longer-term impact of certain scenarios, covering solvency, can be found on page 48 under the section headed 'Solvency II Sensitivities'. The directors believe these scenarios encompass the potential future impact of the prevailing economic uncertainty on the Group. The following key assumptions underpin the sensitivity analyses:

- Economic assumptions: long-term investment returns reflecting current investment portfolio mix.
- Operating assumptions: based on most recent actuarial assumptions for mortality and morbidity, lapses and expenses.
- New business volumes: future sales and margins in line with the Board-approved business plan.
- Acquisitions: the Group does not engage in future M&A activity.

As set out in page 48, the Group's capital position is resilient to a wide range of adverse economic and operating scenarios.

The Group also holds cash significantly in excess of requirements to meet its debt obligations as they fall due and does not rely on the renewal or extension of bank facilities to continue trading. Following the inaugural issuance of £200m Tier 2 Subordinated Notes in 2022, the Group further enhanced this position during 2025 with the successful issuance of a Restricted Tier 1 Bond, raising £150m, and a further £140m of equity capital through a rights issue that was well supported by existing shareholders. The net proceeds from these actions continues to support the Group's corporate activities, including acquisitions and investments.

The Group's subsidiaries rely on cash flows from the maturity or sale of fixed interest securities which match certain obligations to policyholders, which brings with it the risk of bond default. To manage this risk, we ensure that our bond portfolio is actively monitored and well-diversified. Other significant counterparty default risk relates to our principal reinsurers. We monitor their financial position and are satisfied that any associated credit default risk is within acceptable risk-appetite levels.

2. Assessment of viability

The Board's assessment of the viability of the Group is performed in conjunction with its going concern assessment and considers both the time horizons required for going concern, and the slightly longer-term timelines for assessing viability. The assessment for viability also considers the same key financial metrics as for assessing going concern, being Solvency II and IFRS key performance metrics, both on base case and stressed scenarios.

3. Viability statement

Based on the results of the analysis above, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. Although we produce business plans and other financial projections over longer time horizons, the selection of a three-year viability assessment recognises that the level of operating, regulatory and market certainty reduces towards the later years of the projection timeframes. The three-year period also aligns with executive director LTIP (Long-Term Incentive Plan) performance timeframes.

4. Assessment of prospects

Our longer-term prospects are primarily assessed through the Group's quarterly business forecasting cycles and the annual business planning process. The Group's performance projections include underlying operational deliverables, an assessment of the business model and the financial consequences of following those plans. We also consider the principal risks and uncertainties that the Group faces (see pages 59 to 66) and how these might affect our prospects.

An assessment of our prospects is shown below and is structured around our three strategic objectives:

Maximising value from our existing business: The Group now has c1.4m policies in force. These are generally long-term policies, and the associated cash flows can, at an overall portfolio level, be reasonably well predicted on base case and stressed scenarios. The Group is strongly capitalised at both a group and business unit level and has high-quality assets backing its insurance liabilities. During 2025, positive economic conditions and robust operating performance supported the Group's Solvency Coverage Ratio and a year-on-year increase in Operating Capital Generation. The Group is exposed to solvency headwinds from adverse equity market performance and/or lower interest rates. Temporary market volatility is however a natural feature of investment markets and the Group's Solvency Coverage Ratio is projected to remain above risk-appetite levels in a range of stressed conditions.

Acquisition strategy: Management continue to engage in a wide range of acquisition opportunities. In January 2026, the Group completed the acquisition of Chesnara Life, transforming the scale in the UK. In February 2026, the Group announced the proposed acquisition of Scottish Widows Europe SA, another transformational deal expected to complete later this year. The financial position of the Group continues to support financing deals through the use of our own resources, by raising debt or equity funding.

Value from new business: The Group's New Business Contribution of £12m was a notable increase on prior year (2024: £9m) and the management in each of our UK, Swedish and Dutch (Scildon) operating businesses have incorporated long-term new business strategies and financial targets in the respective Board-approved business plans.

Our business fundamentals such as AuA, policy volumes, new business market shares and expenses have all proven resilient over time. This, together with the positive assessment of our core strategic objectives and a line of sight to positive management actions over the planning period, leaves us well positioned to deliver ongoing positive outcomes for all stakeholders.

RISK MANAGEMENT

“Against a backdrop of growing volatility, a resilient and forward-looking approach to risk management is fundamental to protecting our stakeholders and delivering sustainable growth.”

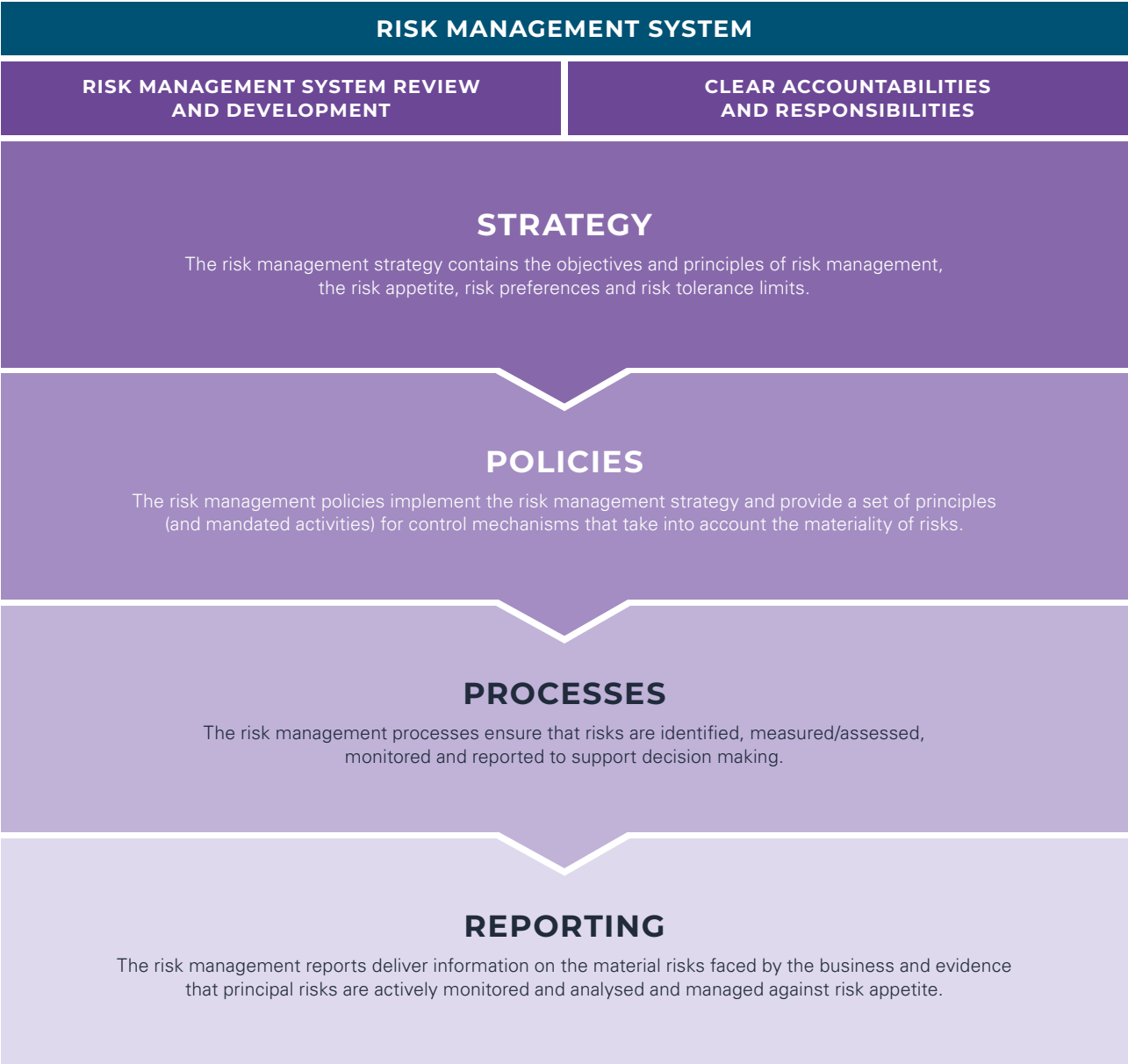
NIAMH CARR,
INTERIM CHIEF RISK OFFICER



RISK MANAGEMENT

Against a backdrop of growing volatility, a resilient and forward-looking approach to risk management is fundamental to protecting our stakeholders and delivering sustainable growth. By sustaining a clear focus on the effective integration of acquired businesses and outsourcing partnerships, we continue to embed a consistent risk framework across our developing Group. We maintain a strong solvency position, and our financial sensitivities continue to align comfortably with the Board’s risk appetite.

Managing risk is a key part of our business model. We achieve this by understanding the current and emerging risks to the business, mitigating them where appropriate and ensuring they are appropriately monitored and managed.



The Group adopts the ‘three lines of defence’ model with a single set of risk and governance principles applied consistently across the business.

In all business units we maintain processes for identifying, evaluating and managing all material risks faced by the Group, which are regularly reviewed by the Senior Leadership Teams and Audit & Risk Committees. Our risk assessment processes have regard to the significance of risks, the likelihood of their occurrence and take account of the controls in place to manage them. The processes are designed to manage the risk profile within the Board’s approved risk appetite.

Group and business unit risk management processes are enhanced by stress and scenario testing, which evaluates the impact of certain adverse events occurring separately or in combination. The results, conclusions and any recommended actions are included within business unit and Group ORSA Reports to the relevant Boards. There is a strong correlation between these adverse events and the risks identified in ‘Principal risks and uncertainties’ (pages 59 to 66). The outcome of this testing provides context against which the Group and business units can assess whether any changes to risk appetite or to management processes are required.



RISK MANAGEMENT • ROLE OF THE BOARD

The Chesnara Board is responsible for monitoring the Group Risk Management System and carrying out a review of its effectiveness on an annual basis.

RISK STRATEGY AND RISK APPETITE	The Group and its business units have a defined risk strategy and supporting Risk Appetite Framework to embed an effective Risk Management Framework, with culture and processes at its heart, and to create a holistic, transparent and focused approach to risk identification, assessment, management, monitoring and reporting. On the recommendation of the Chesnara Audit & Risk Committee, the Chesnara Board approves a set of risk preferences which articulate, in simple terms, the desire to increase, maintain, or reduce the level of risk taking for each main category of risk. The risk position of the business is monitored against these preferences using risk tolerance limits, where appropriate, and they are taken into account by the management teams across the Group when taking strategic or operational decisions.
RISK AND CONTROL POLICIES	The Group has a set of risk and control policies that set out the key policies, processes and controls to be applied. Senior management is responsible for the day-to-day implementation of the risk and control policies. Subject to the materiality of changes, the Chesnara Board approves the review, updates to and attestation of these policies at least annually.
RISK IDENTIFICATION	The Group maintains a Risk Register of risks which are specific to its activity and reports these, along with the principal risks of each business unit, to the Chesnara Audit & Risk Committee on at least a quarterly basis. On an annual basis the Board approves, on the recommendation of the Chesnara Audit & Risk Committee, the materiality criteria to be applied in the risk scoring and in the determination of what is considered to be a principal risk. At least quarterly the principal and emerging risks are reported to the relevant Boards, assessing their proximity, probability and potential impact.
OWN RISK AND SOLVENCY ASSESSMENT (ORSA)	On an annual basis, or more frequently if required, the Group produces a Group ORSA Report which aggregates the business unit ORSA findings and supplements these with an assessment specific to Group activities. The Group and business unit ORSA policies outline the key processes and contents of these reports. The Chesnara Board is responsible for approving the ORSA, including steering in advance how the assessment is performed and challenging the results. The primary objective of the ORSA is to support the Company's strategic decision making, by providing insights into the Company's risk profile over the business planning horizon. Effective ORSA reporting supports the Board, in its role of protecting the viability and reputation of the Company, reviewing and challenging management's strategic decisions and recommendations.
RISK MANAGEMENT SYSTEM EFFECTIVENESS	The Group and its business units undertake a formal annual review of and attestation to the effectiveness of the Risk Management System. The assessment considers the extent to which the Risk Management System is embedded. The Chesnara Board is responsible for monitoring the Risk Management System and its effectiveness across the Group. The outcome of the annual review is reported to the Chesnara Board which make decisions regarding its further development.

RISK MANAGEMENT • EMERGING RISKS

On a regular basis the Senior Management team scans the horizon to identify potential risk events (e.g. political; economic; technological; environmental, legislative & social), assessing potential outcomes in terms of threats and opportunities. This section provides details on some of the emerging risks that have been kept under close watch during 2025.

Geopolitical risk

Geopolitical risk has continued to be a source of uncertainty contributing to market volatility and impacting investment performance. Key geopolitical tensions remain unresolved, including the conflict between Ukraine and Russia, the Middle East and continued tensions between China and Taiwan. These remain an emerging risk for the Group, in the sense these are evolving situations which have potential implications for the Group's principal risks.

The political landscape in 2025 was shaped by the implementation of policy agendas following the extensive global elections held in 2024. In the UK, the Labour Government's first full year in office saw pressures associated with welfare reform and a desire to strengthen foreign relations, in particular with the United States. In the Netherlands the collapse of the Schoof coalition government led to a snap general election in October, with no one party achieving clear dominance. In the United States, the new administration began implementing trade and economic policies that contributed to heightened market volatility and uncertainty around global trade and inflation.

Macro-economic volatility

Global economic growth remained uneven during 2025, reflecting the continued impact of geopolitical tensions, evolving supply chain dynamics and changes in consumer behaviour. Market indices reached a historically high level, with concerns regarding the risk of a sharp market correction due to potential over-valuation of AI related stocks. Expectations at the start of the year that central banks would begin easing monetary policy proved only partially realised. While inflation moderated in several major economies, it remained more persistent in certain sectors and regions, leading central banks to adopt a cautious and gradual approach to interest rate cuts. In addition, credit spreads remain near historically tight levels, raising the likelihood of spreads widening in the event of increased market uncertainty. In currency markets, the US dollar depreciated over 2025 driven by tariff and political uncertainty and inflationary pressures.

Artificial intelligence (AI)

Developments in the field of AI mean companies are looking towards both self-developed and externally acquired AI applications, often with the aim to automate or optimise existing processes and sub-processes. As a result, financial services organisations are entering the AI space with many looking at incorporating it into their long-term strategies.

Regulatory developments during 2025 have further shaped the AI landscape. The EU Artificial Intelligence Act, which came into force in August 2024, has begun to influence how AI systems are deployed within the EU, emphasising safety, transparency, fundamental rights, and responsible innovation. In the UK, AI regulation has continued to evolve, guided by a principles based, cross-sector framework. Regulators, including the FCA and the Information Commissioner's Office, have continued updating their strategic approaches to AI oversight, focusing on balancing innovation with accountability, security, and ethical considerations.

Overall, AI remains a rapidly evolving area of strategic and regulatory focus, and the Group continues to monitor developments closely whilst exploring the use of AI to ensure that opportunities are realised responsibly while emerging risks are managed effectively.

Sustainability

Sustainability and the response to the challenges and opportunities presented continues to be a key focus in the UK and Europe and is an evolving area of potential risk for the business. While the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a global framework for addressing urgent challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice, the United States formally withdrew from the UN Sustainable Development Goals in early 2025, highlighting ongoing geopolitical differences in approaches to sustainability.

A prominent area of focus for regulators and businesses in the UK and EU continues to be the financial risks associated with climate change. Following 2024, which was the hottest year on record and the first calendar year to exceed the 1.5°C threshold of the Paris Agreement, the global average temperature in 2025 remained elevated, and understanding of the impacts on business operations, markets, and long-term resilience continues to develop.

The Group has continued to implement its sustainability strategy, which remains an integral part of the Group's overall strategy, supporting action on current and emerging sustainability-related risks and reinforcing the Group's commitment to responsible business practices as part of its long-term resilience planning.

The risk information on the following pages includes specific commentary, where appropriate, on the impact of emerging events on our principal risks.

RISK MANAGEMENT • PRINCIPAL RISKS AND UNCERTAINTIES

The following tables outline the principal risks and uncertainties of the Group and the mitigants in place to lessen or manage their impact. It has been drawn together following regular assessment, performed by the Chesnara Audit & Risk Committee, of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The impacts are not quantified in the tables. However, by virtue of the risks being defined as principal, the impacts are potentially significant. Those risks with potential for a material financial impact are covered within the sensitivities on page 48.

In preparation for the new Corporate Governance Code requirements under Provision 29 we have refreshed our principal risks, documented our Material Controls and established an assurance approach to support the controls effectiveness declaration which will be required for year-end 2026.

We have reassessed our principal risks to ensure they remain relevant and comprehensive. This review reflects the evolving business landscape and emerging risk considerations. The updated principal risks, reviewed and approved by the Board, are closely aligned with our Risk Universe and cover the key strategic, operational, financial, and regulatory risk areas.

Our Material Controls are defined as controls which are aimed at keeping the principal risks and uncertainties of the business within the risk appetite agreed by the Board. We have considered Material Controls in terms of the key control themes and mechanisms that provide the Board with relevant assurance over the management of principal risks, with a focus on governance, oversight, monitoring and preparedness.

MARKET & LIQUIDITY RISK

PR1

- PR1.1** Exposure to financial losses or value reduction arising from adverse movements in currency, investment markets, counterparty defaults, or through inadequate asset liability matching.
- PR1.2** Adverse market and liquidity impacts arising from physical risks (e.g. extreme weather events) or transition risks (e.g. regulatory changes, shifts in investor sentiment, or carbon pricing) related to climate change.

INSURANCE RISK

PR2

- PR2.1** Risk of adverse demographic experience compared with assumptions (such as rates of mortality, morbidity, persistency etc.).
- PR2.2** Risk that expenses may exceed planned budgets and unit costs may grow at unsustainable levels.

STRATEGIC RISK

PR3

- PR3.1** Risk that transformational projects may fail to deliver the expected strategic, operational, or financial benefits.
- PR3.2** The risk of failure to source acquisitions that meet Chesnara's criteria or the execution of acquisitions with subsequent unexpected financial losses or value reduction.
- PR3.3** Risk that failure to effectively integrate sustainability principles and environmental, social, and governance (ESG) considerations into the Group's long-term strategy could result in loss of competitive advantage, diminished stakeholder trust, regulatory penalties, and reduced access to capital.

OPERATIONAL RISK

PR4

- PR4.1** Severe disruptions or failures in critical business services could significantly impact operations and delivering positive outcomes for customers.
- PR4.2** The risk that statutory reporting (financial and regulatory reports) includes material misstatements or non-compliance issues.
- PR4.3** Risk that intentional acts of fraud whether internal (by employees or management) or external (by customers, vendors, or third parties) could lead to financial loss, regulatory sanctions, reputational damage, and erosion of client trust.
- PR4.4** Risk that counterparties, outsourced service providers (OSPs), or third parties may default on contractual obligations or fail to deliver critical business services as agreed.

IT/DATA SECURITY RISK

PR5

- PR5.1** Risk that cyber-attacks or failures in IT data security controls could compromise the confidentiality, integrity, or availability of information systems and data.

REGULATORY RISK

PR6

- PR6.1** The risk of regulatory failure, including failure to comply with regulations or meet regulatory expectations, as well as adverse changes in regulator or industry practices or the inconsistent interpretation and application across jurisdictions.

RISK MANAGEMENT • PRINCIPAL RISKS

MARKET & LIQUIDITY RISK				PR1
The Group is exposed to market and liquidity risk as a natural consequence of the business we operate – we invest to back long-term liabilities (for protection products) and on behalf of our policyholders (for savings products). Where managed effectively, exposure to these risks is fundamental to how life insurers create value for policyholders and shareholders. Market and liquidity risk could have a material adverse impact on the Group’s financial performance, capital position and ability to meet its obligations. Market risk arises from movements in asset values, foreign exchange rates and interest rates, which may impact investment returns, funding capacity and the Group’s ability to meet commitments to policyholders, creditors and shareholders in the event that they are not effectively controlled. Liquidity risk arises from the uncertainty surrounding the timing and amount of future cash outflows, including policyholder claims, reinsurance premiums, debt servicing and dividend payments. A mismatch between available liquid resources and required payments could impair the Group’s ability to meet its obligations as they fall due. Liquidity pressures could be exacerbated by counterparty failures or credit defaults, a significant increase in claims experience, or other large and unexpected expenditure. Market and liquidity risk may also be influenced by wider environmental, social and governance (ESG) developments. Physical climate risks, including extreme weather events such as floods, hurricanes and wildfires, may result in direct losses, business interruption and supply chain disruption, as well as indirect impacts on counterparties and critical infrastructure, including third-party service providers and data centres. Longer-term changes in climate patterns may further disrupt operations and financial markets. Transition risks associated with the move towards a lower-carbon economy may affect the valuation and performance of certain investments, particularly in carbon-intensive sectors, as a result of regulatory change, evolving consumer behaviour and shifts in market demand. Additional impacts may arise from inflationary pressures linked to global climate policy outcomes, including energy price volatility.				
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR1.1 Exposure to financial losses or value reduction arising from adverse movements in currency, investment markets, counterparty defaults, or through inadequate asset liability matching.	The Group accepts this risk and manages it through controls to prevent any increase or decrease in the risk exposure beyond set levels. These controls will result in early intervention if the amount of risk approaches those limits.	Financial risks are managed through regular monitoring of exposures, asset-liability matching, and maintaining a well diversified portfolio supported by surplus Tier 1 liquid assets such as cash and gilts, with regular liquidity forecasting to manage liquidity risk. Concentration risk is mitigated by using a range of funds and managers within a strong governance framework that oversees external mandates. The risk–return balance of fixed interest assets is actively optimised in light of balance sheet volatility and credit risks. Currency risk is managed through consideration of hedging, where cost-effective.	There continues to be a high level of uncertainty in the external operating environment with a varied outlook globally. Geopolitical tensions, ongoing global conflicts and an evolving monetary policy landscape remain key sources of risk, contributing to market volatility and the potential for sudden shocks. Persistent geopolitical instability and conflict bring additional economic uncertainty and financial market volatility. This creates additional risk of poor mid-term performance on shareholder and policyholder assets.	
PR1.2 Exposure to adverse market and liquidity impacts arising from physical risks (e.g. extreme weather events) or transition risks (e.g. regulatory changes, shifts in investor sentiment, or carbon pricing) related to climate change.	The Group aims to restrict its exposure to climate change risk, such that it can continue to operate within the existing risk tolerance limits for the associated risks and potential impacts. The risk impacts can have a direct impact on the operations of the Group and, more significantly, to the businesses within the Group’s investment universe.	Climate-related risks are managed through an approach that integrates scenario analysis, continuous monitoring, and proactive assessment of both physical and transitional exposures. Focusing on positive investment solutions by engaging asset managers and investee companies to support decarbonisation and credible transition planning, while increasing exposure to green bonds, net-zero aligned funds, and nature-based partnerships as a mitigating action to support emissions reduction and long-term portfolio resilience.	To manage the risks associated with climate change, financial institutions are increasingly adopting advanced data and modelling techniques. Additionally, regulatory bodies require financial institutions to perform climate scenario analyses to test their resilience to emerging climate-related financial risks. Work continues to embed sustainability considerations into the Group’s broader Strategy and Investment Framework. The Group has aligned its targets with the Paris Climate Agreement and aims to be net zero for all emissions by 2050. In September 2025 we published our Climate Transition Plan which has been developed using the IIGCC’s Net Zero Investment Framework 2.0.	

KEY

 HEIGHTENED

 NO MATERIAL CHANGE

 LESSENERD

INSURANCE RISK

PR2

Insurance risk arises within the Group as a consequence of operating as a Group focused on life insurance businesses. We seek out exposure to insurance risks in line with well-defined risk appetite limits and given appropriate actuarial expertise to determine demographic assumptions to be used in produce pricing and reserving.

The Group is exposed to the risk that actual demographic experience, including mortality, morbidity and persistency, differs from the assumptions used in product pricing and reserving. In the event of significant adverse demographic experience this would typically result in less profit accruing to the Group. A significant deterioration in persistency in the case of a one-off event resulting in multiple withdrawals over a short period of time (a 'mass-lapse' event) could have a more severe adverse effect on financial performance.

The Group is also exposed to the risk that expenses are higher than expected either due to one-off increases in the cost of delivering key activities or sustained inflation in variable costs. A key underlying source of potential increases in regular expense is the additional regulatory expectations on the sector. For the closed funds, the Group is exposed to the impact on profitability of fixed and semi-fixed expenses, in conjunction with a diminishing policy base. For the companies open to new businesses, the Group is exposed to the impact of expense levels varying adversely from those assumed in product pricing. Similarly, for acquisitions, there is a risk that the assumed costs of running the acquired business allowed for in pricing are not achieved in practice, or any assumed cost synergies with existing businesses are not achieved.

Sub risk	Risk appetite	Mitigations	Recent change/outlook
PR2.1 Risk of adverse demographic experience compared with assumptions (such as rates of mortality, morbidity, persistency etc).	The Group accepts this risk and restricts its exposure, to the extent preferred, through the use of reinsurance and other controls. Early warning trigger monitoring is in place to track any increase or decrease in the risk exposure beyond a set level, with action taken to address any impact as necessary.	Adverse demographic experience is managed through effective underwriting techniques, ongoing monitoring, regular analysis, and assessment of key assumptions. Chesnara performs close monitoring of persistency levels across all groups of business to support best estimate assumptions and identify trends. Reinsurance is used where it is assessed to be cost-effective and providing an effective transfer of risk, for example 'mass-lapse' reinsurance. Maintenance of good relationships with brokers, and diversification of the broker base to support persistency.	Continued cost-of-living pressures could give rise to higher surrenders and lapses should customers face personal finance pressures and not be able to afford premiums or need to access savings. The Group continues to monitor closely and respond appropriately. Since 2020, we have seen mortality experience in the Netherlands in excess of expectations due to a combination of variance in line with the general population following the COVID19 pandemic and some portfolio specific factors. This is reflected in the shorter-term assumptions but anticipated to fade away in the longer-term assumptions, in line with industry practice/standard tables. Any prolonged stagnation of the property market could reduce protection business sales compared to plan, particularly in the Netherlands. Following the introduction of new legislation in 2022 making it easier for customers to transfer insurance policies in Sweden, the transfer market remains very active. This risk continues to be actively monitored.
PR2.2 Risk that expenses may exceed planned budgets and unit costs may grow at unsustainable levels.	The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.	Expense overruns and unsustainable unit cost growth are managed through disciplined budgeting, ongoing monitoring, and proactive cost analysis. Strategic oversight, scenario planning, and robust frameworks ensure potential future pressures are identified and controlled, supporting operational efficiency and the preservation of long-term value. We regularly review our exposures and will consider more direct inflation hedging options should circumstances determine that to be appropriate.	The Group has an ongoing expense management programme and various strategic projects aimed at controlling expenses and seeking opportunities to exploit efficiencies/synergies, whilst ensuring we have the capabilities and capacity to support our growth ambitions. Acquisitions also present opportunities for unit cost reduction and the UK business announced a long-term strategic partnership with Fin Tech market leader SS&C Technologies ('SS&C') in May 2023, to provide policy administration services to the Group's UK division. Both the merger of Waard and Scildon in the Netherlands and the acquisition of Chesnara Life support Chesnara's ongoing cost efficiency initiatives.



RISK MANAGEMENT • PRINCIPAL RISKS

STRATEGIC RISK

PR3

Strategic risk could have a material impact on the Group's long-term performance, financial position and ability to achieve its strategic objectives. The Group's growth strategy is partly dependent on the successful identification and execution of acquisitions. A reduction in the availability of suitable acquisition opportunities within the Group's target markets, arising from increased competition, market consolidation dynamics or regulatory change affecting life company restructuring, could constrain growth and limit the Group's ability to deploy capital in line with its strategy.

The Group is also exposed to the risk that acquisitions fail to deliver the anticipated strategic, operational or financial benefits. This may arise from the crystallisation of risks inherent within acquired businesses or funds that were not adequately identified, priced or mitigated at the point of transaction, leading to erosion of value, financial losses or increased management and capital demands.

In addition, the Group undertakes transformational and change programmes to support its strategic objectives. There is a risk that such initiatives do not deliver their intended outcomes, whether due to execution challenges, cost overruns, delays or changes in the external environment. Failure to realise the expected benefits of these projects could result in inefficiencies, increased costs or reduced strategic flexibility.

Strategic risk may also arise from the failure to effectively integrate sustainability principles and environmental, social and governance (ESG) considerations into the Group's long-term strategy. Inadequate alignment with evolving stakeholder expectations, regulatory requirements or market practices could lead to reputational damage, regulatory intervention, reduced competitiveness and constraints on commercial opportunities. The Group could also face reputational or litigation risk if it is perceived to have inadequately managed climate-related risks or failed to meet disclosure expectations, including the risk of allegations of insufficient or misleading ESG reporting.

Sub risk	Risk appetite	Mitigations	Recent change/outlook
PR3.1 Risk that transformational projects may fail to deliver the expected strategic, operational, or financial benefits.	The Group recognises that a degree of delivery risk is inherent in achieving strategic transformation. However, it has a low tolerance for failures resulting from inadequate planning, ineffective governance, insufficient resourcing, or weak benefits realisation.	We ensure that transformational initiatives deliver their intended strategic, operational, and financial benefits through appropriate governance and proactive oversight of progress. Pro-active project management together with robust governance frameworks help identify and address potential issues early, supporting successful outcomes.	 In 2023 Chesnara appointed SS&C as strategic partner for administration outsourcing in its UK business unit. CA is in the process of migrating most of its policy administration to SS&C which is a large and complex multi-year Transition & Transformation Programme. This carries with it significant short-term operational risks associated with programme delivery and migration of existing outsourcing arrangements. The programme has already successfully migrated two books of business over to the SS&C platform. In July 2025 Chesnara successfully merged the Netherlands entities of Waard Leven and Scildon. The merger provides operating efficiencies and supports stronger financial outcomes.
PR3.2 The risk of failure to source acquisitions that meet Chesnara's criteria or the execution of acquisitions with subsequent unexpected financial losses or value reduction.	The Group generally expects acquisitions to enhance Own Funds and expected Operating Capital Generation in the medium term (net of external financing), though each opportunity will be assessed on its own merits.	Operating in three territories increases our options thereby reducing the risk that no further value adding deals are done. A broader target market also increases the potential for deals that meet our strategic objectives. Acquisition activity is guided by clear strategic criteria and governed through a structured, Board-approved, risk-based Acquisition Policy. Chesnara applies disciplined evaluation, pricing and due diligence processes, with active CRO involvement throughout due diligence and deal refinement. Robust governance, careful planning, and strong post-acquisition integration oversight support effective execution. These controls are further reinforced by a management team with significant and proven mergers and acquisitions experience, operating within an appropriate Risk Appetite and Pricing Framework.	 During 2025 the Group announced the acquisition of Chesnara Life, the largest transaction to date, with approximately £4bn of Assets Under Administration (AuA) and approximately 454,000 policies being acquired. The associated successful equity rights issue and the Restricted Tier 1 debt raise in 2025, in addition to diversifying the Group's capital structure, have provided additional flexibility in terms of funding the Group's future growth strategy. In early 2026, the Group announced the proposed acquisition of Scottish Widows Europe SA, a Luxembourg based closed life insurance business, adding approximately 46,000 in force policies and €1.7bn of AuA. There remains a positive pipeline of activity in relation to acquisitions, with the Group considering possibilities across all territories.

STRATEGIC RISK (CONTINUED)				PR3
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR3.3 Risk that failure to effectively integrate sustainability principles and ESG considerations into the Group's long-term strategy could result in loss of competitive advantage, diminished stakeholder trust, regulatory penalties, and reduced access to capital.	The Group's approach is to minimise and actively manage risks arising from inadequate integration of sustainability and ESG considerations into strategic decision making.	Sustainability and ESG considerations are managed through clear frameworks, ongoing transition plans and stakeholder engagement. There is a strong focus on continuous monitoring and embedding sustainability into day-to-day operations. The Group Sustainability Committee oversees progress of sustainability work across the Group, including reviewing strategic priorities and operational objectives, reviewing sustainability-related risks and opportunities, and allocating resource and budget.	COP30 was the 30th annual United Nations (UN) climate meeting. For financial services firms, COP30 signals sustained regulatory and market pressure to integrate climate-related risks into governance, scenario analysis, and investment decision making, particularly in relation to transition and physical climate risks and evolving disclosure expectations across jurisdictions. The UK has been consulting on UK Sustainability Reporting Standards (SRS) aligned with the IFRS/ISSB global baseline, with consultation activity during 2025 and expected further steps toward mandatory adoption including FCA consultation on how to introduce them for listed firms. This marks a move toward enhanced climate and wider sustainability disclosures for financial firms. In late 2025 the European Commission proposed amendments to the Sustainable Finance Disclosure Regulation, seeking simpler, more usable sustainability disclosures for financial products, revised categories (sustainable/transition/ESG basics) and clearer criteria to reduce greenwashing and compliance burdens. The Commission also advanced measures to delay or narrow the scope of the Corporate Sustainability Reporting Directive (CSRD).	↔
OPERATIONAL RISK				PR4
The Group and its subsidiaries are exposed to operational risks which arise through daily activities and running of the business. Operational risks may, for example, arise due to technical or human errors, failed internal processes, insufficient personnel resources or fraud caused by internal or external persons. As a result, the Group may suffer financial losses, poor customer outcomes, reputational damage, regulatory intervention or business plan failure. Errors, omissions, or non-compliance in financial or regulatory reporting can undermine stakeholder confidence and lead to regulatory enforcement. Severe disruptions or failures in critical business services whether due to technology failure, process breakdown, or other event may materially impact our ability to serve customers and meet our business objectives. Part of the Group's operating model is to outsource support activities to specialist service providers. Consequently, a significant element of the operational risk arises within its outsourced providers.				
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR4.1 Severe disruptions or failures in critical business services could significantly impact operations and delivering positive outcomes for customers.	The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.	Critical business service continuity is supported through comprehensive resilience and continuity planning, scenario analysis, and structured incident response. By anticipating and identifying disruptions early, we can maintain operational stability and timely recovery.	The risk of disruption to critical business services is impacted by increased cyber threat activity, increased reliance on complex and interconnected third party service providers, and ongoing technology change across the financial services sector. There is continued regulatory focus as the UK Operational Resilience and EU DORA regimes mature, with increased expectations for demonstrable resilience of critical business services and effective oversight of critical third parties. Each business unit continues to carry out assurance activities through local resilience and business continuity programmes to ensure robust plans are in place to limit business disruption in a range of severe but plausible events.	↑

RISK MANAGEMENT • PRINCIPAL RISKS

OPERATIONAL RISK (CONTINUED)				PR4
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR4.2 The risk that statutory reporting (financial and regulatory reports) includes material misstatements or non-compliance issues.	The Group's approach is to minimise and actively manage the risk of material misstatement or non-compliance in statutory financial and regulatory reporting. The Group maintains robust controls and oversight to ensure the accuracy, completeness, and compliance of its disclosures.	Rigorous reporting and controls processes, robust frameworks and proactive oversight ensure adherence to regulatory requirements and timely reporting. Monitoring and validation help ensure the accuracy and reliability of financial and regulatory reports.	Developments such as evolving accounting standards, regulatory reporting reforms, and enhanced expectations for data quality, governance, and controls continue to place a strong emphasis on the integrity of statutory and regulatory reporting. Regulatory expectations around climate-related and sustainability disclosures continue to increase in scope, consistency, and assurance across the UK and EU. The Financial Reporting Council (FRC) published the updated UK Corporate Governance Code in January 2024. Most of the changes in the 2024 Code took effect for financial years beginning on or after 1 January 2025 with a stronger emphasis on board accountability, internal controls, and reporting transparency. A key new requirement Provision 29, which asks boards to make a formal annual declaration on the effectiveness of their material risk management and internal control frameworks will apply to financial years beginning on or after 1 January 2026.	↔
PR4.3 Risk that intentional acts of fraud whether internal (by employees or management) or external (by customers, vendors, or third parties) could lead to financial loss, regulatory sanctions, reputational damage, and erosion of client trust.	The Group aims to minimise any exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business. Any suspected or confirmed incidents are escalated and managed promptly.	Fraud risk is managed through strong governance, clear accountability and continuous monitoring. Frameworks, oversight and reporting mechanisms support the detection and investigation of potential fraud.	In September 2025, a new UK law came into effect under the Economic Crime and Corporate Transparency Act 2023. It introduces a corporate offence of failing to prevent fraud, aimed at strengthening how organisations tackle economic crime. Organisations may be held criminally liable if an associated person such as an employee, agent, subsidiary, or someone acting for the organisation commits a fraud offence intended to benefit the organisation (or its clients), unless the organisation can demonstrate it had 'reasonable fraud prevention procedures' in place. If found liable, the organisation may face unlimited fines, regardless of whether senior management was aware of the fraud. Chesnara has taken steps to ensure our responsibilities under the new law are met by putting in place measures based on the government's six key principles for fraud prevention.	↔
PR4.4 Risk that counterparties, outsourced service providers (OSPs), or third parties may default on contractual obligations or fail to deliver critical business services as agreed.	The Group aims to minimise risks arising from counterparty or third-party failure through due diligence and active oversight.	Risks from counterparties, OSPs and third-party providers are managed through careful selection and onboarding processes. Ongoing oversight and monitoring of key performance indicators is carried out through comprehensive management information flows.	Ongoing economic uncertainty, higher interest rates, market volatility increases pressure on the financial resilience of a wide range of counterparties including suppliers, intermediaries, and service providers. UK and EU regulators are increasing scrutiny of firms' management of counterparty and third-party risk, including oversight of critical suppliers, credit exposures, and downstream impacts on customers and market integrity. We maintain oversight of our third party contractual relationships and have identified our material third-party relationships in line with the relevant requirements. Regulators have continued to emphasise the importance of robust counterparty risk management, including financial assessment, concentration risk, contractual protections, and contingency planning. We monitor our counterparty and concentration risk exposures against our defined risk appetite tolerances on a quarterly basis.	↔

IT/DATA SECURITY RISK				PR5
IT and data security risk could have a material impact on the Group's operational resilience, financial performance and reputation. As a custodian of sensitive customer and business data, the Group is exposed to information security risks arising from failures in internal systems, processes or controls, as well as from increasingly sophisticated malicious cyber activity, including targeted attacks, malware, phishing and ransomware. The Group's exposure is further influenced by its reliance on third-party service providers, which may introduce additional vulnerabilities. A significant cyber or data security incident could result in financial losses, regulatory sanctions, or remediation and recovery costs, as well as the inability to perform critical business functions or deliver services to policyholders. The loss, corruption or unauthorised disclosure of sensitive data could lead to reputational damage, reduced stakeholder confidence and adverse regulatory outcomes.				
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR5.1 Risk that cyber-attacks or failures in IT data security controls could compromise the confidentiality, integrity, or availability of information systems and data.	The Group aims to minimise its exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.	Robust IT frameworks, continuous monitoring and proactive vulnerability testing are in place to support the protection of data confidentiality, integrity and availability. Technical controls are supported by routine penetration and vulnerability testing across internal systems and key third-party service providers. A comprehensive security awareness programme is in place, including regular staff training and periodic employee phishing simulations. Implementation of disaster recovery and business continuity plans, which are regularly reviewed, tested, and monitored to ensure operational resilience and timely recovery in the event of a security incident or system disruption. Chesnara has cyber insurance in place which covers all of the UK operations including Head Office. Elsewhere in the Group, where cyber insurance is not in place, we are able to access support and resources (e.g. forensic analysis) through existing contracts with third parties.	The Group continues to invest in the incremental strengthening of its cyber risk resilience and response options. Cyber risk remains elevated and persistent, driven by evolving threat actors, geopolitical tensions, and increased system interconnectivity across the financial sector. The growing use of AI and automation introduces additional risks related to model security, data integrity, and control transparency. Regulators continue to treat cyber security and IT resilience as core supervisory priorities for financial services firms. In the UK, the FCA, PRA and Bank of England have reinforced expectations under the operational resilience framework and introduced the Critical Third Parties (CTP) regime, extending regulatory oversight to key technology and service providers whose disruption could threaten financial stability. In the EU, DORA introduces harmonised and more prescriptive requirements for ICT risk management, cyber incident reporting, resilience testing, and oversight of critical ICT third-party providers.	



RISK MANAGEMENT • PRINCIPAL RISKS

REGULATORY RISK				PR6
Chesnara currently operates in three main regulatory domains and is therefore exposed to potential for inconsistent application of regulatory standards across divisions, such as the imposition of higher capital buffers over and above regulatory minimum requirements. Potential consequences of this risk for Chesnara are the constraining of efficient and fluid use of capital within the Group or creating a non-level playing field with respect to future new business/acquisitions. Regulatory developments continue to drive a high level of change activity across the Group, with items such as operational resilience, climate-related regulation, consumer protection and ESG related reporting being particularly high profile. Such regulatory initiatives carry the risk of expense overruns should it not be possible to adhere to them in a manner that is proportionate to the nature and scale of Chesnara’s businesses. The Group is therefore exposed to the risk of: – incurring one-off costs of addressing regulatory change as well as any permanent increases in the cost base in order to meet enhanced ongoing standards; – erosion in value arising from regulatory intervention which impacts the economics of our business, e.g. enforcing a reduction in future policy charges; – erosion in value arising from pressure or enforcement to financially compensate for past practice or failure; and – regulatory fines or censure in the event that it fails to deliver changes to the required regulatory standards on a timely basis. The Group is also exposed to the risk of non-compliance with existing or evolving regulatory requirements, across a range of areas (e.g. tax, law, employment practices) and territories, resulting in a high level of complexity. Compliance failures could result in supervisory intervention, enforcement action or restrictions on business activities.				
Sub risk	Risk appetite	Mitigations	Recent change/outlook	
PR6.1 The risk of regulatory failure, including failure to comply with regulations or meet regulatory expectations, as well as adverse changes in regulator or industry practices or the inconsistent interpretation and application across jurisdictions.	The Group aims to minimise any exposure to this risk, to the extent possible, but acknowledges that it may need to accept some risk as a result of carrying out business.	Regulatory obligations are managed through strong open relationships with all regulators and continuous monitoring of regulatory developments and industry practices. Processes and frameworks are designed to prevent breaches and ensure operations remain aligned with regulatory expectations across jurisdictions. This is supported by performing regular internal reviews of compliance with regulations. Scenario tests are performed to understand the potential impacts of adverse political, regulatory or legal changes, along with consideration of actions that may be taken to minimise the impact, should they arise.	 There continues to be active regulatory agendas across the territories in which we operate, with the potential for divergence of regulatory approaches amongst European regulators with possible implications for the Group’s capital, regulatory supervision and structure. The announcement of the proposed acquisition of Scottish Widows Europe SA in Luxembourg means we will be operating in a new territory and with a new European regulator. The European Parliament approved the final text of the Solvency II review in 2024 with the Solvency II Directive amended on 5 November 2024. Following this a consultation on the next level of regulation – the Level 2 Delegated Regulation – was launched in July 2025, and at the end of October 2025 the final version of the Solvency II Delegated Regulation was adopted. The next steps are for this to be subject to scrutiny by the EU Parliament and Council. The final version is expected to enter into force from 30 January 2027. The Group is subject to evolving regimes governing the recovery, resolution or restructuring of insurance companies. As part of the global regulatory response to the risk of failure of systemically important financial institutions, banks, and insurance companies have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers. In the UK the PRA and FCA guidance encourages firms to embed exit strategies into risk management frameworks and stress test scenarios to ensure that even in adverse conditions, obligations can be met without requiring an insolvency process. The PRA’s solvent exit planning rules and expectations are due to come into force on 30 June 2026. There continues to be a strong focus on consumer protection. Following the implementation of Consumer Duty the FCA outlined priority focus areas through 2025/26, including fair value, vulnerable customers, monitoring outcomes and how the Duty applies across distribution chains. It is expected there will be further consultations in 2026. In addition, the FCA has confirmed that it will, together with the Information Commissioners Office (ICO), provide further clarity on the interaction between expectations on balancing vulnerability, data sharing and data protection. Guidance is expected to be published in Q1 of 2026.	

CORPORATE & SOCIAL RESPONSIBILITY



CORPORATE & SOCIAL RESPONSIBILITY

We are committed to transitioning to become a sustainable group and to managing our business for the long-term benefit of all stakeholders, including our customers, investors, employees, regulators, suppliers and partners, local communities, and the planet.

Becoming a sustainable Chesnara

As a business, we help protect our customers and their families from the economic impact of an early death through our product offering and help to support them during retirement through pension and investment savings. We believe that stakeholder value creation is best delivered through the embedded consideration of environmental, social and governance issues. In this regard, among our key considerations are the following strategic aims:

- Care for our customers, helping them create financial security now and for the future;
- Investments focusing on long-term sustainability and strong financial solvency for the Group;
- Assessing and managing the risks, opportunities, impacts and dependencies on the planet and natural environment, including managing climate-related and wider sustainability-related risks; and
- Maintaining a long-term sustainable working environment for our staff, suppliers and partners and local communities.

Our Annual Sustainability Report (www.chesnara.co.uk/sustainability) provides detail on the work we are doing to become a sustainable Chesnara, including setting out our sustainability strategy and ambitions. We are continuing to embed sustainability at the heart of decision making at all levels across the business and are basing our work on the mantra of ‘Do no harm. Do good. Act now for later’. Our sustainability strategy is built on our commitments to:

- 1. Build a sustainable Chesnara;**
- 2. Support a sustainable future; and**
- 3. Help to create a fairer world.**

These commitments have been developed with consideration of the UN Sustainable Development Goals (UN SDGs). We'll focus our activities on those goals where we feel we can have the greatest impact; however, we will support all of the goals wherever possible.

Embedding sustainability

We believe that sustainability is not solely for our Board and leadership teams, and we have taken and will continue to take steps to educate, involve and support our workforce and other stakeholders, including our suppliers, in the delivery of our sustainability strategy.

Embedding sustainability into decision making at all levels across the Group is a fundamental part of what we are working to achieve. This is vitally important as sustainability needs to be part of every strategic conversation.

We continue to embed sustainability into our policies, processes and decision making so that considering sustainability implications in all our actions becomes second nature. We believe focusing on manageable changes each year will guide us towards achieving our goals.

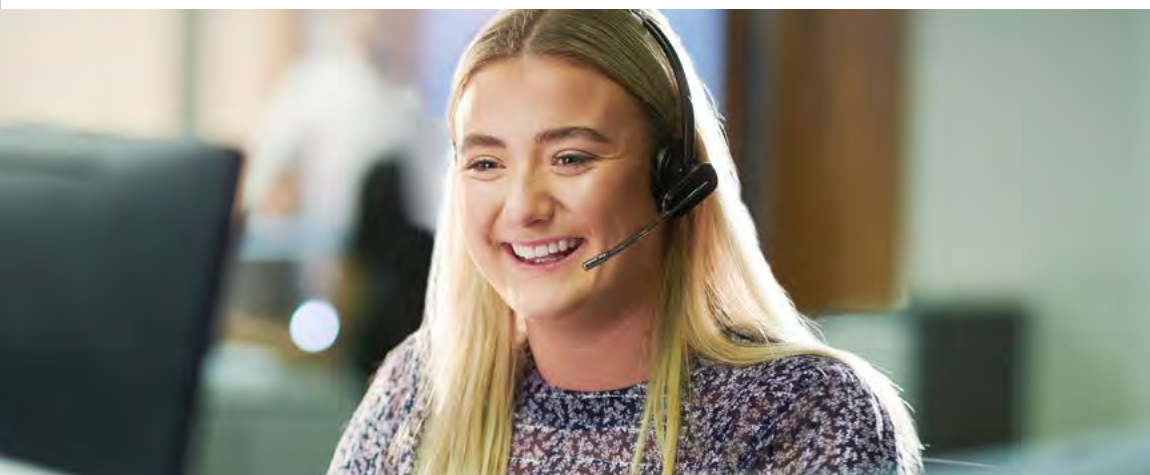
ESG has been an element of the personal objectives of our executive directors for several years and, in 2026, sustainability targets will be included as one of the measures of performance across the three year horizon of the grant of the Long Term Incentive Plan (LTIP).

In 2025, we also continued to educate our staff on key elements of sustainability so that we can effectively manage the risks and opportunities arising from sustainability-related issues. As part of this, all UK employees had a sustainability-specific objective and these objectives demonstrated embedding and behavioural changes to help us on our journey.

Our first Climate Transition Plan (CTP), published in September 2025, details the steps we plan to take to decarbonise our business, including the assets that we manage and administer on behalf of our customers and shareholders.

Our TCFD report on pages 73 to 91 describes our assessment of climate change risks and opportunities under four pillars: Governance; Strategy; Risk Management; and Metrics and Targets. Providing transparent sustainability-related disclosures forms a critical part of becoming a sustainable Chesnara. We will continue to monitor the evolving regulatory landscape across the UK and Europe to ensure that we continue to report on progress in line with recognised reporting standards.

We are working to embed sustainability into decision making across the Group.



Customer care

Our actions are underpinned by our focus on delivering good outcomes to customers. We understand that every customer is different, yet everyone deserves good service. We are taking action across the Group to continue to identify potential enhancements including some that can improve our customers' experiences. In the UK, a key part of this is complying with the requirements of the Consumer Duty, including identifying enhancement to customer journeys and communications and completing fair value assessments of the products our customers have with us. As part of the completion of Chesnara Life, we've been working closely with HSBC to ensure customers continue to get the support they need.

Our products and services

We offer and manage life and health insurance, investment and pension products for our customers to help them meet their financial goals. We achieve this by paying attention to and understanding the customer's point of view, by regularly asking for feedback and by investigating any complaints thoroughly and promptly. Lessons learned from our interactions with customers are used to train and develop our staff, make our processes more efficient and to take further steps to ensure our policyholders are treated fairly. Our aim is to consistently exceed industry service standards.

Reuniting customers with their policies

We appreciate that customers can lose touch with their policies due to business acquisitions, house moves, name changes and the passage of time, so we actively try to trace and recontact customers wherever possible.

Digitalisation

Advancements in technology and data usage are having a significant impact on how business is conducted, and the way regular communication is taking place. We have continued to invest in digital technology and applications so that we can meet the expectations of our business partner and customers, whilst maintaining the traditional contact methods for customers that are more comfortable using that option.

Regulatory compliance

We maintain an open and constructive relationship with the regulators in the jurisdictions we operate in. Understanding and implementing regulatory requirements is a key part of management responsibility, including the timely and accurate submission of information requested by the regulator. None of the business entities were subject to any regulatory intervention during 2025 and no penalties were imposed.



Health, safety and welfare at work

As a responsible business, we place primary importance on the health, safety and welfare of our employees. We operate a hybrid working model across all of our geographies, taking into account individual circumstances where necessary so that appropriate support can be provided.

Our colleagues have access to a range of initiatives that benefit their physical and mental wellbeing, including comprehensive health insurance, annual health checks and Employee Assistance Programmes. All staff are made aware of these benefits through contracts of employment, policies and staff briefings.

Employees are supported by policies that promote a healthy work/life balance, including flexible working, compressed hours, remote working, enhanced maternity and paternity leave, and paid sickness, bereavement and carers' leave. They are also reminded of their duty to act responsibly and do everything possible to prevent injury to themselves and others. Management teams across the Group monitor the level of sick leave and absence and, where necessary, they take appropriate action to address any issues identified.

Relevant policies and procedures are reviewed on a regular basis so as to ensure that they meet appropriate standards. Any hazards or material risks are removed or reduced to minimise or, where possible, exclude the possibility of accident or injury to employees or visitors.

Equal opportunities and diversity

The Group aims to attract, promote and retain high quality candidates suitable for the roles within all its operations. Our approach is to be open, entrepreneurial, transparent and inclusive in how we select and manage our employees.

We are committed to providing equal opportunities in employment and will continue to treat all applicants and employees fairly regardless of race, age, gender, marital status, ethnic origin, religious beliefs, sexual orientation or disability. The Group has policies in place to ensure that no employee suffers discrimination, harassment or intimidation and to effectively address any issues that do come to light.

CORPORATE & SOCIAL RESPONSIBILITY

Gender diversity forms an important part of Chesnara’s selection and appointment process at Group level. We are delighted to have been featured in the February 2026 FTSE Women Leaders Review as one of the companies in the FTSE and across listed insurers with the highest representation of women in leadership roles. The report, which uses our figures from 2025 reporting, places Chesnara first in our sector and second in the FTSE 250 and FTSE as a whole.

Year-end headcount	2025			2024		
	Male	Female	Total	Male	Female	Total
Directors of Chesnara	4	3	7	4	3	7
Group senior leaders	8	6	14	4	4	8
Executive management total	12	9	21	8	7	15
Executive management gender split %	52.4	47.6		53.3	46.7	
Employees of the Group	176	180	356	190	181	371
Total	188	189	377	198	188	386
Total gender split %	49.6	50.4		51.3	48.7	

Note.
The number of staff reported in the table above is based on the number of employees employed at the year end. This differs to the employee note, which is calculated based on average FTEs during the course of the year.

Our gender disclosure workings include ‘non-binary’, ‘other’ and ‘prefer not to say’ as further categories of gender to ensure our categories of gender are fully inclusive for all staff. We define executive management as: non-executive and executive directors, members of the Chesnara Senior Leadership Team and business unit CEOs.

The executive management data presented in the table is based on collected data. Other employees of the Group are based on observational data, which we acknowledge as an area for improvement. We are working on collecting this data more formally from across the Group where possible and enhancing the granularity of our data, noting there are limitations on what we can reasonably collect from our staff, and in particular in differing jurisdictions. During 2025, we have taken steps to enhance the data including implementing a new HR platform in the UK and educating staff on the importance of sharing the relevant data.

The Corporate Governance Report contains further analysis of diversity on our Board and wider executive management.

Employees with a disability

The Group endeavours to provide employment for people with a disability wherever the requirements of the business allow and if applications for employment are received from suitable applicants. Where an existing member of staff becomes disabled, every reasonable effort is made to achieve continuity of employment by making reasonable adjustments to give the staff member as much access to any training, promotion opportunities and employee benefits that would otherwise be available to any non-disabled employee.

Staff training and development

Our employees are a key asset of Chesnara and we invest in our staff through individual and group training and development plans. All staff are encouraged and supported to acquire relevant knowledge and build their skills and competence. Financial support is provided to staff who wish to achieve recognised qualifications where these are deemed appropriate for the role and the needs of the business.

Fair pay

We are a Living Wage employer, paying the real living wage in the UK. We also engage with our suppliers to raise the profile of paying a wage that enables people to meet their everyday needs. And in our overseas businesses we align to collective bargaining arrangements for our people.

All UK employees, subject to a minimum service requirement, have access to our SAYE scheme, improving employee engagement with Company performance and directly linking a proportion of employee benefits to our performance.

As we have done in previous years, the Chesnara Remuneration Committee consulted with UK employees on the proposed pay award ahead of the 2025 year. The same engagement has since taken place in late 2025 for the 2026 calendar year.

Details of our staff pay and benefits, and in relation to executive pay, are set out in the corporate governance section as part of our Remuneration Report.

Employee engagement

Across our businesses, we provide high quality jobs with competitive remuneration along with requisite training and good working conditions. Regular contact with employees and keeping them updated on business strategy, priorities and achievements is a key part of management responsibility at Chesnara. Frequent employee engagement has become even more important over the last few years given the shift to more remote working. Each of our businesses has a multi-channel approach for effective employee communication such as regular updates from the CEO, monthly team and departmental meetings, Company briefings, discussions via Employee Forums, and the use of employee surveys to highlight issues and drive any necessary change.

As the Workforce Engagement NED appointed by the Chesnara Board, Carol Hagh’s liaison with the CEOs, HR teams and Employee Forum representatives has been invaluable in terms of independent engagement with staff and also for the ongoing assessment of our culture and embedding of our values across our UK, Swedish and Dutch divisions.

Within the UK division, the Employee Forum has continued to meet on a monthly basis. This forum comprises staff members who represent each functional area, rotated from time to time, for the purposes of discussing any matters of concern or areas of interest for the staff and management.

Our operations in Sweden and the Netherlands make similar use of Employee Forums, staff surveys, formal and informal employee engagement both at the individual, team and whole company level. In the Scildon business, this is formalised through the operation of a Works Council and, in Sweden, staff representation is via a Working Environment Committee and a trade union.

The Group’s aim is to continue to grow via acquisition of life assurance businesses and our due diligence plan incorporates an assessment of all relevant workforce matters which are reported to the Board to assist its deliberations on any potential acquisition opportunities.



Whistleblowing

At Chesnara, we strongly encourage all employees, suppliers, customers, and other contracted parties experiencing concerns about any aspect of the Company's work to come forward and report them. Our policies make sure anyone can voice concerns without fear of reprisal, and we strive to maintain effective mechanisms throughout our Group to ensure any concerns are appropriately remedied. Each of our divisions make use of stringent policies and procedures which are made in accordance with the relevant laws and regulations of the respective jurisdictions and are available in local languages. Policies are reviewed on an annual basis and any changes made are communicated to individuals throughout the Company.

In the UK, the Chesnara Audit & Risk Committee Chair, Gail Tucker, is appointed as a Whistleblowing Champion, whose responsibilities are aligned to the prescribed requirements set out in the PRA's Senior Managers Certification Regime. The policy is shared with all new joiners and whenever it is updated it is provided to all existing employees. Similar arrangements are in place within our overseas divisions with the policies being available in employees' local languages. Confirmation was also received that each material outsource service provider (OSP) has a Whistleblowing Policy in place which is provided to all employees.

Our suppliers and business partners

At Chesnara, we believe in developing mutually respectful and sustainable relationships with our suppliers and business partners. Our preference is to establish long-term relationships where they remain commercially competitive and operationally viable. This is achieved through a structured due diligence process before selection, followed by clear agreement of the business objectives, consistent implementation of regulatory requirements and relevant policies, and effective attention to resolving issues fully. We require our suppliers and business partners to apply high standards of ethical conduct in all their dealings with us and their other stakeholders.

We are conscious that through our outsourcing arrangements we indirectly utilise the services of a much larger workforce and we seek to ensure that our suppliers are similarly adopting appropriate arrangements for proper engagement with their own workforces.

In line with our Climate Transition Plan, as part of our work to decarbonise our operations, we have continued to engage with our key suppliers and third parties to understand how they are taking action on climate change.

Human Rights and the Modern Slavery Act 2015

Human rights are the basic rights and freedoms that belong to all human beings regardless of nationality, gender, race, age, religion, language, physical or mental ability or any other political, economic or social status. Such rights are protected by the rule of law through legal mechanisms designed to prevent abuse by those in positions of power.

Modern slavery is just one such form of human rights abuse. In addition to the freedom of expression, human rights includes:

- the right to life;
- prohibition on torture;
- the right to a fair trial; and
- the right to fair and just working conditions.

Modern slavery is a serious form of human rights abuse and occurs when victims are forced, threatened or deceived into situations of subjugation, degradation and control which undermine their personal identity and sense of self.

Our Group Human Rights & Modern Anti-Slavery Policy sets out principles which are designed to prevent human rights abuse and modern slavery.

The Modern Slavery Act (2015) requires a commercial organisation over a certain size to publish a slavery and human trafficking statement for each financial year. In the UK, our Human Rights & Modern Anti-Slavery Policy is made available to our entire workforce and is also available at www.chesnara.co.uk/sustainability/modern-anti-slavery-statement

The European Convention on Human Rights (ECHR)

The Modern Slavery Act does not apply to our European divisions and instead they adhere to local legislation which implements the standards set out in the European Convention on Human Rights (ECHR) treaty which are similarly designed to protect people's human rights and basic freedoms.

There have been no reported breaches of human rights or the Modern Slavery Act during the reporting period.

CORPORATE & SOCIAL RESPONSIBILITY



Our supply chain

We are committed to acting ethically and with integrity in all our business dealings and relationships. We believe in operating and enforcing effective systems and controls to ensure that modern slavery is not taking place anywhere across our Group or in our supply chains. We require our suppliers and business partners to apply high standards of ethical conduct in all their dealings with us and other stakeholders.

We seek to ensure that our suppliers are similarly adopting appropriate arrangements for proper engagement with their own workforces. In the UK, our material suppliers are required to adhere to a supplier code of conduct, which extends our principles of ethical conduct to our supply chain. Our supplier code of conduct covers a number of business practices and standards including with regards to human rights and modern anti-slavery, labour rights and working conditions, and health and safety.

Anti-bribery and corruption

We are committed to operating an effective Anti-Money Laundering and Terrorist Financing Framework across our business. Chesnara has a Group Financial Crime Policy which outlines our anti-money laundering and anti-bribery and corruption principles. Each business unit has relevant local policies which align to this.

We have zero tolerance to financial crime, including money laundering and bribery and corruption. Our Internal Control Framework includes the maintenance and review of a Gifts & Hospitality Register, the disallowance of any political contributions or inducements and careful consideration of any charitable donations. These controls act as a monitoring and prevention system. Policies are made available to all staff and they are required to attest that they have read and understood their importance and application. There were no reported instances of money laundering or bribery or corruption in the period.

Prevention of fraud

On 1 September 2025 the failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 2023 came into effect. In line with legislative requirements, we maintain a Fraud Prevention Framework with the aim of protecting the organisation, our clients and stakeholders from the risk of fraud. Our Group Fraud Risk Policy sets out the group principles for prevention, detection and response in line with regulatory expectations and industry best practice. Each business unit is required to have a local Fraud Risk Policy which aligns to these principles and must ensure local compliance with relevant laws and regulations.



Taxation

We strive to ensure that we pay our fair share of tax across the Group and that we do so in a transparent manner. We adopt a responsible and open approach to taxation and, consequently, pay the appropriate taxes due throughout the Group, details of which are set out in the respective Annual Report and Accounts for each of our operating entities.

Our communities

Our people support local community initiatives, including supporting charitable causes both locally and internationally, donating £21k across the Group during 2025 (2024: £9k).

During the year, the Group has established a partnership with UK-based The Money Charity, which provides financial education to people of every age and background to help tackle persistently low financial literacy rates in the UK. We will provide £15k per year for three years, giving crucial funding towards the delivery of financial education workshops, as well as enhancing the reach and visibility of its work.

We have also partnered with the Lancashire Wildlife Trust to help fund a significant habitat restoration project. We have provided £10k of funding to support the work being done at Brockholes Nature Reserve to improve habitats for the benefit of wildlife, local community and visitors to the site. This work will continue throughout 2026.

We have provided financial and non-financial assistance to charitable organisations including UNICEF, Sherpa, Just DiggIt and Safenet. UK colleagues also can donate through a Give as You Earn scheme, supported by the Charities Aid Foundation.

Our UK Corporate Volunteering Policy gives all staff up to 2 days' paid leave per year to participate in an event organised by the business, or to spend time supporting a cause that is close to our employees' hearts. Scildon's Corporate Volunteering Policy and Movestic's volunteering commitments provide employees with similar opportunities to give back. In 2025, our UK employees spent time with organisations including the Royal Preston Hospital, Edinburgh SE Foodbank and the Lancashire Wildlife Trust. In Sweden, our colleagues supported Zero the Exclusion, while Scildon employees volunteered with its charitable partner, Sherpa.

CLIMATE-RELATED FINANCIAL DISCLOSURES

This report is in support of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). The relevant TCFD recommendations have been referenced throughout the disclosures to show where they have been addressed.

Our compliance with TCFD

All disclosures in respect of the TCFD Recommendations and Recommended disclosures are on pages 75-91 with additional information such as illustrations and case studies included in the Annual Sustainability Report which is cross referenced where applicable throughout this section.

Our Annual Sustainability Report

Alongside the financial statements, we have published our 2025 Annual Sustainability Report (ASR) that provides further detail on a number of items noted in this report which are referenced as appropriate.

Our Climate Transition Plan

In September 2025, we also published our first Climate Transition Plan (CTP) which details how we plan to manage the risks and opportunities presented by climate change.



The plan includes information on our ambitions and the actions that we plan to take to decarbonise. These ambitions and actions cover all areas of the business – investments, operations and our supply chain – and can be summarised by three core objectives:

1. We will align our investments with net zero;
2. We will reduce the emissions from our operations; and
3. We will engage with suppliers, asset managers, customers and wider stakeholders to drive change.

Ambitions		Core objectives	
Investments 99.93% of total emissions	– 50% reduction in emissions intensity by 2030 – £125m investments in climate solutions by 2030 – Net zero by 2050	Aligning our portfolio with net zero	Driving change through engagement
Operations 0.01% of total emissions	– 60% reduction in emissions by 2030 – Net zero by 2050	Reducing our operational footprint	
Supply chain 0.06% of total emissions	– 90% of material suppliers to have science-based targets by 2030 – Net zero by 2050		

The ASR and CTP are available at chesnara.co.uk/sustainability

**DO NO HARM.
DO GOOD.
ACT NOW
FOR LATER.**

a) Board oversight of climate-related risks and opportunities

CHESNARA BOARD
Meets at least quarterly

The Board has oversight of the group's strategic approach to climate change: it sets the risk appetite and sustainability ambitions and oversees management's performance. The Board receives frequent reporting on sustainability matters, including progress towards our climate ambitions.

CHESNARA REMUNERATION COMMITTEE

Meets a minimum of three times a year

The role of the Chesnara Remuneration Committee includes ensuring that the Directors' Remuneration Policy promotes the sustainable success of the Company. It is responsible for considering the appropriate inclusion of sustainability indicators (including with regards to climate) in the Group's Remuneration Framework.

CHESNARA ASSET & LIABILITY COMMITTEE (ALCO)
Meets at least quarterly

The ALCO's role is to challenge and support the Group CEO and the SLT in investment-related matters. It considers sustainability factors, including overseeing the asset managers' approach to ESG and climate-related matters. Working with the Group Sustainability Committee, the ALCO will look to drive the just transition of the Group's asset portfolio in line with its net zero ambitions.

GROUP SUSTAINABILITY COMMITTEE (GSC)
Meets at least quarterly

The GSC oversees the progress of sustainability and climate-related work across the Group, including reviewing strategic priorities and operational objectives, reviewing risks and opportunities and allocating resource and budget. The GSC has established a Transition Plan Steering Group to support it to oversee climate matters, including the development and implementation of the Group's Climate Transition Plan.

 Board	 Board committee	The business units, with their own local governance structures and Boards, feed climate-related matters into the Group governance structure via quarterly reports to the GSC, quarterly business reviews and risk reporting and the Group ORSA (Own Risk and Solvency Assessment) and business planning processes (note this list is not exhaustive) where applicable. Sustainability is being embedded into Board succession planning and recruitment on a role-by-role basis, and forms part of the overall skills matrix for the Chesnara Board, in order to ensure the Board and its committees have appropriate knowledge and competency to be able to oversee climate-related matters.
 Executive committee		
 Group Sustainability Committee		

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CLIMATE-RELATED FINANCIAL DISCLOSURES • GOVERNANCE

b) Climate-related governance responsibilities

How are climate-related risks and opportunities identified and considered?

The divisions are responsible for identifying their own climate-related risks and opportunities through assessing potential matters that may impact the business, whilst those areas that may impact the Parent Company or Group as a whole are identified by the Group Sustainability team and the Group Risk team. The risks and opportunities are brought together and are reviewed by the Group Head of Sustainability and the Group Chief Risk Officer to form an assessment of the risks and opportunities for the Group. The risks and opportunities are reassessed regularly so that, if a material risk was to arise, it is tracked through a central risk and opportunity register and evaluated according to the Risk Management Framework and evolving climate-related matters.

Who is assigned management responsibility?

Management responsibility for matters related to climate change are assigned to the Group Chief Executive at group level and the respective CEOs at business unit level. All divisions and business units are responsible to the relevant divisional Chief Executive who has dual reporting lines to both the divisional Board and the Group Chief Executive. Sustainability forms part of group executive directors' variable remuneration, and the ratio allocated to sustainability will continue to be assessed on an ongoing basis.



How are management and Board members informed of and able to monitor climate-related risks and opportunities?

Chesnara Board: receives regular reporting on sustainability matters, including climate change. This includes consideration of the group climate change risk assessment (through the A&RC), and the overall vision and approach of the Group in regards to sustainability and Groupwide climate change-related scenario analysis in the ORSA. In 2025 the Board approved the Group's first Climate Transition Plan, which builds on the work done to date and sets out how the Group intends to contribute to a net zero society by embedding climate considerations across our investments, operations and stakeholder engagement.

Group Sustainability Committee: is chaired by Eamonn Flanagan, a non-executive director of Chesnara, and is otherwise comprised of group executive management, divisional CEOs, the Group Chief Actuary and the Group Head of Sustainability. This committee is the key focal point for the review of climate-related risks and opportunities. It receives reports from each of the Group's divisions and links in with the other Group governance committees. The GSC annual agenda planner determines which issues are raised at each meeting and, together with the ALCO and SLT, it advises the Group CEO on which matters should be escalated to the Board. The GSC interacts (through its Chair and/or the Group CEO) with the Board on the Group's sustainability and climate strategy and embedding it into the wider Group strategy. It also interacts with the Group Board Committees and executive committees detailed within the Governance Framework set out on the previous page in respect of their sustainability and climate-related responsibilities.

Senior Leadership Team: regularly discuss climate-related risks and opportunities and how they factor into business planning, strategy and risk management.

Chesnara Asset & Liability Committee (ALCO): oversees the implementation of the Group's investment strategy, including with regards to sustainable investment. The ALCO receives regular reporting from divisional investment committees, who collectively oversee the Group's asset managers' approach to ESG and climate change-related matters. The committee also approves and oversees the application of investment policies which incorporate climate and sustainability related considerations. The ALCO interacts with the Board (through the Group CEO or Group CFO) on the Group's investment strategy, including the just transition of the Group's asset portfolio in line with the Group's net zero ambitions.

Sustainability working groups: our key sustainability leaders across all divisions meet as appropriate to drive and collaborate on sustainability activities (across investments, operations and reporting). Progress and/or details of any significant concerns raised are reported to the GSC. In addition, the GSC has established a Transition Plan Steering Group (TPSG), comprising of management from across the Group, to support the GSC and Chesnara Board to oversee climate matters across the Group, including the development and implementation of the Group's Climate Transition Plan. The TPSG receives reports from cross-divisional working groups as relevant and reports to the GSC.

Acquisitions: when assessing potential acquisitions, we consider the climate value-at-risk and financed emissions of the assets of the target as part of the due diligence process. Dependent on the profile of the target and our view of potential material risks and opportunities, we may consider the target's approach to climate risk-related risks and opportunities or the emissions of the operations. As part of the acquisition of Chesnara Life and the proposed acquisition of Scottish Widows Europe SA, we performed an assessment of asset portfolio, discussed with management the approach to managing climate risk and considered the operational footprint of the business.

CLIMATE-RELATED FINANCIAL DISCLOSURES • STRATEGY

As highlighted on the previous page, we are already taking steps to embed sustainability, including the Group's approach to climate risk and decarbonisation, as a fundamental part of our strategy. Changes in the environment and the impacts of global warming could potentially affect how we achieve our strategic objectives either through the way we operate our businesses or through the returns to our customers and shareholders. We are committed to continuing to develop sustainability-informed investment and operational decision making across the Group.

Climate-related risks and opportunities

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

We have identified and assessed the impact of climate-related risks and opportunities on the group's business, strategy and financial planning over short-, medium- and long-term time horizons. This process is based on the below framework, considering the materiality, time horizons and types of risk.

TIME HORIZON	MATERIALITY	TYPES OF RISK
Short term up to 12 months – in line with budget setting process. Medium term 1 to 5 years – in line with our business planning and ORSA projection period. Longer term 6+ years – post business plan horizon. During the setting of the time horizon profile, we considered the useful life of the Group's assets and believe our definition takes this into account. The average duration of the wider Group's assets is between 5-10 years, but the Group is acquisitive and writing longer-term business for our insurance liabilities so the risk assessment needs to consider a longer time horizon also. The short term period of 12 months aligns with the risk basis that underpins SII, and the medium term is aligned to our business planning period.	Our definition of materiality is as follows: Own Funds >£25m Cash Generation >£5m Reputational Nationally publicised reputational event. Regulatory Action involving penalty imposition (£0 threshold) and/or requirement for remediation leading to a restriction of activity. Other For example, safety – high potential for an injury to an individual or several individuals. The materiality levels of the Group are approved by the Chesnara Board annually as part of the Principal Risk Definition report and consider a number of factors that are broader than purely financial indicators. Whilst this is largely risk focused, we have chosen to apply this materiality range to opportunities as well. This is deemed to be an appropriate limit and is predicated on the group risk assessment thresholds that are discussed and approved by Board annually. We believe this is a reasonable disclosure level and would enable a user to appropriately assess our exposure to climate-related risks and opportunities.	Physical risks Arise due to the direct impact of events such as heatwaves, flood, wildfire, storms, increased weather variability, and rising mean temperatures and sea levels. Transition risks Emerge from the process of change towards a low carbon economy such as: climate-related developments in policy and regulation; technological change (e.g. electric vehicles); a shift in consumer sentiment and social attitudes; and climate-related litigation against firms that fail to mitigate, adapt or disclose climate-related financial risks. Likelihood Likelihood is determined as low, medium or high.

Impact of climate-related risks and opportunities in the group business strategy and financial planning

We produce a five-year group business plan on an annual basis, and our climate and wider sustainability strategy is included in both operational and financial plans to reflect our immediate priorities, risks and longer-term ambition. This includes consideration of our products, investments, and our value chain, as well as the impact of acquisitions, in order to manage our climate risks and opportunities and meet our commitments. The required resources and budget to meet our ambitions and plans are considered as part of this. Sensitivities are also performed to assess the impacts of negative exposures to our assets. Becoming a sustainable Chesnara is a key part of the group's strategy and our goal is for it to be considered and embedded into all areas of the business.

In September 2025 we published our first group Climate Transition Plan. The plan, underpinned by the recommendations of the Institutional Investors Group on Climate Change's Net Zero Investment Framework 2.0, sets out how we will contribute to the global shift to a net zero economy and achieving net zero by 2050 across our investments, operations and supply chain. It lays the foundations for our journey, focusing on the areas where we can have the greatest impact. We acknowledge that further plans will be required as more information, data and methodology becomes available.

CLIMATE-RELATED FINANCIAL DISCLOSURES • RISKS AND OPPORTUNITIES

As our understanding of climate-related risks and opportunities evolves, we continue to enhance our approach to managing these. In 2025 we carried out a holistic review of our sustainability, including climate-related risks and opportunities at group level and enhanced our framework for ongoing assessment and monitoring of such risks and opportunities. Sustainability risks form a key component of a number of the principal risks and uncertainties of the Group, which are set out in pages 59 to 66.

The table below sets out the climate-related risks and opportunities deemed to be material as per the definition of materially referenced earlier in the report. The table illustrates the likely time horizon in which we expect each risk and opportunity to manifest, how each is being managed, mitigated or addressed, and the interaction with the principal risks of the Group.

Material risk or opportunity	Physical or transition	Time horizon	Territory	How the risk or opportunity is being managed, mitigated or addressed	How the risk or opportunity impacts the group business strategy and financial planning
Impact on asset valuations and returns	Potential impact: Movement in value of customer and shareholder assets held by the Group, impacting the balance sheet, economic value and solvency, as well as investment return or the fees generated on the management of those assets. Associated targets and metrics: Our net zero and interim ambitions, and associated metrics for our emissions. Returns generated by sustainability-aligned investments and funds.				
Risk: Potential reduction in returns and management charges from investments in companies or sectors which are not transitioning to or are not compatible with a lower-carbon economy. This is captured as part of principal risks PR1 Market & Liquidity Risk and PR3 Strategic Risk. Opportunity: Potential enhanced returns from investments in companies or sectors aligned with a transition to a lower-carbon economy.	Transition Physical (indirectly through the potential impact on the companies in which we invest and work with)	Short, medium and long term	Groupwide	Risk: Taking action to decarbonise our investment portfolio in line with our climate ambitions, as detailed within our Climate Transition Plan and completing climate-related risk assessments as part of our ORSA process. Opportunity: Working to transition our assets in line with our Climate Transition Plan and seeking to increase our exposure to climate and positive solutions.	Our plans to decarbonise our investments and identify potential assets that can generate impact and return for our stakeholders is a fundamental element of our sustainability strategy which underpins our wider corporate strategy.
Reputational impact	Potential impact (dependent on the stakeholder): Customer trust and retention impacting market share; value chain resilience affecting operational costs; or impact on the liquidity of our shares and market capitalisation of the Group. Associated targets and metrics: Stakeholder engagement on climate-related matters for key stakeholder groups.				
Risk: Potential loss of trust amongst stakeholders due to a failure to adequately address or disclose climate-related risks. This is captured as part of principal risk PR3 Strategic Risk. Opportunity: Potential for enhanced reputation with stakeholders through disclosure of plans and progress to address climate-related risks.	Transition Physical (indirectly through the potential impact on the companies in which we invest and work with)	Short, medium and long term	Groupwide	Risk: We are disclosing the risks, how we are addressing them, and our dependencies in our Annual Sustainability Report and Climate Transition Plan. Opportunity: We are using internal and external communications to engage with stakeholders on how we are factoring climate-related risk into our decision making.	We continue to disclose how we are impacted by climate-related risks and our wider sustainability strategy.

Our analysis and understanding of the risks and opportunities is reliant on the underlying data and methodology. We recognise the importance of sound data and methodology in the identification, assessment, management and reporting of climate-related risks and opportunities, and to achieving our climate-related ambitions and also the inherent risk in relation to the accuracy and completeness of that data and methodology. We will continue to enhance our approach as more information, data and methodology becomes available and will continue to take steps to further embed climate-related risks and opportunities into our strategy, risk management, and governance frameworks.

Material risk or opportunity	Physical or transition	Time horizon	Territory	How the risk or opportunity is being managed, mitigated or addressed	How the risk or opportunity impacts the group business strategy and financial planning
Changing product demand	Potential impact: Customer retention and market share, affecting the balance sheet, economic value and solvency, as well as investment return or the fees generated on the management of those assets. Associated targets and metrics: Value of positive solution investments and sustainable product choices offered to customers.				
Risk: Potential shifts in product or fund demand not reflected in product design. This is captured as part of principal risk PR3 Strategic Risk. Opportunity: Potential for developing products and funds that reflect changing demands and opportunities from a changing society and economy.	Transition	Short, medium and long term	Sweden Netherlands UK	Risk: Ongoing engagement with customers to understand their preferences and demand for product types, considered alongside availability and potential product design options. Opportunity: Ongoing review and development of potential products and funds that could present customers with an option that meets their needs and expectations.	This reflects activity that is ongoing as part of the group's strategy but includes a focus on sustainability-related options for customers.
Regulation or policy change	Potential impact: breach of changing requirement could lead to regulatory sanction or litigation, resulting in additional costs and impact on the brand and reputation of the Group. Associated targets and metrics: Number of regulatory or statutory breaches and associated litigation.				
Risk: Potential changes in regulation or government policy are not addressed appropriately or changes impact or fail to support our activities to address climate-related risk. This is captured as part of principal risks PR1 Market & Liquidity Risk, PR3 Strategic Risk and PR6 Regulatory Risk.	Transition	Medium and long term	Groupwide	Risk: Ongoing horizon scanning of current and forthcoming regulatory and policy changes, including engagement with external partners to supplement our understanding and ability to deliver changes.	We have zero appetite for failure to address regulatory or policy change that impacts the Group and therefore any required changes are factored into our strategy as required.

A separate climate risk report assessing the climate value-at-risk of our asset portfolio has been prepared, as detailed further below, and the conclusions were also included in the 2025 ORSA report presented to the Board. There are a number of risks that are not featured in the table above that one may consider to be identified as material for an insurer. For example, climate scenario stress testing performed for the Group (detailed in the resilience section) concluded that climate effects on morbidity or mortality do not give rise to a material impact. We have also considered climate-related physical risks; however, as we lease the majority of our office buildings and most of our staff would be able to work from home if workplaces were affected, we do not believe physical risks present a material impact to the operations of the Group.

CLIMATE-RELATED FINANCIAL DISCLOSURES • OUR PLAN TO REACH NET ZERO

Our chosen approach to mitigate our climate risks and realise the opportunities is to actively manage our transition to become a net zero business. We frame this transition in line with the UN Sustainable Development Goals (SDGs), including 13. Climate Action.

To support the understanding of our approach, in line with the United Nations, we define net zero as cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero in the atmosphere.

Our CTP, underpinned by the recommendations of the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework (NZIF) 2.0, sets out how we will contribute to the global shift to a net zero economy and achieving net zero by 2050 across our investments, operations and supply chain.

NZIF 2.0 offers a rigorous and widely adopted methodology for aligning investment portfolios with the goals of the Paris Agreement. It provides best-in-class guidance for asset owners and managers, including signatories of the UN-backed Net Zero Asset Owners and Net Zero Asset Managers initiatives. The framework supports our transition by offering detailed implementation guidance for transitioning our business to align with a net zero future. It enables us to measure, manage, and report on our net zero alignment across asset classes, ensuring our approach is grounded in science and transparency.

We are pleased that we already meet most of the framework's core actions points and we are actively addressing the areas where more work is needed, including expanding asset class coverage, improving data quality, and deepening integration into investment decision making. We are actively working to close remaining gaps and to incorporate relevant advanced recommendations in future iterations of our plan.

Our alignment with NZIF 2.0 covers the core action points outlined in the framework, covering key areas such as:

Science-aligned targets: We have established interim and long-term emissions reduction targets across our investment portfolio, consistent with the goals of the Paris Agreement. We recognise that further refinement and expansion of these targets will be necessary as methodologies and data evolve.

Portfolio decarbonisation: We will direct capital towards climate solutions and low-carbon investments while engaging with our asset managers to drive real-world emissions reductions in high-emitting sectors.

Stewardship and engagement: We are committed to an 'engagement-first' approach, working with our asset managers to encourage credible transition strategies from investee companies, while escalating action where necessary.

Transparent reporting and accountability: We are committed to disclosing our progress in line with the expectations of NZIF 2.0, ensuring transparency and fostering trust with stakeholders.



The path to net zero will not be straightforward. It will require collaboration, adaptability, and a willingness to act even when data and methodologies are imperfect. This plan lays the foundations for our journey, focusing on the areas where we can have the greatest impact.

By focusing on what we can control and working transparently with our partners, we aim to play a meaningful role in the transition. Our influence may be shaped by the scale of our operations, but our commitment to responsible action and long-term impact is unwavering.

Our impact	Our ambitions	Key actions	Core objectives	
Investments Over 99.9% of our emissions come from the companies we and our customers invest in. ¹	– Net zero by 2050. – 50% reduction from our 2023 baseline in scope 1 and 2 emissions intensity² by 2030 for listed equity and corporate fixed income investments we can influence or control.³ – £125m of shareholder funds invested in climate solutions by 2030.	– Engage asset managers and investee companies to support decarbonisation and transition planning. – Increase exposure to green bonds, net-zero aligned funds, and nature-based partnerships. – Consider divestment where engagement has not been successful, or exclusion principles are breached.	Aligning our portfolio with net zero	Driving change through engagement
Operations While smaller in scale, our ambition to reduce operational emissions reflects our commitment to lead by example.	– Net zero by 2050. – 60% reduction from our 2023 baseline in scope 1 and 2 emissions by 2030.⁴	– Procure renewable energy to power our business. – Improve building efficiency. – Set travel emissions target by 2027.	Reducing our operational footprint	
Supply chain Our supply chain is the largest source of operational emissions, driven by purchased goods and services.	– Net zero by 2050. – 90% of material⁵ suppliers with science-based targets by 2030.	– Embed sustainability criteria into the supplier selection process and onboarding. – Seeking or procuring quality data from suppliers. – Develop environmental, social and governance (ESG) supply chain standards and engage suppliers on their own decarbonisation plans.		

Dependencies that impact our transition

Policy and regulation Our ability to set and deliver credible targets depends on clear, stable and long-term policy frameworks. Clarity and stability can increase our options and accelerate progress.	Asset managers Most of our investments are externally managed. Influencing our external asset managers on their climate ambition, data quality and engagement practices can positively impact our ability to meet our ambitions.	Data and methodology Reliable and comparable data is essential for setting targets and tracking progress and consistent data across the market can help improve precision and comparability.	Customers Aligning our climate ambition with delivering long-term value and financial security and taking into account customer needs and risk preferences can progress our ability to decarbonise.	Peers & industry norms Collective action strengthens our influence. If peers are aligned, it can enhance our engagement impact and create clear, consistent signals for companies.	Acquisitions As a consolidator, our portfolio and emissions profile will evolve. Consistent and transparent reporting and rebaselining procedures will enable us to demonstrate how acquisitions are being factored into our plans.	Macroeconomic factors General economic conditions and movements, together with the effects of a changing climate, will impact the wider societal and policy shifts that underpin our transition.
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¹Emissions generated from investments are those categorised as Scope 3 Category 15 of the GHG Protocol.

²The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume, expressed in tonnes CO₂e/USD M invested.

³'Investments we can influence or control' as defined in our CTP.

⁴Calculated using market-based methodology for the electricity that we procure.

⁵Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.

CLIMATE-RELATED FINANCIAL DISCLOSURES • OUR PLAN TO REACH NET ZERO

Further detail on the three core objectives noted on the previous page is as follows:

ALIGNING OUR PORTFOLIO WITH NET ZERO

Implementing decarbonisation strategies across our investment portfolio, ensuring that asset allocation and capital deployment support the transition to a low-carbon economy. This includes reducing financed emissions and increasing exposure to climate solutions.

DRIVING CHANGE THROUGH ENGAGEMENT

Educating and influencing customers and engaging with investee companies, asset managers, policymakers, and other stakeholders, either directly or via collective engagement through industry bodies, to accelerate progress on net zero goals. Through ongoing engagement, we aim to influence the broader financial system and support change in the real economy.

REDUCING OUR OPERATIONAL FOOTPRINT

While our operational emissions are relatively small, we are committed to leading by example. We are taking steps to reduce emissions from our own operations and working with suppliers to support decarbonisation across our value chain.

As an asset owner, to reduce these emissions it is necessary to work with our asset managers to understand their own decarbonisation plans. We will also continue to work with partners and customers for those assets where we have less control or influence, for example those where policyholders self-select their own investments. We remain strongly committed to net zero by 2050 for all our emissions and so our ambitions will continue to expand over time.

Invest in positive solutions

As well as decarbonising our investments, we aim to direct capital to positive solutions. Investing in ‘positive solutions’ means investing in assets, industries and organisations that will generate specific, measurable, social and/or environmental benefits in addition to financial returns. At the end of 2025, our Group held approximately £149m (2024: £135m) of investments in positive solutions, which we are looking to continue to expand upon in 2026.



Scenario analysis

c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios	
Overview We have completed an assessment to understand the resilience of our investment portfolio to climate risk. This analysis is considered alongside our CTP as the plan details how we intend to mitigate the risks we, as a business, are facing as a result of climate change. The focus of our assessment was the Climate Value at Risk (CVaR) metric, which is a forward-looking measure of the potential impact of climate on Chesnara’s portfolio of invested assets.	The CVaR includes an assessment of the following in relation to the companies in which we invest: 1. Policy risk – the impact of the costs incurred in the transition to a low carbon economy. 2. Technology opportunities – the impact of new and emerging opportunities arising in the transition to a low carbon economy. 3. Direct physical risk – the cost of direct asset damage and business interruption as a result of physical risks due to rising temperatures. 4. Macro-economic physical risks – the cost of the wider macro-economic impacts of indirect physical risks due to rising temperatures e.g. changes in consumer demand, frictional costs from labour migration as the labour force moves due to physical events, lower capital investment as demand for capital increases faster than supply because capital is less productive as it is substantially diverted to repair or replace impacted assets.

The inclusion of macro-economic risks is a significant enhancement in our methodology this year and is reflective of the fact that climate risk modelling is a developing topic for all firms. Policy risks, technology opportunities and direct physical risks are assessed for each asset held, however the macroeconomic physical risks are determined at a higher level.

For this assessment, we have used a climate risk model provided by MSCI which, in turn, uses data from the Network for Greening the Financial System (NGFS) scenarios.

The CVaR are then used to estimate the Solvency II balance sheet impacts. The estimation of the change in Own Funds includes the fall in the market value of the assets implied by the CVaR, the corresponding fall in unit-linked liabilities and assets shares, the change in the Value in Force (VIF) and Future Policy Related Liabilities (FPRL), the impact of the change in the Volatility Adjustment (VA) on liabilities and the impact on tax. In addition, the impact on the SCR is also considered.

Climate-related scenarios and key assumptions

The climate-related scenarios considered, and the key assumptions embedded within the two focus scenarios, are summarised below:

MSCI scenario name	Underlying NGFS scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal use	Regional policy variation
1.5°C Disorderly	Divergent Net Zero	1.4°C	Immediate but divergent across countries and sectors	Fast change	Low use	Medium
NDC	NDC	2.3°C	NDCs	Slow change	Low-medium use	Medium

NDC = Nationally Determined Contributions

Timelines

The modelling of climate risk associated with bond holdings is based on the maturity date of the bond (i.e. it is assumed that the bond is held to maturity). The transitional risks and opportunities associated with equity holdings are modelled until 2050 with physical risks modelled until 2100. MSCI discount the estimated impacts over the above timelines to produce a shock factor which is then applied to our portfolio of invested assets.

Limitations

The uncertainty of climate risk and evolving nature of climate risk modelling means that there are numerous limitations in the analysis:

- The analysis is based on the current assets held and hence there is no consideration of reinvestment risk or future management actions in respect of the transition to net zero.
- Whilst scenario data has been sourced from a leading data provider, there remain some limitations around data quality and coverage.
- The analysis covers all equities, bonds and collective investment vehicles but does not extend to the other, less material, asset classes.
- The methodology for the sovereign bond CVaR is focused on policy risk.
- The climate scenario analysis only considers policy risks, technology opportunities and physical risks but does not extend to the other potential risk factors (e.g. demographic, inflation, legal, reputation, technology risks).
- Due to limitations in the assessment of macro-economic physical risks in the CVaR, the impacts have been approximated based on relevant indices.

The CVaR is considered in five different scenarios with the full balance sheet impact being considered in the following two scenarios:

1.5°C disorderly

This scenario reflects warming being limited to 1.5°C above pre-industrial levels, but the approach taken by different countries is divergent.

Nationally determined contributions (NDCs)

This scenario reflects the expected warming if countries were to only implement the policies which they have already committed to.

Assumptions

- The key assumptions within the analysis are summarised below:
- It is assumed that the market has not already priced the effects of climate risks into market values of assets. In practice it is likely that the market will have priced in an element of climate risk but the uncertainty in quantifying this means that this has not been allowed for.
 - Where all the data required to assess the CVaR is not available assumptions are made to ensure that a CVaR is estimated for all equities, bonds and collective investment vehicles.
 - There are assumptions made within the creation of the scenarios by NFGS and the CVaR by MSCI. These assumptions are implicit within our analysis.
 - The choice of scenario is a key judgement in this analysis, however carrying out the balance sheet analysis on our two scenarios is consistent with EIOPA's guidance.

Results and summary

The CVaR has increased since last year due to the inclusion of the macro-economic physical risks in the measure, however the balance sheet impact is comparable to last year due to refinements in the balance sheet modelling. Both scenarios demonstrate that climate risk remains a material financial risk for Chesnara and as such we are focused on the implementation of the CTP in order to manage our exposure to climate risk. The use of climate scenario analysis is a key tool in the delivery of the CTP and in meeting both the net zero target in 2050 and the interim ambitions in 2030.

CLIMATE-RELATED FINANCIAL DISCLOSURES • RISK MANAGEMENT

Risk and solvency management are at the heart of Chesnara’s robust Governance Framework.

- a) Describe the organisation’s processes for identifying and assessing climate-related risks and
- b) Describe the organisation’s processes for managing climate-related risks

PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS			
A high-level summary of Chesnara’s Risk Management Framework is below:			
RISK MANAGEMENT POLICY Chesnara’s Risk Management Policy which sets out the framework of principles and practices, policies and strategies for the group’s Risk Management System.	RISK MANAGEMENT SYSTEM The Risk Management System supports the identification, assessment and reporting of risks.	GROUP RISK MANAGEMENT FRAMEWORK The Group Risk Management Framework is designed to embed effective risk control systems with a holistic and transparent approach to risk identification, assessment, management, monitoring and reporting. The definition and scope of each principal risk category is based on a set of strategic and operating principles/tolerance limits.	GROUP’S RISK APPETITE The Group’s risk appetite reflects the Chesnara Board’s view on the amount of risk the Group is willing to take and sets boundaries to determine when there is too much or too little risk.

In addition, Chesnara’s Investment Policy contains investment criteria which are monitored by the Chesnara Asset & Liability Committee.

The Group Chief Risk Officer is responsible for maintaining the overall Risk Management Framework. The CEOs for each business unit are required to ensure that the framework is fully integrated into the business model and decision making processes. Each of our divisions are required to apply the Risk Management Policy and operate within the limits set by the risk appetite. Depending upon the nature and impact of the risk, the risk is either accepted, avoided, managed or transferred. Decisions on the appropriate risk response are informed by the group’s strategic objectives, regulatory expectations, stress testing, capital impact assessments and are subject to appropriate governance oversight. Each business unit is responsible for identifying risks which might create, enhance, accelerate, prevent, hinder, degrade or delay the achievement of the group’s objectives, together with the sources of risks, areas of impact, events, and their causes and potential consequence. These risks are recorded in each business unit’s risk register and evaluated based on the likelihood of occurrence and severity of impact. Climate-related risks and opportunities identified by business units, along with those that may impact the Parent Company or Group as a whole, are then reviewed by the Group Head of Sustainability and the Group Chief Risk Officer to form an assessment of the climate-related risks and opportunities for the Group.

Management teams keep up to date through the monitoring and assessment of emerging risks, reviewed by the executive teams on a quarterly basis.

Climate change risk is integrated into the Group’s principal risks as a cross-cutting risk, for example through the potential adverse consequences of physical and transitional risks on market and liquidity risk, or the strategic risk to the Group arising from its action or inaction in response to climate change. The Group is also exposed to regulatory risk given the level of ongoing change and new regulatory requirements related to climate risk.

With regards to the sector specific guidance, we believe the impact of: physical risks from changing frequencies and intensities of weather-related perils; and transition risks resulting from a reduction in insurable interest due to a decline in value and transition risks of changing energy costs would not be material and therefore not disclosed within the TCFD report. Chesnara has developed a Sustainability Policy Statement for the Group, in which it recognises the importance of understanding climate change risk in our operations and our investments and continued monitoring of associated risks.

Chesnara believes its businesses that hold investments (insurance companies and investment companies) should consider sustainability and implications for climate change in their investment policies. It expects each company to consider the implications of these for its business and investments and document its position. Chesnara’s businesses have adopted, either directly or via their respective fund managers, the six UN Principles of Responsible Investment with the aim to continue to invest responsibly with sustainability considerations in mind and to provide a choice of sustainable funds to customers, e.g. green investments which aim to solve climate issues, or which primarily focus on companies that invest in improving health.

We continue to use the MSCI model as part of the ORSA process to assess climate risk. Analysis has been further developed in 2025 to consider the cost of wider macro-economic impacts of indirect physical risks due to rising temperatures. A conservative approach to this new methodology has been applied due to the uncertainty around the implementation assumptions required. We expect to see further enhancements over time as industry methodology and availability of data develops.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Integration of processes for identifying, assessing and managing climate-related risks

An integral part of Chesnara's Governance and Risk Management Frameworks is compliance with the Prudential Solvency II Regulations to perform the ORSA on an annual basis. The Chesnara Board is responsible for the overall design of the ORSA process including its annual review. Climate-related risks are considered as part of the ORSA process and the impact of material risks upon the solvency and resilience of the business is documented. The views of the Actuarial Function Holder and any recommendations or prior feedback from the regulator are considered when conducting the assessment at business unit level. Conclusions drawn from the risk and solvency assessment are reported to the respective regulators by each of our businesses every year. The Group Sustainability Committee also review the climate-related risk and opportunities and climate scenario analysis, supporting the Group CEO who has overall responsibility for overseeing the programme of work across the Group.

Each business unit provides a forward-looking perspective on risks that are emerging quarterly to its Audit & Risk Committee. The Chesnara Audit & Risk Committee maintains oversight of any such risks potentially material to the Group through the quarterly Group Risk Report. A summary of principal risks and emerging risks is also provided quarterly to the Chesnara Board. From a climate change perspective this involves considering the content of relevant publications and guidance, in relation to the Chesnara risk landscape, such as the reports published by the Intergovernmental Panel on Climate Change (IPCC) on the physical climate change risks to the environment. Similarly, our management teams evaluate the possible effects of transition risk by keeping abreast of relevant policy and legal developments, technological advancements, changes in market risk due to demand shifts and any legal and reputational risk exposure. Amongst other matters, business performance and risk management are discussed at the Senior Leadership Team monthly meeting.

Chesnara's approach to assessing financial risk is to identify and assess factors that could potentially threaten the continued successful delivery of the anticipated stakeholder outcomes over a three-year time horizon, including risks to the business model and strategy. The Chesnara Board requires the management teams to ensure a good understanding of the solvency position at any point in time. In Q2 2025, a series of stress and scenario tests were selected for the ORSA with the requirement to follow the testing principles set out in the Group Risk Management System Policy. As well as current known risks, the stresses and scenarios took account of forward looking and emerging risks.

These selected stresses and scenarios along with the rationale were reviewed and approved by the Chesnara Board. The tests conducted covered equity asset values, yields and credit spreads, expense inflation, mass-lapse and adverse operational experience. The ORSA also included the output of the climate risk report. Performance against the business plans as well as known and emerging risks and opportunities are discussed at quarterly business review meetings at entity and group level. Climate-related risk impacts and opportunities are considered at these meetings.

More detail on Chesnara's Risk Management Framework is set out in this section of the Annual Report and Accounts.



CLIMATE-RELATED FINANCIAL DISCLOSURES • METRICS AND TARGETS

The metrics and targets section also addresses the requirements within the Streamlined Energy & Carbon Reporting (SECR) Framework including reporting on energy usage, GHG emissions, methodology used to make the calculations, intensity ratios and a description of the efforts taken to improve the Group’s energy efficiency during the financial year. To support the understanding of our approach, we define net zero as cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero in the atmosphere.

- a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks
- c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Financed emissions

Our financed emissions represent the significant majority of our carbon footprint. We baselined our emissions using 2023 data and as further data becomes available and methodology develops, we will continue to assess our baselines and our ambitions.

TARGETS		
Ambitions We are committed to decarbonising our investment portfolio and have set the following climate ambitions to achieve this:	2030 50% intensity reduction in the scope 1 and 2 emissions for our listed equity and corporate fixed income investments which we are able to influence or control	2050 Net zero all emissions

We will report on the following metrics to monitor performance against our ambitions:

1. Absolute financed emissions (tonnes of CO₂e) This shows our absolute greenhouse gas emissions (GHG) and allows us to establish the emissions baseline of our portfolio by measuring financed scope 1, 2 and 3 emissions.	2. Financed emissions intensity (tonnes of CO₂e/\$M invested) This shows the total carbon financed emissions of a portfolio normalised by the market value of the portfolio. The metric enables us to compare the emissions of different portfolios.	3. Weighted Average Carbon Intensity (WACI) a) WACI Corporate This shows our exposure to carbon intensive companies (tonnes CO₂e by \$M sales). b) WACI Sovereign This shows our exposure to a country’s transitional risks and physical and economic vulnerability to climate change (tonnes CO₂e by \$M GDP nominal).
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2025 performance

The below tables summarise our 2025 performance against our baseline financed emissions.

FINANCED EMISSIONS (Tonnes of carbon dioxide equivalent (tCO ₂ e))										
	Scope 1 and 2					Scope 3				
	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline
2050 Ambition Absolute financed emissions¹	468,071	515,298	(9)%	533,073	(12)%	4,905,646	4,764,459	3%	4,345,991	13%
2050 Ambition Financed emissions intensity² (absolute emissions/\$m invested)	27	34	(21)%	39	(31)%	282	313	(10)%	315	(10)%
2050 Ambition % coverage³	71%	59%	12%	58%	13%	70%	59%	11%	56%	14%
2030 Ambition Absolute financed emissions¹	221,723	n/a	n/a	246,056	(10)%	n/a	n/a	n/a	n/a	n/a
2030 Ambition Financed emissions intensity² (absolute emissions/\$m invested)	27	n/a	n/a	32	(16)%	n/a	n/a	n/a	n/a	n/a
2030 Target % coverage³	78%	n/a	n/a	73%	5%	n/a	n/a	n/a	n/a	n/a

WEIGHTED AVERAGE CARBON INTENSITY (WACI)															
	Corporate constituents ⁴ (tonnes CO ₂ e/\$M sales)										Sovereign constituents ⁵ (tonnes CO ₂ e/\$M GDP nominal)				
	Scope 1 and 2					Scope 3					GHG Intensity				
	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline
2050 Ambition Chesnara Group	60	69	(13)%	72	(17)%	593	645	(8)%	654	(9)%	195	221	(12)%	207	(6)%
2050 Ambition % coverage³	71%	63%	8%	62%	9%	71%	63%	8%	59%	12%	8%	9%	(1)%	11%	(3)%
2030 Ambition Chesnara Group	61	n/a	n/a	65	(6)%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2030 Ambition % coverage³	78%	n/a	n/a	73%	5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. The absolute greenhouse gas emissions associated with an asset class or portfolio (expressed in tCO₂e).

2. The absolute greenhouse gas emissions associated with an asset class or portfolio normalised by the market value of the portfolio (expressed in tCO₂e/\$M invested).

3. Coverage represents the share of our assets for which data is available in order to calculate emissions. The data from these covered assets is then extrapolated to calculate the emissions for the non-covered assets. A higher coverage percentage indicates the accuracy of the data used for the calculations is higher.

4. Exposure to carbon intensive companies (expressed in tCO₂e/\$M sales).

5. A country's exposure to transitional risk and physical and economic vulnerability to climate change (expressed in tCO₂e/\$M GDP nominal).

CLIMATE-RELATED FINANCIAL DISCLOSURES • METRICS AND TARGETS

For our total portfolio, we saw financed emissions intensity for scope 1 and 2 reduce by 31% since our 2023 year end baseline (21% since last year end).

We also saw a reduction in our scope 1 and 2 absolute financed emissions of 12% since baseline (9% since the last year end).

Whilst we saw progress in reducing our scope 3 financed emissions intensity by 10% since baseline, our scope 3 absolute financed emissions rose by 13% during the same time period. This is largely because we have approximately 20% more assets due to organic growth and acquisition activity for which we are now reporting emissions compared to our baseline and there have been improvements in scope 3 data collection since baseline.

Our WACI corporate exposure to carbon intensive companies decreased by 17% (scope 1 & 2) and 9% (scope 3) since baseline, compared to 13% and 8% respectively in 2024. Similarly, our WACI sovereign exposure decreased by 6% since baseline.

For the assets included in our 2030 ambition to reduce the financed emissions intensity by 50%, the scope 1 and 2 intensity emissions of those assets reduced by 16% since baseline and our scope 1 and 2 absolute financed emissions have reduced by 10%.

Overall, these show we are making positive progress towards our 2030 ambition and reaching net zero by 2050.

When opportunities have arisen to rebalance our portfolios, we have been careful to integrate our financed emissions objectives into our decision making process. Analysis shows that redemptions within our portfolios has also contributed to the change in our financed emissions figures. Of course, improvements in our data provider's methodology, or data coverage as well as any updates that our investee companies have made in the reporting of their own financed emissions have all played a part in the changes we see.

Our climate data comes from an external provider and just as we baseline and monitor our financed emissions figures, we do the same for data coverage. Except for WACI sovereign, the data coverage has improved across all our measures this year.

We are eager that this continues to improve and so we will continue to work with our external data provider to identify any assets that are not covered to help ensure that they are added to coverage within expected timeframes. This will allow us to increase the accuracy of our financed emissions and exposures.

Positive solutions

As explained in the strategy section, we will continue to commit to assessing and investing in positive solutions, by intentionally directing capital into activities that deliver or enable the achievement of the UN Sustainable Development Goals. We report annually on our progress against this commitment, detailing the level of investments held. These activities will be monitored by the GSC and reported annually to the Board.

Targets and metrics: the amount of investments (£m) we currently invest in our Positive Solutions Framework is the key metric we currently report and monitor. As part of our CTP, we set the ambition to hold £125m in climate solutions by 2030. At the end of 2025, we had £149m (2024: £135m) invested in positive solutions, of which £133m (2024: £80m) were invested in climate solutions.

Operational emissions

To monitor our performance against our ambitions and intensity, we report on the following metrics:

1

Absolute emissions tCO₂e (scope 1, 2 and 3)

2

Operational emissions per FTE tCO₂e (including and excluding scope 3.1)

Other metrics we report and monitor include the Group's energy consumption and water usage, which are detailed on page 90.



2025 performance

The below table summarises our 2025 performance against our baseline operational emissions.

OPERATIONAL EMISSIONS (Tonnes of CO ₂)										
		2025			2024			2023 baseline		
		UK & Offshore	Global (excl UK & Offshore)	Total	UK & Offshore	Global (excl UK & Offshore)	Total	UK & Offshore	Global (excl UK & Offshore)	Total
Scope 1	Combustion of fuel and operation of facilities	2	62	64	2	60	62	18	65	83
Scope 2	2.1 Electricity, heat, steam and cooling purchased for own use (location based)	9	38	47	9	55	64	10	87	97
	2.1 Electricity, heat, steam and cooling purchased for own use (market based)	4	73	77	2	55	57	–	–	–
	Scope 1 and 2 emissions (location based)	11	100	111	11	115	126	28	152	180
Scope 3	3.1 Purchased goods and services	2,635	1,832	4,467	1,165	1,742	2,907	1,906	2,129	4,035
	3.2 Capital goods	373	66	439	29	37	66	28	69	97
	3.3 Fuel- and energy-related activities not included in scope 1 or scope 2	3	24	27	3	25	28	9	45	54
	3.4 Upstream transportation and distribution	24	84	108	32	115	147	9	215	224
	3.5 Waste generated in operations	7	5	12	73	8	81	24	8	32
	3.6 Emissions from business travel	83	83	166	72	50	122	52	131	183
	3.7 Emissions from commuting	40	117	157	45	147	192	26	83	109
	3.8 Upstream leased assets	296	15	311	40	9	49	8	40	48
Total scope 1, 2 and 3 emissions (location based)		3,472	2,326	5,798	1,470	2,248	3,718	2,090	2,872	4,962
Carbon offset		(837)	(494)	(1,331)	(305)	(506)	(811)	(184)	(742)	(926)
Total net emissions		2,635	1,832	4,467	1,165	1,742	2,907	1,906	2,129	4,035
Company's chosen intensity measurement:										
Tonnes of CO ₂ e per FTE*		40.5607	8.9392	16.7669	14.2073	8.2344	10.4772	19.2982	10.3692	12.8660
Tonnes of CO ₂ per FTE* (less scope 3.1 emissions)		9.7780	1.8985	3.8490	3.7195	1.8534	2.2845	1.6990	2.6595	2.3909

*The Group FTE number used in this measurement is disclosed in note I1 of the Annual Report and Accounts.

Scope 1 emissions consists of: 1.1 Generation of electricity, heat or steam; 1.2 Transportation of materials, products, waste, and employees; and 1.4 Fugitive emissions. Scope 1.3, 2.2 and 3.9-3.14 are not applicable for our Group. Emissions in category 3.15, financed emissions, are shown separately.

The 2025 results show an increase to our 2023 baseline and our 2024 results. As a growing business, we anticipate our operational emissions to increase in the short term. For example, we have seen a rise in emissions from capital goods, needed to support the successful integration of our two Dutch businesses and preparations for our acquisition of Chesnara Life in the UK. Emissions from purchased goods and services have also increased from 2024 and remained unchanged against our baseline, largely due to our engagement with professional services to support our M&A strategy. More generally, our reported emissions have experienced an increase as we continue to improve our data collection and reporting processes.

Not all types of emissions have increased. We report a reduction against our baseline for gas and electricity usage, business travel and upstream transportation and distribution, because of the following actions:

- Implementation by Chesnara's business units of energy efficiency measures and positive behaviour change across the Group.
- Implementing process improvements for collecting and calculating business travel emissions.
- Continued digitalisation of our services, to reduce emissions generated from customer communications.

CLIMATE-RELATED FINANCIAL DISCLOSURES • METRICS AND TARGETS

Acquisitions

As an acquisitive business, it is necessary to consider the impact of any acquisitions on both our operational and financed emissions. The additional emissions will be factored into our plans and our baseline calculations will be updated in line with the materiality of each acquisition and its impact.

Carbon offsetting

We remain focused on reducing the carbon emissions associated with our operations and investments. We also continue to consider the important yet complex role offsetting can play in the global transition to net zero by absorbing and storing the small amount of residual emissions.

We have again offset our 2025 operational emissions, excluding scope 3.1 purchased goods and services, of 1,331 tonnes of CO₂e by supporting several verified projects in alternative energy and water safety. These are high quality carbon reduction projects that comply with international verification standards and are amongst the Carbon Footprint Limited’s offset projections portfolio. We will continue to assess our approach to offsetting, including considering partnerships with organisations sequestering carbon through nature-based solutions.

Energy usage

Energy consumption in the Group is reported on an actual basis where the records are kept in the business (scope 2 – office use and scope 3.6 – business travel) with employee survey responses used to obtain information for home working and commuting data. These are then converted to emission measures using standard conversion factors within our carbon accounting platform, Greenly. Greenly’s assumptions and calculation engine operate in line with GHG Protocol methodology. Our energy and water consumption over the last two years is shown in the following table:

	UK & Offshore	Global (exc UK & Offshore)	Total
2025	Energy consumption (KwH '000)	463	1,190
			1,653
2025	Water usage (m ³)*	451	1,583
			2,034
2024	Energy consumption (KwH '000)	360	1,298
			1,658
2024	Water usage (m ³)*	289	1,815
			2,104

*Excludes our Wognum office since water usage is incorporated in the office service charge.

The Group encourages all employees to take reasonable steps to reduce waste, and to re-use and recycle office materials, and our sustainability statement reiterates our commitment to becoming a sustainable group. In addition to this, we use a mixture of renewable energy across the business, including a 100% renewable energy contract in our Preston and Stockholm offices.

With regard to the sector specific guidance requiring insurance companies to provide aggregated risk exposure to weather-related catastrophes of their property business by relevant jurisdiction; the extent to which their insurance underwriting activities are aligned with a well below 2°C scenario; and also indicate which insurance underwriting activities are included – this has been considered and the impact is either immaterial or not applicable to the business, and therefore, no disclosure has been made.

To increase energy efficiency, management in each of our business units take practical steps to minimise the effect of our operations on the environment and our workforce is encouraged to conserve energy, avoid unnecessary travel, use video conferencing, and minimise waste.

Chesnara is fully committed to complying with the Energy Saving Opportunity Scheme Regulations 2014 (ESOS). The UK’s energy consumption in the form of lighting, heating and fuel usage is assessed by an independent company every four years, with the latest assessment completed in 2024. An action plan has been created and submitted based on the recommendations provided which we will report progress against each year.

There are three (2024: three) Company-leased vehicles in total across the Group which are used primarily for commuting and not business-related activities; this is in addition to six Company-owned vehicles. All of the nine (2024: 11) vehicles are either hybrid or electric.

METHODOLOGY, DATA & ASSUMPTIONS

The preparation of climate related disclosures requires the application of a number of key judgements, assumptions and estimates to be made, in particular, for the calculation of emissions and forming an assessment of the climate scenario analysis. The methodology relies on the quality of the underlying data used, which is expected to improve over time. As a result, the reported figures are best estimates and should be treated with caution. As quality and coverage of data evolves, together with the development of best practice methodologies for metrics, we expect that certain disclosures are likely to be amended or restated in the future. In line with our rebaselining policy, we have trigger points for recalculating the baseline of our emissions calculations. As well as material changes in the size and scale of our business as a result of acquisitions or disposals, these triggers also include material changes in data availability or the inclusion of additional asset classes in our calculations.

Financed emissions: We have calculated our financed emissions using the MSCI platform. For more information on the MSCI methodology, please visit www.msci.com. Due to the timing of the publication of the accounts, we have used data as at 30/09/2025 to calculate our 2025 financed emissions. We acknowledge that this is not in line with PCAF guidance; however, we believe this will not result in a material difference to the results and allows us to perform and publish more in-depth analysis of change each year. The calculations use reported carbon emissions from investee companies from 2024, which is the latest year for which emissions data is readily available. This reported climate data is considered to be higher quality than modelled data but as the data is evolving and changing, this is an inherent limitation.

Operational emissions: We have calculated our operational emissions using the Greenly platform. Greenly has detailed methodology for each category and we can interrogate the group’s accounting data to generate the results. Greenly has integrated thousands of emission factors from Government publications and Life Cycle Assessment (LCA) dashboards as reliable sources of data. No further data and assumptions have been included for the calculation of non-financed emissions outside of the use of the Greenly platform. For further information on Greenly, and its methodology please visit www.greenly.earth/en-gb.

A separate climate-related financial disclosure report which includes the basis of preparation of each scope and the method of calculation has been published separately on the website at www.chesnara.co.uk.

Intensity measurements

Our operational emission intensity measurements are ratios of operational emissions against the number of FTE staff, calculated as:

- 1. Operational emissions per FTE = total non-financed emissions (scope 1, 2 & 3.1-3.8 tCO₂e)/number of average FTE staff in the year.
- 2. Operational emissions (less scope 3.1 emissions) per FTE = non-financed emissions as defined above (less scope 3.1 emissions)/number of average FTE staff in the year.

We believe these are appropriate measures, given a large proportion of the GHG emission categories are employee-related including commuting, business travel and waste. As supplier purchases (scope 3.1) are not directly correlated with the number of employees we have also chosen to disclose the FTE ratio without these emissions to reduce the impact of increased spend on goods and services.

We have also determined appropriate intensity measures for financed emissions (scope 3.15), as explained in detail on page 86, being:

- 1. **Absolute financed emissions tCO₂e** – This shows our absolute greenhouse gas emissions (GHG) and allows us to establish the emissions baseline of our portfolio by measuring financed emissions.
- 2. **Financed emissions intensity (tCO₂e/\$M invested)** – This enables us to compare the emissions of different portfolios. This shows the total financed emissions of a portfolio normalised by the market value of the portfolio.
- 3. **Weighted Average Carbon Intensity (WACI)** – This enables us to understand our exposure to carbon intensive companies within our portfolio:
 - WACI Sovereign – a country’s exposure to transitional risk and physical and economic vulnerability to climate change (tonnes CO₂e by \$M GDP nominal).
 - WACI Corporate – our exposure to carbon intensive companies (tonnes CO₂e by \$M sales).

This combination of metrics will show the relative and absolute performance of our decarbonisation activities.

Non-Financial and Sustainability Information Statement

This section of the Annual Report constitutes Chesnara’s Non-Financial and Sustainability Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The following table sets out where, within our Annual Report, we provide further details on the matters required to be disclosed under the sections listed below. In particular, it covers the impact we have on the environment, our employees, social matters, human rights, anti-corruption and anti-bribery matters, policies pursued and the outcome of those policies, and principal risks that may arise from the company’s operations and how we manage those risks, to the extent necessary for understanding of the company’s development, performance and position and the impact of its activity.

Reporting requirement	Section(s)	Page(s)
Anti-corruption and anti-bribery	Corporate & Social Responsibility	72
Business model	Overview of our Business Model, Strategy and Culture & Values	26-27
Employees	Corporate & Social Responsibility S172	70 34
Environmental matters	Corporate & Social Responsibility S172 Statement	68 34
Non-financial key performance indicators	S172 Key Stakeholders Business Reviews	32-34 40-45
Principal risks	Risk Management – Principal Risks and Uncertainties	59-66
Respect for human rights	Corporate & Social Responsibility	71
Social matters	Corporate & Social Responsibility	72



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CORPORATE GOVERNANCE

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BOARD PROFILE & BOARD OF DIRECTORS

The role of the Chesnara Board of Directors is to establish the purpose, values and strategy of the Group and provide leadership to maintain high standards of corporate governance and behaviour throughout all levels of the organisation. The diversity of skills, knowledge and experience of our Board members ensures that we continue to deliver against our strategic objectives. The Board’s knowledge, skills and experience summary to the right indicates the core competencies that have been identified as being key to the Board discharging its responsibilities and shows the collective score of the current Board.

BOARD KNOWLEDGE AND SKILLS SUMMARY

This matrix shows the specific areas of specialism that the Board provides. Where there is a competency in dark blue, this indicates a primary specialism. A purple colour indicates that this competency is a secondary specialism.

KEY P Primary specialism S Secondary specialism

LUKE SAVAGE
CHAIR

Non-executive Chair of the Board, Luke, is responsible for the leadership of the Board, setting the agenda and ensuring the Board’s effectiveness in all aspects of its role.

Appointment to the Board:
Appointed as Chair in February 2020.

Committee membership:
Nomination & Governance (Chair to 31 December 2021) and a member of the Remuneration Committee (from February 2020). Attends the Audit & Risk Committee by invitation.

Current directorships/business interests:

- Numis Corporation Ltd
- Numis Securities Ltd
- Liontrust Asset Management Plc, Chair
- Bancroft’s School



STEVE MURRAY
GROUP CHIEF EXECUTIVE

Appointment to the Board:
Appointed as a director in August 2021 and as Group Chief Executive in October 2021.

Career, skills and experience: Steve joined Chesnara from Royal London where, as part of their Group Executive Committee, he was Chief Commercial Officer with Group wide accountability for M&A and Strategy, Transformation and Analytics & Insight, as well as accountability for its legacy business and the take to market activity across the UK insurance and savings business. He was also a director of Royal London Asset Management. Prior to that he spent 15 years at Standard Life across a variety of roles, seeing it through demutualisation and IPO before leading Group M&A and strategy. He then worked in Standard Life’s UK & European insurance business initially as CEO of 1825 financial planning before becoming MD Commercial & Strategy. After leading the first phase of the separation of the UK & European insurance business to Phoenix, he was appointed as Deputy Head of the Private Market division in Aberdeen Standard Investments. Steve started his career with EY.

Current directorships/business interests:

- Countrywide Assured Services Ltd
- CASFS Ltd
- Countrywide Assured Life Holdings Limited
- Movestic Livförsäkring AB
- Scildon NV Supervisory Board
- Elevate Great (formerly Cattnach)
- a private charity (Chair)



TOM HOWARD
CHIEF FINANCIAL OFFICER

Appointment to the Board:
Appointed in April 2024.

Career, skills and experience: Tom joined Chesnara from Aviva plc where he was CFO and executive director of Aviva Investors, with oversight of the asset manager’s financial, capital management and corporate development functions. He also held executive responsibility for Aviva Investors’ North American operations and was a member of Aviva Group’s Finance Leadership Team. He held a variety of senior leadership roles over a 14-year period in Aviva, including CFO of Aviva’s Life and General Insurance businesses in Ireland and Director of Mergers and Acquisitions for Aviva Group. Tom is a fellow of the Institute and Faculty of Actuaries.



Industry knowledge	P	P	P	P	P	P	P
Governance – actuarial	P	P	P	P	S	S	S
Governance – financial/audit	P	P	P	P	P	P	S
Risk management	P	P	P	P	P	P	S
Investment management	P	P	P	P	S	S	
M&A and business development	P	P	P	P	P	S	S
Commercial management	P	P	P	P	P	P	S

Change management	P	P	P	P	S	S	S
Ensuring good customer service and outcomes	P	P	P	S	S	S	
Information Technology/Cyber	P	P	P	S	S	S	S
Sustainability including ESG	P	P	S	S	S	S	S
People & Reward	P	P	S	S	S		
Regulatory	P	P	P	P	S	S	S

GAIL TUCKER
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Appointment to the Board:

Appointed to the Board and as Chair of the Audit & Risk Committee in January 2025.

Committee membership:

Audit & Risk (Chair) and Nomination & Governance.

Career, skills and experience:

Gail is a retired PwC partner with over 30 years' experience in financial services audit, predominantly focused on the insurance sector. Gail has also been the Global IFRS technical partner responsible for insurance and financial instruments and brings a well-developed perspective on the UK life and pensions industry. A qualified accountant, Gail holds a BSc from the University of Warwick and a BA from The Open University. She is currently a Trustee of the Breast Cancer Now charity and a member of the Institute of Chartered Accountants in England & Wales (ICAEW) Financial Services Board. For 7 years she was an independent Council member at the University of Warwick and a member of its Audit & Risk committee.

Current directorships/business interests:

- Countrywide Assured Plc
- Breast Cancer Now (Trustee)
- ICAEW Financial Services Board (Member)
- UK Endorsement Board (Member)



CAROL HAGH
SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR
Designated Workforce NED

Appointment to the Board:

Appointed as Chair of the Nomination & Governance Committee in February 2022.

Committee membership:

Nomination & Governance (Chair) and Remuneration.

Career, skills and experience:

Carol has extensive experience in customer strategy, cultural transformation and digital innovation across financial services organisations. In senior leadership roles at Aviva and Aegon, she delivered multi-country customer initiatives, digital transformation initiatives and improvements to customer outcomes. She later led the UK Insurance Practice at Spencer Stuart, supporting boards on leadership capability and succession planning. Carol offers insight into customer-centric operating models, organisational culture and long-term value creation. She was previously on the board of Direct Line Group. She holds a BA in Computer Science from Harvard University and an MBA from INSEAD.

Current directorships/business interests:

- Countrywide Assured plc, NED
- Chesnara Life (UK) Limited, NED



EAMONN FLANAGAN
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Appointment to the Board:

Appointed in July 2020 and as Chair of the Remuneration Committee in January 2022.

Committee membership:

Audit & Risk and Remuneration (Chair).

Current directorships/business interests:

- Movestic Livförsäkring AB, Chair of the company and member of the Audit & Risk Committee
- AJ Bell, NED and Chair of the Audit and Disclosure committees



SAMANTHA (SAM) TYMMS
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Appointment to the Board:

Appointed in June 2025.

Committee membership:

Nomination & Governance and Audit & Risk.

Career, Skills and Experience:

Sam spent a large part of her executive career in the UK FSA (before it was split into the PRA and FCA) and has broad INED experience on the boards of FS, technology and service companies. She also brings commercial experience from roles with Promontory Financial Group (IBM). She has previously been a NED at DWF plc and IG Group plc.

Current directorships/business interests:

- Julius Baer International Ltd, NED and Chair of the Audit & Risk Committee
- Institute of Chartered Accountants in England & Wales, member of the Governance and Appointments Committee



GOVERNANCE OVERVIEW FROM THE CHAIR



Our robust Governance Framework enables us to effectively manage risks and opportunities, as well as to take appropriate steps to address relevant environmental and social issues in a proportionate manner.

Dear Shareholder

On behalf of the Chesnara Board, I am pleased to present our Corporate Governance Report for the year ended 31 December 2025.

Chesnara's Corporate Governance Framework underpins the delivery of sustainable value for our customers and shareholders. It enables us to deploy our people and technology effectively and to maintain constructive, transparent relationships with our suppliers, partners and regulators. The Board shapes the Group's culture and values by defining clear roles and responsibilities and setting high expectations for performance, accountability and ethical conduct.

Our governance practices support rigorous oversight of risks and opportunities, while ensuring that we take proportionate and timely action to advance our sustainability agenda.

This section of the Annual Report and Accounts explains our governance policies and practices and outlines how the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2024 (the 'Code') throughout 2025. We have undertaken a programme of development work during the year. This included a refreshed review of the principal risks for 2026, with associated Material Controls identified and formally documented. A Board approved Assurance Map has been developed to support the Board in making its control effectiveness declaration for 2026.

The Board recognises that sustainability and responsible stewardship are central to long-term business resilience. We also understand the importance of considering the interests of employees, customers and suppliers, and of engaging constructively with regulators and shareholders to understand and respond to their expectations. Further detail on our stakeholder engagement and on how the Board has performed its duties under Section 172 of the Companies Act 2006 can be found on pages 32 to 38 of the Strategic Report.

The Board agenda is structured to provide an appropriate balance between governance, strategy, risk, financial performance and emerging developments, all with the aim of promoting the long-term success of the Company. Each Board member contributes meaningfully to discussion and commits sufficient time to Board and committee responsibilities. During 2025, several additional meetings were required, and I am grateful to my fellow Directors for their continued flexibility and commitment.

Following the completion of her nine-year tenure, Jane Dale did not seek re-election at the Company's Annual General Meeting ('AGM') in May 2025 and stepped down as Senior Independent Director ('SID') and as a Director of the Company at the close of that meeting. At the AGM we announced that we were pleased to confirm that Non-Executive Director ('NED') and Chair of the Chesnara Nomination & Governance Committee, Carol Hagh, had been appointed as SID.

We were delighted to welcome Gail Tucker to the Board on 29 January 2025. Gail assumed the role of Chair of the Chesnara Audit & Risk Committee upon Jane's retirement and brings substantial reporting and technical expertise, including from her role as IFRS 17 Global Technical Lead at PwC. Her experience advising insurance audit teams internationally and serving on technical committees will be invaluable to the Group.

Karin Bergstein stepped down as NED on 6 June, and, on that day, Samantha (Sam) Tymms was appointed to the Board as NED and as a member of the Chesnara Nomination & Governance Committee and the Chesnara Audit & Risk Committee. Sam is an experienced NED and advisor to the boards and executives of global financial services businesses, Sam is also a former UK regulator with experience of international regulators, professional and industry bodies.

No NED chairs both the Board and a Board committee, nor does any NED chair more than one Chesnara committee. The principles and policies that underpin our governance framework are designed to promote high standards of ethical and business conduct, including a strong consideration of diversity. Across the Group, our businesses continue to enhance the effectiveness of their governance arrangements while further embedding environmental and social factors within their risk assessment processes.

This report provides an overview of the steps the Board and its committees have taken during the year to meet their governance responsibilities.

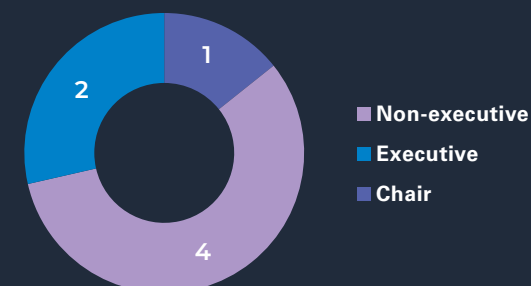
I look forward to having the opportunity to engage with our shareholders at our AGM on 12 May 2026 as set out in our Notice of AGM on page 244 of this report.



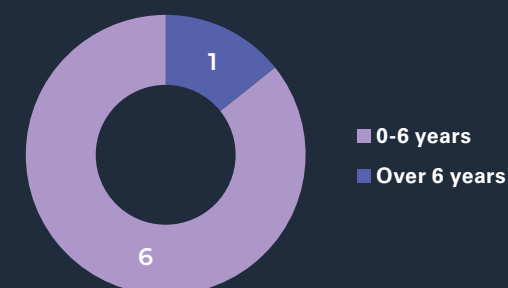
Luke Savage
Chair
23 March 2026

Chesnara Board composition

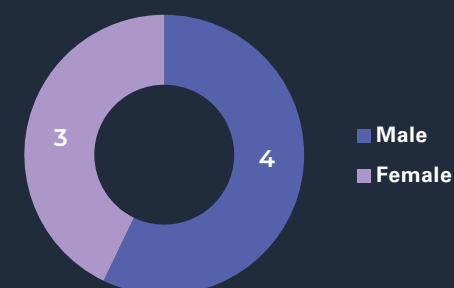
Current balance of executive and non-executive directors



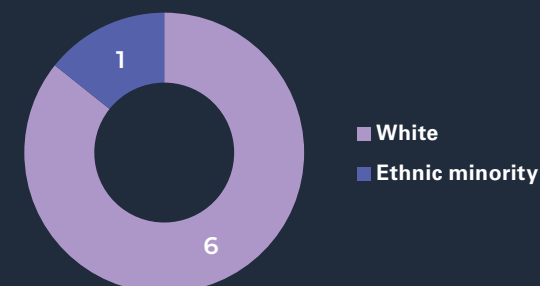
Board tenure



Current gender diversity of the Board



Current ethnic diversity of the Board



CORPORATE GOVERNANCE REPORT

The Group's Governance Framework has continued to operate effectively in 2025, allowing the Company to respond to the needs of its stakeholders and the evolving market conditions in which it operates.

The following statement, together with the Directors' Remuneration Report on pages 108 to 131, the Nomination & Governance Committee Report on pages 104 to 107, and the Audit & Risk Committee Report on pages 104 to 107, describes how the principles set out in the UK Corporate Governance Code 2024 (the 'Code') have been applied by the Company and details the Company's compliance with the Code's provisions for the year ended 31 December 2025.

Compliance with the Code

The Company has applied the principles and complied throughout the year with all of the relevant provisions of the Code. The UK Corporate Governance Code is available at www.frc.org.uk. The table below provides an overview of the Company's compliance with each of the five sections of the Code.

Code section	Question
Board Leadership & Company Purpose	Details of how the opportunities and risks to the future success of the business have been considered and addressed and the sustainability of the Company's business model are set out in the Strategic Report (pages 24 to 91). Details of stakeholder engagement (including engagement with major investors) and details of how stakeholders' interests are considered in Board discussions and decision making are set out on pages 32 to 38 of the Strategic Report. Details of how our Board monitors culture through our Workforce Engagement NED and details of our Whistleblowing Policy are set out on page 71 of the Strategic Report. Details of how potential conflicts of interest are managed are included on page 101 of this Corporate Governance Report.
Division of Responsibilities	The division of responsibilities on the Board and details of directors' independence is set out on page 100 of this Corporate Governance Report. Time commitments of the Board and 2025 Board and committee meeting attendance is set out on page 102 of this Corporate Governance Report.
Composition, Succession and Evaluation	The composition and skills, experience and knowledge of the Board is detailed on page 95 of this Corporate Governance Report. Details of the annual evaluation of the performance of the Board, its committees, the chair and individual directors are set out on page 101 of this Corporate Governance Report. The composition, roles and responsibilities and activities of the Nomination & Governance Committee are set out on pages 104 to 107 of the Nomination & Governance Committee Report.
Audit, Risk & Internal Control	The composition, roles and responsibilities and activities of the Audit & Risk Committee are set out on pages 132 to 138 of the Audit & Risk Committee Report. The Board confirms that it has completed a robust assessment of the Company's emerging and principal risks. Details of the Board's assessment of the Company's principal risks are set out on pages 59 to 66 of the Strategic Report and details of the Board's assessment of the Company's risk management and internal control system are set out on page 103 of this Corporate Governance Report. A description of how the Board has monitored and reviewed the effectiveness of the framework, a declaration of effectiveness of the material controls as at the balance sheet date and a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues (Provision 29) are set out on page 113. Please also see the Directors' Report (including the Going Concern statement) (pages 139 to 143) and the Viability Statement (page 112) for details of the Board's assessment of the Company's position, business model, strategy, prospects.
Remuneration	The composition, roles and responsibilities and activities of the Remuneration Committee are set out on page 112 of the Directors' Remuneration Report. Pages 108 to 131 of the Directors' Remuneration Report sets out details of the Remuneration Policy and how the policy approved by shareholders at the 2023 AGM has been applied in determining director and senior management remuneration.

The Board

At 31 December 2025, the Board comprised of an independent non-executive Chair, four further independent non-executive directors and two executive directors.

Biographical details of current directors are given on pages 94 and 95 and a Board profile, which assesses the core competencies required to meet the Group's strategic objectives, is provided on page 95. The Board reviewed and updated the core competencies matrix, adding People & Reward and Regulatory competencies as key requirements. The Board, which plans to meet at least seven times over the course of 2026, has a schedule of matters reserved for its consideration and approval.

These matters include:

- implementation of the corporate strategy and business plan;
- major acquisitions, investments and capital expenditure;
- financial reporting and controls;
- Dividend Policy;
- capital structure;
- Board and Board committee composition and appointments;
- appointment or removal of the Company Secretary; and
- the Remuneration Policy for Board directors and senior executives.

To support effective escalation from the Company's major regulated subsidiary boards, members of the Company's Board also serve on key subsidiary boards and committees across Chesnara's business units. Specifically:

- (i) three directors of the Company were also directors of Countrywide Assured plc during the year, those being Jane Dale (until 13 May 2025), Gail Tucker (from 29 January 2025) and Carol Hagh;
- (ii) two directors of the Company were also directors of CASLP Ltd during the year, until CASLP Ltd was dissolved on 16 January 2025, those being Jane Dale and Carol Hagh;
- (iii) Two directors of the Company, being Eamonn Flanagan and Steve Murray were also directors of Movestic Livförsäkring AB in 2025 where Eamonn chairs the board; and
- (iv) Steve Murray was also a director of the Scildon and Waard (until its merger with Scildon in July 2025) supervisory boards throughout the year.

Under local legislation or regulation for all divisions of the Group, the directors have responsibility for maintenance and projections of solvency and for assessment of capital requirements, based on risk assessments, and for establishing the level of long-term business provisions, including the adoption of appropriate assumptions. The Prudential Regulation Authority is the group supervisor and maintains oversight of all divisions of the Group through the college of supervisors.

The responsibilities that the Board has delegated to the respective executive management teams of the UK, Dutch and Swedish businesses include: the implementation of the strategies and policies of the Group as determined by the Board; monitoring of operational and financial results against plans and budget; prioritising the allocation of capital, technical and human resources and developing and managing risk management systems.

The roles of the Chair and Group Chief Executive

The division of responsibilities between the Chair of the Board and the Group Chief Executive is clearly defined and has been approved by the Board. The Chair leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board and availability of timely information, ensuring its effectiveness, encouraging challenge from non-executive directors and setting its agenda. The Chair has no day-to-day involvement in the management of the Group. The Group Chief Executive has direct charge of the Group on a day-to-day basis and is accountable to the Board for the strategic, financial and operational performance of the Group.

Senior Independent Director

Jane Dale was appointed as the Senior Independent Director (SID) in October 2018 until the end of her 9-year tenure as a NED on 13 May 2025. Carol Hagh was appointed SID on 13 May 2025. The SID supports the Chair in both the delivery of the Board's objectives and in ensuring that the view of all shareholders and stakeholders are conveyed to the Board. Carol is available to meet shareholders on request and to ensure that the Board is aware of shareholder concerns not resolved through the existing mechanisms for shareholder communication. The SID also meets with the non-executive directors, without the Chair present, at least annually, and conducts the annual appraisal of the Chair's performance and provides feedback to the Chair and the Board on the outputs of that appraisal.

Our governance practices support rigorous oversight of risks and opportunities, while ensuring we also advance our sustainability agenda.

CORPORATE GOVERNANCE REPORT

Directors’ independence

During 2025 a review was conducted to assess the independence of the Board as a whole when set against a matrix of key measures set out in the Code. The table below shows the results of that review under the Code Provisions 11, 12 and 17 and Principle G.

Code consideration	Question	
Provision 11 & 12	1. Are at least half the Board, excluding the chair, NEDs whom the Board considers to be independent?	YES
	2. Has the Board appointed one of the independent NEDs to be the Senior Independent Director (SID) to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders?	YES
Principle-G	3. Does the Board include an appropriate combination of Executive and Non-Executive (and, in particular, independent non-executive) Directors, such that no one individual or small group of individuals dominates the Board’s decision making?	YES
	4. Is there a clear division of responsibilities between the leadership of the Board and the Executive leadership of the company’s business?	YES
Provision 17	5. Has the Board established a Nomination Committee to lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession?	YES
	6. Are a majority of members of the Nomination Committee independent NEDs?	YES
	7. Is the Nomination Committee chaired by an individual other than the chair of the Board when it is dealing with the appointment of their successor?	YES

The review went further and, based on Code Provision 10, assessed each NED against a list of ten Yes/No questions, where, for each, a ‘No’ is determined to be a positive assessment of independence. The table below shows the results of that review:

Questions: Has the non-executive director...		LS	GT	EF	CH	ST
1.	Been an employee of the Company or Group within the last five years?	No	No	No	No	No
2a.	Had within the last three years, a material business relationship with the Company: Directly?	No	No	No	No	No
2b.	Had within the last three years, a material business relationship with the Company: As a partner, shareholder, director or senior employee of a body that has such a relationship with the Company?	No	No	No	No	No
3.	Received additional remuneration from the Company apart from a director’s fee?	No	No	No	No	No
4.	Participated in the Company’s share option or performance-related pay scheme?	No	No	No	No	No
5.	Been a member of the Company’s pension scheme?	No	No	No	No	No
6.	Got close family ties with any of the Company’s advisors, directors or senior employees?	No	No	No	No	No
7.	Held cross-directorships or had significant links with other directors through involvement in other companies or bodies?	No	No	No	No	No
8.	Represented a significant shareholder?	No	No	No	No	No
9.	Served on the Board for more than nine years from the date of their first appointment?	No	No	No	No	No

As a result of this review the Board considers that all non-executive directors were independent during the year under review.

The Board has no familial relationship with any other member of the Board or senior management team.

Other than their fees, and reimbursement of taxable expenses, which are disclosed on page 113, the non-executive directors received no remuneration from the company during the year. The directors are given access to independent professional advice, at the company’s expense, when the directors deem it necessary in order for them to carry out their responsibilities.

Independent professional advice of this nature was drawn upon with regard to remuneration matters. This has been disclosed on page 112 in the Remuneration Report.

The Board is satisfied that its overall balance continues to provide significant independence of mind and judgement and further considers that, taking the Board as a whole, the independent directors are of sufficient calibre, knowledge and number that they are able to challenge the executive directors, their views carry significant weight in the company’s decision making and bring diverse cultural insight and skills.

Professional development

The directors were advised, on their appointment, of their legal and other duties and obligations as directors of a listed company. This has been supplemented by the circulation to each director of their responsibilities and duties. Throughout their period in office, the directors have, through the conduct of business at scheduled Board meetings and training, been updated on the Group's business and on the competitive and regulatory environments in which it operates. The directors are committed to their own ongoing professional development and the Chair discusses training with each non-executive director at least annually. All directors are encouraged to suggest training topics of interest. In 2025, specific Board awareness and deep-dive sessions took place on inside information and share dealing, sustainability, an AI migration tool, director's duties, rights issue and prospectus and Provision 29 of the Corporate Governance Code. Each member of the Board, except the Chair, Group Chief Financial Officer and more recently appointed Sam Tymms, served on one or more subsidiary board during the period under review, through which they have considerable knowledge and experience of the divisional businesses across the Group. The Chair regularly attends committee and subsidiary board meetings by invitation.

Information

Regular reports and information are circulated to the directors in a timely manner in preparation for Board and committee meetings.

As stated above, the Company's directors are also members of various boards of key subsidiaries within the UK, Dutch and Swedish divisions. These boards hold scheduled meetings, at least quarterly, which are serviced by regular reports and information, covering all of the key areas relevant to the direction and operation of those subsidiary entities, including business development, key projects, financial performance and position, actuarial assumptions setting and results analysis, compliance, investments, information technology and cyber security, operations, customer care and communication, internal audit, all aspects of the Risk function and own risk and solvency assessment.

Key divisional subsidiaries monitor risk management procedures, including the identification, measurement and control of risks through the auspices of a risk committee. These committees are accountable to and report to their boards on a quarterly basis.

Annual reports are produced which cover an assessment of the capital requirements of the life assurance subsidiaries, their financial condition and a review of risk management and internal control systems.

Furthermore, the divisions are required to submit a quarterly risk report and an annual report on risk management and internal control systems.

In addition to these structured processes, the papers are supplemented by information which the directors require from time to time in connection with major events and developments, where critical views and judgements are required of Board members outside the normal reporting cycle.

Board effectiveness and performance evaluation

As part of the annual performance evaluation, an external review of the Board and each of its committees was undertaken in the latter part of 2025.

The review incorporated the following:

- All directors and the Company Secretary completed an online questionnaire.
- Individual meetings between the Board reviewer and each director to obtain their views on what was working well and what could be improved.
- Individual meetings between the Board reviewer and the Company Secretary and separately with the Deputy Company Secretary.
- A review of the Corporate Governance Framework.
- A review of recent Board packs and Audit & Risk Committee packs.
- Observation of an Audit & Risk Committee meeting and a Board meeting.

The questionnaires and discussions covered a wide range of topics, including the role of the Board, Board composition and succession planning, Board and committee meetings and packs, support for the Board, and how the Board works together as a team. There were also questions about the effectiveness of each Board committee, the Chair, the executive directors as a group and the non-executive directors as a group.

Feedback from the review was generally very positive. Several recommendations were made which primarily focused on the opportunities for the Board and committees to build on the good practice already in place to ensure their future resilience and effectiveness as the business continues to grow. These were considered by the Board and will be taken forward as appropriate during 2026.

In addition, as separate processes but using similar methods to those described above, the non-executive directors, led by Carol Hagh as Senior Independent Director, contributed to a formal performance evaluation of the Chair. The evaluation of directors' performance concluded that each demonstrates commitment to their role and dedicates sufficient time to effectively discharge their responsibilities to the Company.

Continuous progress on the Company's long-term strategy and ensuring appropriate time is allocated to this continues to be a focus for the Board in 2026. Similarly, having overseen a number of changes to the executive team in 2025 (detailed on page 105 of the Nomination and Governance Report), talent and succession planning remains a focus for 2026 in order to ensure the Group is well placed to meet its strategic ambitions. As part of this process the Board skills analysis has been refreshed.

The evaluation findings were presented back to each committee and formally approved on that basis before each committee then confirmed to the Board that it continued to operate effectively.

Directors' conflicts of interest

The Board has a policy and effective procedures in place for managing and, where appropriate, approving conflicts or potential conflicts of interest. This is a recurring agenda item at all Board meetings, giving directors the opportunity to raise any conflicts of interest they may have or to update the Board on any changes to previously lodged interests. A director may be required to leave a board meeting whilst such matters are discussed.

The Company Secretary maintains and updates the register of interests, which includes actual and potential conflicts. The Board may authorise potential conflicts and agree what measures, if any, are required to mitigate or manage them. No material conflicts of interest were noted in 2025.

Whenever a director takes on additional external responsibilities, the Chair considers any potential conflicts that may arise and whether or not the director continues to have sufficient time to fulfil his or her duties. There were considered to be no such concerns in 2025.

Customer/third-party conflicts of interest

The Board has a policy in place to manage customer and third-party conflicts of interest. This policy sets out how the company and its regulated subsidiaries manage conflicts of interest fairly, both between the relevant company and its customers, between groups of customers and between customers, suppliers and shareholders.

No material conflicts of interest were noted in 2025.

Employee engagement

Hybrid working arrangements are in place across the Group to the extent appropriate to each territory and business unit. This hybrid flexibility has enabled the Group to attract candidates to new roles that otherwise might not have considered its main office locations.

CORPORATE GOVERNANCE REPORT

The Board has a standard agenda item at each of its meetings to cover Culture and Stakeholder engagement, including workforce engagement. This has helped highlight workforce and other stakeholder matters as part of Board discussion and decision making. In addition, the designated Workforce NED supports the Board’s ability to engage with the wider workforce as a two-way communications channel.

A full description of our employee engagement and well-being is provided in our corporate and social responsibility section on pages 70 to 72.

Customer/supplier engagement

The Board remains vigilant to ensure the importance of customer- and supplier- engagement remains high on the Group’s agendas.

Relations with shareholders and debt investors

The Group Chief Executive and the Group Chief Financial Officer meet with institutional shareholders and are available for additional meetings when required. Should they consider it appropriate, institutional shareholders are able to meet with the Chair, the Senior Independent Director and any other director. The Chair is responsible for ensuring that appropriate channels of communication are established with shareholders through the Group Chief Executive and the Group Chief Financial Officer and, with support from the Senior Independent Director as appropriate, is responsible for ensuring that the views of shareholders are known to the Board. This includes twice yearly feedback prepared by the company’s brokers on meetings that the executive directors have held with institutional shareholders.

The Company’s full year and interim results presentations are available as a webcast for all shareholders and provides the opportunities for investors to ask questions directly to senior management. The Company also has a programme of meetings with its larger shareholders as managed by the Head of Strategic Development & Investor Relations, which provides an opportunity to discuss the progress of the business on the basis of publicly available information. This investor relations programme continued during 2025 with meetings held both in person and virtually, as well as engagement with prospective new investors and private client wealth managers. The company also meets with existing and prospective debt investors. These include specific meetings for the debt investor community as well as ad hoc meetings arranged either directly or through investor conferences. A significant proportion of the company’s shareholders are retail investors and, in order to ensure that they have access to relevant information, the company maintains a detailed webpage for investors which includes access to equity research. Management also undertake webinars on the company’s prospects that are publicly available to private investors.

Annual and interim reports are published and those reports, together with a wide range of information of interest to existing and potential shareholders, are made available on the company’s website, www.chesnara.co.uk.

All shareholders are encouraged to attend the Annual General Meeting (‘AGM’) at which the results are explained and an opportunity is provided to ask questions on each proposed resolution.

At our AGM on 13 May 2025 all resolutions were passed, with votes for ranging from 92.17% to 99.98% (votes against ranging from 0.02% to 7.83%). The lowest support (92.17%) was for resolution 16, which authorises the directors to disapply pre-emption rights on share issuances relating to acquisition or other capital investments. Although there are currently no plans or intentions to issue shares in relation to acquisitions or other capital investments, the Board considers the resolution to seek such authority common market practice and it offers the company flexibility should the authority be required.

Our next AGM is to be held on 12 May 2026 and details of the resolutions to be proposed can be found in the Notice of the Meeting on pages 243 to 245. It is intended that the meeting be held in person, with the Chairs of the Board and its committees available to answer any questions as appropriate. Shareholders are nonetheless encouraged to submit in advance any questions that they may have in order that the Chairs of the Board and its committees can answer them on the day.

Sustainability governance

Our third report covering the broad range of climate-related information to be disclosed under the four overarching pillars (Governance, Strategy, Risk Management and Metrics & Targets) of the Taskforce for Climate-related Financial Disclosure (TCFD) is contained on pages 73 to 91. This details the governance information required in accordance with recommendations of TCFD.

The Group Chief Executive Officer takes overall accountability for sustainability at group level, with the support of divisional CEOs, other executive management and a Group Sustainability Committee, currently chaired by Eamonn Flanagan, NED. The Board sets the overall vision and approach of the Group in regards to sustainability and has approved its sustainability commitments and targets. The Board receives regular reporting on sustainability, including with regards to progress towards our targets and consideration of the group climate change risk assessment (with support from the Audit & Risk Committee). Further details of how we are embedding sustainability into our Governance Framework are included in our Annual Sustainability Report.

Company Secretary

The directors had access to the advice and services of the Company Secretary throughout the year. The Company Secretary is responsible for advising the Board on all governance matters.

Remuneration Committee

Full details of the composition and work of the Remuneration Committee are provided on page 112.

Audit & Risk Committee

Full details of the composition and work of the Audit & Risk Committee are provided on pages 132 to 138.

Nomination & Governance Committee

Full details of the composition and work of the Nomination & Governance Committee are provided on pages 104 to 107.

The attendance record of each of the directors at scheduled Board and committee meetings for the period under review is:

	Scheduled Board¹		Nomination & Governance Committee		Remuneration Committee		Audit & Risk Committee	
Luke Savage Non-Executive Chair	9	(9)	4	(4)	5	(5)	n/a	
Steve Murray Executive Director	9	(9)	n/a		n/a		n/a	
Jane Dale Non-Executive Director	2	(2)	1	(1)	n/a		2	(2)
Eamonn Flanagan Non-Executive Director	9	(9)	n/a		5	(5)	5	(5)
Karin Bergstein Non-Executive Director	3	(3)	1	(1)	n/a		2	(2)
Carol Hagh Non-Executive Director	9	(9)	4	(4)	5	(5)	n/a	
Tom Howard Executive Director	9	(9)	n/a		n/a		n/a	
Gail Tucker Non-Executive Director	8	(8)	4	(4)	n/a		4	(4)
Sam Tymms Non-Executive Director	4	(6)²	3	(3)	n/a		3	(3)

The figures in brackets indicate the maximum number of scheduled meetings in the period during which the individual was a Board or committee member.

Notes.

- 1. The number of scheduled Board meetings includes 2 meetings that were called at short notice to discuss ad hoc/subject specific matters.
- 2. Sam Tymms was appointed on 6 June 2025 at which time it was known that she was not available for one scheduled meeting and the other meeting was called at short notice. In both instances, Sam had the opportunity to review Board papers and discuss these with the Senior Leadership Team and the Chair.

Internal control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. In establishing the system of internal control, the directors have regard to the significance of relevant risks, the likelihood of risks occurring and the methods and costs of mitigating risks. It is, therefore, designed to manage rather than eliminate the risks, which might prevent the company meeting its objectives and, accordingly, only provides reasonable, but not absolute, assurance against the risk of material misstatement or loss.

In accordance with the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Board and accords with the guidance.

In accordance with the regulatory requirements of the PRA, local regulators and SII, the relevant business divisions have maintained and enhanced their risk and responsibility regime. This ensures that the identification, assessment and control of risk are firmly embedded within the organisation and that there are procedures for monitoring and update of the same. The Audit & Risk Committee regularly reviews and reports quarterly on risks to the Board.

The Group also maintains a principal risk register, which ensures identification, assessment and control of the significant risks subsisting within the company and its business units CA, Movestic and Scildon. The principal risks and uncertainties of the Group can be found on pages 59 to 66.

The maintenance of principal risk registers is the responsibility of senior management, who report on them quarterly to the respective divisional Audit & Risk Committees and to each Chesnara Audit & Risk Committee meeting.

The divisions maintain a risk and responsibility regime, which ensures that:

- the Boards and Group Chief Executive have responsibility for ensuring that the organisation and management of the operation are characterised by sound internal control, which is responsive to internal and external risks and to changes in them;
- the Boards have responsibility for the satisfactory management and control of risks through the specification of internal procedures;
- there is an explicit risk function, which is supported by compliance; and
- the internal audit functions provide independent assurance that the risk management, governance and internal control processes are operating effectively.

At least quarterly principal and emerging risks are reported to the Board, assessing their proximity, probability and potential impact. This has enabled the Board to carry out a robust assessment of the company's emerging and principal risks.

As an integral part of this regime, detailed risk registers are maintained to identify, monitor and assess risk under appropriate classifications. It includes climate change risk.

With regards to Countrywide Assured plc, Scildon and Movestic, the Group ensures that effective oversight is maintained, by way of the membership of Chesnara directors on their local boards and quarterly reporting to the Chesnara Audit & Risk Committee.

In addition, the Chesnara Board confirms that it has undertaken a formal annual review of the effectiveness of the system of internal control for the year ended 31 December 2025, and that it has considered material developments between that date and the date of approval of the Annual Report and Accounts. The Board confirms that these reviews took account of the findings by the Internal Audit and Compliance functions on the operation of controls, internal financial controls, as well as management assurance on the maintenance of controls, and reports from the external auditor on matters identified in the course of statutory audit work. Conclusions of the Audit & Risk Committee's annual review of effectiveness of the Group's risk management and internal control systems is reported in more detail in the Audit & Risk Committee Report as set out on pages 132 to 139.

The Board is satisfied that the overall Internal Control Framework has remained effective during the year, that the Group has responded appropriately to any risks or issues which have arisen, and that any control deficiencies identified are being appropriately addressed. Additionally, there are a number of live change programmes that exist across the Group. These include the planned migrations for the majority of the UK's outsourced operations to SS&C.

Financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

The Group has comprehensive planning, budgeting, forecasting and reporting processes in place. A summary of the Group's financial results supported by commentary and performance measures is provided to the Board on a quarterly basis.

In relation to the preparation of the Group financial statements, the controls in place include:

- reviewing new developments in reporting requirements and standards to ensure that these are reflected in group accounting policies; and
- developing the Group's financial control processes and procedures which are implemented across the Group.

The reporting process is supported by transactional and consolidation finance software. Reviews of the application of controls for external reporting purposes are carried out by senior finance management. The results of these reviews are considered by the Board as part of its monitoring of the performance of controls around financial reporting. The Audit & Risk Committee reviews the application of financial reporting standards and any significant accounting judgements made by management.

Going Concern and Viability Statement

The Statement on Going Concern is included in the Directors' Report on page 142 and the Long-Term Viability Statement is set out on page 54.

Financial crime and whistleblowing

Amongst others, the company operates policies for Anti-Bribery & Corruption as well as Anti-Fraud in order to manage risks such as financial crime, money laundering, fraud, corruption and terrorist financing. Related to this, a Whistleblowing Policy is also operated to facilitate the communication of wrongdoing or suspected wrongdoing with clear communication lines highlighted to enable individuals to advise of their concerns in a safe and confidential manner; in this regard, an external whistleblowing line was established during the year. No instances of whistleblowing or financial crime were noted during the year. These policies are all reviewed annually and staff are asked to attest to their embedding and understanding. A Gifts & Hospitality Register is maintained and no breaches were recorded during the year.

NOMINATION & GOVERNANCE COMMITTEE REPORT



The Nomination & Governance Committee considers the structure, size and composition of the Board, its committees and senior executives in light of the mix of skills and experience that the Board requires to be effective. It reviews talent development and succession planning across the Group; its governance practices; and the performance of executive directors and senior executives.

Nomination & Governance Committee

During the period under review, the committee comprised its Chair, Carol Hagh, as well as Luke Savage, Gail Tucker (from 29 January) and Sam Tymms (from 6 June) as well as Jane Dale (until 13 May) and Karin Bergstein (until 6 June). No individual participated in discussion or decision making when the matter under consideration related to themselves.

The committee Chair reports material findings and recommendations from each meeting at the next Board meeting.

The terms of reference for the committee can be found on the company website, www.chesnara.co.uk

The role of the Nomination & Governance Committee is to:

- regularly review the balance, structure, size, diversity and composition of the Board and its committees, ensuring that they remain appropriate;
- assess the independence of each NED and any circumstances that are likely to impair, or could impair, their independence;
- oversee the Board's succession planning requirements including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval;
- scrutinise and hold to account the performance of the executive directors against agreed performance objectives and advise the remuneration committee of their assessments;
- regularly review the leadership needs of, and succession planning for, the Group in relation to both its executive directors and other senior management;
- identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- oversee the search process for new directors, recommending appointments to the Board; and
- evaluate the balance of skills, knowledge, experience and diversity of the Board.

This includes consideration of recommendations made by the Group Chief Executive for changes to the executive membership of the Board and his wider direct reports.

During the period, the committee met four times and attendance at those meetings is shown on page 102. By invitation, the Group CEO, Group Company Secretary, and Non-Executive Director Eamonn Flanagan attended the Nomination & Governance Committee. None were present when matters relating to their own performance were discussed.

The composition of the Board

The committee has continued to focus on succession planning, to maintain an appropriate composition for the Board and its committees and to support the continued development of the Group. A recent review identified areas where the Board should evolve to meet any expected future business and strategic direction of the Group.

During 2025 the committee finalised the processes that led to Gail Tucker's appointment as the Group's Audit & Risk Committee Chair upon the end of Jane Dale's tenure, as well as Sam Tymms's appointment as a Non-Executive Director upon Karin Bergstein standing down. It also approved the appointment of Emma Dawe as the Group's new General Counsel and considered the future appointments required upon completion of the Chesnara Life acquisition.

The Company continues to build an internal leadership pipeline for senior roles to ensure that the necessary skills and experience exist within the business and to consider the composition of the business unit boards.

Board appointment process

The committee adopts a formal and transparent procedure for the appointment of new directors to the Board. The process may include the use of independent external search firms. As part of the appointment process, these external advisors would be asked to provide candidates from a diverse range of backgrounds, from which we select a short list of candidates who best meet the selection criteria. Interviews are conducted by a selection of Board members and executive management, as relevant to the role, with a recommendation to the committee as to the preferred candidate. Any candidate deemed suitable for appointment will provide references and, if necessary, undergo the fit and proper assessment process as outlined in the FCA Senior Managers & Certification Regime (SMCR) prior to appointment.

The Board engaged the services of Lygon in its appointment of Gail Tucker as a Non-Executive Director of the Company on 29 January 2025 and as Chair of the Audit & Risk Committee following the 2025 AGM. Gail has brought with her a wealth of reporting expertise including from her time as IFRS17 Global Technical Lead for PwC. She has advised insurance audit teams around the world and has sat on a number of technical committees. Karin Bergstein stepped down as a director of Chesnara on 6 June 2025 and, on behalf of the Board, we thank Karin for her strategic insight, Dutch insurance market knowledge and strong contribution to the Company during her tenure. We were delighted to have appointed Sam Tymms to the Board from 6 June 2025. She has brought wide non-executive as well as commercial and regulatory experience to the Group from her previous roles at international regulators, professional and industry bodies, Promontory Financial Group (IBM), Julius Baer International Ltd, Governance and Appointments Committee at the Institute of Chartered Accountants in England & Wales, DWF plc and IG Group plc. The Board engaged the independent services of executive search firm Odgers Berndtson in Sam's appointment.

The committee evaluates the balance of skills, knowledge, experience and diversity of the Board.

NOMINATION & GOVERNANCE COMMITTEE REPORT

Diversity

The committee is mindful of the corporate governance developments in the areas of diversity and gender balance, including the requirements under the Disclosure and Transparency Rules.

In accordance with Listing Rule 6.6.6R(10), the following tables set out numerical data on the sex and ethnic background of the Board and executive management as at 31 December 2025, with the data collected from the individuals.

a) Gender reporting table

Gender	Number of Board members	Percentage of Board	Number of senior positions on the Board (CEO, CFO, SID or Chair)	Number in executive management	Percentage of executive management
Men (including those self-identifying as men)	4	57.1%	3	2	100%
Women (including those self-identifying as women)	3	42.9%	1	n/a	n/a
Non-binary	n/a	n/a	n/a	n/a	n/a
Not specified/prefer not to say	n/a	n/a	n/a	n/a	n/a

b) Ethnicity reporting table

ONS ethnicity category	Number of Board members	Percentage of Board	Number of senior positions on the Board (CEO, CFO, SID or Chair)	Number in executive management	Percentage of executive management
White British or White Other	6	86%	3	2	100%
Mixed/Multiple Ethnic Groups	n/a	n/a	n/a	n/a	n/a
Asian/Asian British	1	14%	1	n/a	n/a
Black/African/Caribbean/Black British	n/a	n/a	n/a	n/a	n/a
Not specified/prefer not to say	n/a	n/a	n/a	n/a	n/a

The Board recognises the benefits of having diversity across all areas of the Group. Please see the equal opportunities section on page 69 for further detail. When considering the make-up of the Board, the benefits of diversity are reviewed and balanced where possible and appropriate, along with the breadth of skills, sector experience, gender, race, disability, age, nationality and other contributions that individuals may make. In identifying suitable candidates, the committee seeks individuals from a range of backgrounds, with the final decision being based on merit against the role criteria. Through its Board Diversity Policy, the Board maintains its practice of embracing diversity and operates a measurable gender-based target of having at least 40% representation of both male and female membership on the Board in recognition of the recommendations of the FTSE Women Leaders Review. We are pleased to report that during 2025 we once again met this target and were noted in the February 2026 FTSE Women Leaders Review as one of the companies with the highest representation for women in leadership in 2025. In addition, we have met the requirements under Listing Rule 9.8.6R of having at least 40% female directors. We remain committed to continuous review and improvement of diversifying the Board, senior management and the wider workforce. Throughout the financial year, the Board comprised 42.9% female: 57.1% males. In addition, the Company targets having a female appointee to at least one

of the key senior roles of Chair; Senior Independent Non-Executive Director; Group CEO or Group CFO and has met this target for a number of years. The Board currently comprises four men and three women with the role of Senior Independent Non-Executive Director held by Carol Hagh from 13 May 2025 when Jane Dale retired from the position and as a director. Further details of our Board’s diversity, including our approach to collecting data, can be found at page 70 of the Strategic Report.

Further, Chesnara has determined that it will ensure that it continues to meet the measurable target of having at least one Director from an ethnic minority on the Board in line with the Parker Review. In consideration of the longer term, the Board has discussed increasing its range of knowledge and experience from outside financial services and also a broader geographical experience base but is satisfied with its current composition. The business operates to principles for other roles and is mindful that it has a small workforce and therefore considers that it needs to take associated staff turnover expectations into account. The diversity of the Senior Leadership Team is reported on page 106 and, as noted earlier, the Committee keeps under review the succession planning for senior leadership roles and oversees the proposed appointments.

Review of effectiveness

During 2025 an externally facilitated effectiveness review of the Board and its committees was undertaken by Lorraine Young Board Advisory Services ('LYBAS'). LYBAS is accredited by the Chartered Governance Institute UK & Ireland and complies with the CGI Code of Practice for independent Board Reviewers. This was the first Chesnara effectiveness review undertaken by LYBAS and the organisation has no other connections with the Company, nor does it provide other services to the Group. LYBAS has had the opportunity to review and comment on the disclosures about the review, which are included in this document.

Other standard internal processes were also undertaken, including Fit & Proper assessments, Board Diversity Policy review, NED succession planning and the review of the effectiveness of the Chair. The evaluations did not identify any additional changes needed to Board composition over and above those that had been undertaken.

Areas where increased focus and/or action was considered to be of potential value have either been addressed in 2025 or will be taken into account in 2026.

Succession planning

Succession planning is central to ensuring that Chesnara is fully prepared for planned or sudden departures from key positions throughout the Group. The committee, in the year, has reviewed the succession plans for the Board and senior executives across the Group.

Mindful of the need for effectiveness and engagement, the committee through its ongoing review of Board and committee memberships determined that a number of changes were appropriate as noted above. And the Committee will continue to also have efficiency and value in mind when determining Board membership and giving optionality for its longer-term composition as the Group continues to change and succession plans are effected.

Non-executive director engagement

It is important to the Board that non-executive directors are provided with training and development. The Board believes that ongoing training is essential to maintaining an effective and knowledgeable Board. The Company Secretary supports the Chair in ensuring that all new directors receive a tailored and comprehensive induction programme on joining the Board. Continuing education and development opportunities are made available to all Board members throughout the year. In 2025, a number of development initiatives have continued, these included one-to-one sessions with key members of the Senior Management Team and training sessions given by external providers, including training on artificial intelligence, directors' duties, cyber-security, sustainability and Provision 29 of the Corporate Governance Code.

Directors standing for re-election

In accordance with the Code, all directors will offer themselves for re-election at the Company's AGM on 12 May 2026. Following the annual Board effectiveness reviews of individual directors, as applicable and subject to re-election/election, the Chair considers that each director:

- continues to operate as an effective member of the Board;
- has the necessary skills, knowledge and experience to enable them to discharge their duties and contribute to the continued effectiveness of the Board; and
- has sufficient time available to fulfil their duties.

The Board, on the advice of the Nomination & Governance Committee, recommends the election or re-election of each director so proposed at the 2026 AGM. The full 2026 AGM Notice can be found on page 243.

Carol

Carol Hagh
Chair of the Nomination & Governance Committee
23 March 2026

DIRECTORS' REMUNERATION REPORT



On behalf of the Board and its Remuneration Committee ('Committee'), I am pleased to present the Directors' Remuneration Report for the year ending 31 December 2025, for which we seek shareholder support at our forthcoming Annual General Meeting ('AGM'). Having conducted a detailed review of our current Directors' Remuneration Policy over recent months, we will also present our updated Directors' Remuneration Policy for shareholder approval, which would be effective from the AGM.

Executive performance in 2025

As covered in the financial report, we have seen further excellent delivery against our key performance metrics in 2025:

- 1. Increased Operating Capital Generation of £94m (2024: £78m) showing that the Group continues to generate capital through a wide variety of market conditions.**
- 2. Strong solvency ratio of 257%, significantly above our usual operating range, leaving us well placed to execute further M&A as opportunities are created or emerge.**
- 3. A rise in New Business Contribution of £12m (2024: £9m), further supplementing the Group's capital generation and demonstrating a recurring and sustainable source of value to the Group.**
- 4. Acquisition strategy saw the announcement (and subsequent completion in January 2026) of the Chesnara Life transaction which is transformational for our UK business and Group. More recently we also announced the proposed acquisition of Scottish Widows Europe SA for €110m.**
- 5. An increase in final dividend of 6% retaining our unbroken track record of growing the full year dividend every year for the last 21 years.**

Executive director remuneration outcomes for 2025

As detailed on page 115, the 2025 STIS outturn has been assessed to be 98.2% of maximum for the Chief Executive Officer ('CEO') and 97.6% of maximum for the Chief Financial Officer ('CFO') (2024: c.96% for both roles). In line with our Directors' Remuneration Policy, 35% of the resulting awards will be granted as deferred share awards that will vest at the end of a 3-year deferral period.

As detailed on page 116, the 2023 LTIP (2023 award) outturn has been assessed to be 100% of maximum for the Chief Executive Officer (2022 award: 38%).

In light of the performance of the executive team relative to the financial targets and strategic objectives set at the start of the year, the Remuneration Committee is satisfied that the reward outcomes for both the 2025 STIS and 2023 LTIP are reflective of the performance against financial and strategic targets and that our Remuneration Policy operated as intended. The Committee also reviewed underlying financial, operational and risk performance of the business over the relevant performance periods and was satisfied that outcomes were a fair reflection of performance achieved and therefore applied no further adjustment to the formulaic outcomes.

The Committee has applied no discretion in its assessment of the STIS outcome.

Review of the Directors' Remuneration Policy (the 'Policy'), including proposed implementation of executive director remuneration in 2026

It is now almost three years since our current Policy was approved by shareholders at the 2023 AGM and so, in line with requirements, we will be presenting an updated Policy for shareholder approval at the 2026 AGM.

Over the last three years, under the leadership of Steve Murray, the Group has implemented its strategy to maximise the value from existing business, acquire life and pension businesses and enhance value through profitable new business. The Group's positive performance and progress during these three years is evidenced by:

- Own Funds growth of £254m and Cash Generation of £182m driven by organic capital generation, M&A and the implementation of management actions.
- Assets Under Administration up 45% in that period driven by positive investment returns on existing business and successful M&A, even before Chesnara Life is reflected.
- Solvency Coverage Ratio of 257%, comfortably above operating range (140% to 160%) providing the Group with significant scope to pursue further M&A and other investment opportunities as they arise.
- Share price up 22% and the year-end share price of 301p the highest in over 5 years.
- Dividends per share up 6% per share, extending the period of uninterrupted dividend growth to more than 20 years and resulting in strong total shareholder returns of 59% between 1 January 2023 and 31 December 2025.
- Acquisitions completed over the period including Conservatrix, two portfolios from Canada Life UK, and Chesnara Life. Furthermore, we have recently announced the proposed acquisition of Scottish Widows Europe SA.
- Merger of the Dutch business units.
- Admission to the FTSE 250 following the announcement of the Chesnara Life deal and successful rights issue as well as restricted Tier 1 bond issuance.
- Reported in the February 2026 FTSE Women Leaders Review to be one of the FTSE 250 companies with the highest representation for women in leadership in 2025.

In this period, the Company has operated a Policy that meets UK market expectations with a base salary, pension contributions aligned with the workforce, annual bonus with deferral and a performance share plan. This was reflected in the level of support from shareholders for the Policy at the 2023 AGM (96.2%).

The Committee has operated these incentive structures responsibly over the last three years with average bonus and LTIP outcomes appropriately reflecting the performance of the business and returns to shareholders. This has again been reflected in the level of support from shareholders for the implementation of the Policy at both the 2024 AGM (98.4%) and the 2025 AGM (99.0%).

The Committee has reviewed the Policy both in the context of evolving UK practices and the evolution of the Group to ensure that it continues to motivate and retain the existing executive directors as well as providing sufficient headroom in the event of the Group's continued growth. The Committee also intends that the Policy should continue to meet its stated aims:

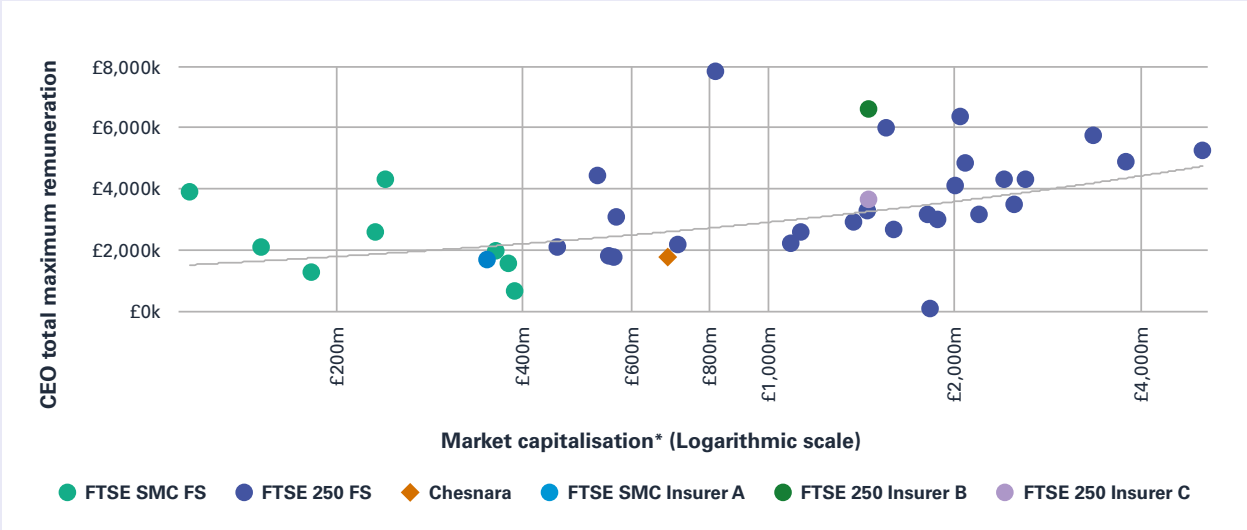
- To maintain a consistent and stable remuneration strategy based on clear principles and objectives;
- To ensure remuneration structures do not encourage or reward excessive risk-taking which is outside the boundaries of our stated risk appetite;
- To link remuneration clearly to the achievement of our business strategy (in particular, to ensure the Policy is fit for purpose in the context of the Chesnara Life and Scottish Widows Europe SA acquisitions, the RT1 fundraise and the future M&A pipeline) and ensure that both executive and shareholder reward are closely aligned;
- To enable the company to attract, motivate and retain high calibre executives; and
- For the Policy to be easy to understand and communicate.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

DIRECTORS’ REMUNERATION REPORT •
REMUNERATION COMMITTEE ANNUAL STATEMENT

Historically, remuneration levels for the executive directors have been set conservatively with the result that total remuneration opportunity has been positioned below the upper quartile of the FTSE Small Cap (‘SMC’) benchmark, despite the Group being positioned towards the top of the upper quartile of the index on a market capitalisation basis.

In light of the excellent contribution of both executive directors, continued strong performance of the business, and greater scale and complexity following the Chesnara Life acquisition which has resulted in the Group’s entry into the FTSE 250 index, the Committee has considered FTSE 250 and SMC data using regression analysis provided by its external advisers to ensure a robust understanding of pay levels at comparatively sized organisations across all sectors, and within financial services (‘FS’) specifically. A summary of the analysis is set out in the chart to the right (with the CEO remuneration positioning of FTSE 250/ SMC insurer peers highlighted):



Based on the review, the Committee proposes the following approach to executive director remuneration to be effective in 2026 subject to the approval of the revised Policy:

- Total CEO remuneration will be set for FY26 at a level of comparably sized FS companies within the FTSE 250 and FTSE SMC based on the regression analysis; this to comprise a salary of £625,000, annual bonus opportunity of 150% of salary and LTIP opportunity of 175% of salary.

This results in a total remuneration opportunity of £2.7m in line with a company of Chesnara’s current size within the FTSE 250 and SMC financial services peer group. The proposal has been designed to ensure that the majority of the increase is delivered as variable remuneration with a significant long-term element through bonus deferral and LTIP participation, in line with investor preferences and supporting retention.

- CFO remuneration will be set to maintain a broadly consistent ratio to the CEO’s remuneration; this to comprise a salary of £415,000, annual bonus opportunity of 150% of salary and LTIP opportunity of 150% of salary.
- Incentive performance measures will be aligned with strategy and the Group’s APMs with the structure of both the STIS and LTIP awards remaining broadly consistent with the existing approach. The structure of the STIS assessment will be unchanged and will continue to comprise a Cash Generation metric (Operating Capital Generation), value growth metric (Operating Own Funds Generation) and performance against a strategic scorecard. The existing components of the LTIP grant being a shareholder returns metric (relative TSR), a surplus generation metric (Core Surplus Emergence) and a value growth metric (Own Funds growth) will be retained alongside the introduction of an ESG measure following the publication of the Group’s Climate Transition Plan last year.

- Shareholding requirements will be set to require material level of ownership in the business. Executive directors will continue to be required to build a shareholding of at least 200% of salary, which for both individuals is greater than the proposed LTIP award level for 2026 and therefore greater than the guideline level within the Investment Association’s Principles of Remuneration, and in line with the FTSE 250 median shareholding requirement.
- Flexibility will be introduced to remove bonus deferral where a director has met the shareholding requirement in line with emerging practice. This is proposed following changes to The Investment Association’s Principles of Remuneration. However, the Committee does not currently intend to implement this element of the Policy in respect of FY26 bonuses, even if the executive directors have met their shareholding requirement at the end of FY26. Instead it is intended that this provides flexibility within the Policy in case there is a material movement in market practice in this direction over the next 3-year period. The Committee is satisfied that sufficient malus and clawback provisions exist in respect of executive remuneration should the Committee ever implement this element of the Policy. Indeed, both executive directors participated fully in the 2025 rights issue irrespective of their existing holdings as set out earlier in the report.

The proposed packages result in a material level of share-based and long-term remuneration through bonus deferral (35% of the total bonus deferred over 3 years) and LTIP awards (3-year vesting period followed by a 2-year post-vesting holding period). In combination with robust shareholding requirements, these ensure that the executive directors are well aligned with shareholders’ long-term interests.

The Committee believes that the proposed pay levels for FY26 are appropriate based on the performance of the executive directors and the scale and complexity of the organisation today. Looking forward, the Committee would like to ensure that the Policy has sufficient flexibility to incentivise and remunerate the executive directors in line with companies of greater scale and complexity, should the Group continue to grow over the next 3-year cycle towards the median level of the FTSE 250 index.

The Committee therefore proposes to set the maximum variable pay limits under the revised Policy at 175% of salary for the bonus and 250% of salary for the LTIP for the CEO and at 150% of salary for the bonus and 200% of salary for the LTIP for the CFO. This would enable a total maximum remuneration opportunity for the CEO broadly equivalent to an FS organisation with a market capitalisation at the median level of the FTSE 250 index. The Committee also reviewed data for FTSE insurance companies as a secondary reference point (see table below) which confirmed that the proposals were appropriate within the sector. For context, the Committee's intention is that there would need to be a significant change in the Group's size, complexity, performance or competitor landscape in order to implement at the maximum of the proposed Policy. The Committee would only increase the variable pay opportunities for the executive directors above the levels proposed for FY26 if the Group continues to deliver against its strategy and grow in scale and complexity and if the individuals continue their strong performance in role. The Committee would also consult with shareholders over any proposed increases to incentive opportunity prior to implementation.

Positioning of current and proposed remuneration structure vs FTSE insurance companies:

Company	Base salary £000	Bonus % max	LTIP % max	Max. total remuneration £000	Market cap. £m ¹
FTSE 250 insurer	743	150%	250%	3,787	1,452
FTSE 250 insurer	870	300%	350%	6,612	1,448
FTSE SMC insurer	547	150%	75%	1,818	349
Chesnara (current)	536	100%	125%	1,793	645 ²
Chesnara (2026 implementation)	625	150%	175%	2,716	645 ²
Chesnara (policy maximum)	625	175%	250%	3,341	n/a

Notes.

1. Market capitalisations are from the date of analysis.

2. Since the analysis was conducted, Chesnara's market capitalisation has risen to c.£700m as of the date of this report.

Shareholder engagement

It was important to the Committee to engage proactively with our major shareholders as part of the Remuneration Policy review. The Committee shared proposals with 20 shareholders covering c.80% of our issued share capital. I would like to thank everyone who engaged with this exercise and for the feedback received. Overall, the response was positive and shareholders were supportive of the proposals in light of the rationale provided. A number of shareholders expressed a preference for a reduction in the level of bonus deferral when the shareholding requirement is met rather than the removal and a number expressed the importance of setting stretching long-term targets given the increase to the LTIP opportunity. On the former, I reiterated our position that there is no intention to apply any reduction in respect of FY26 and any future change (whether reduction or removal) will be dependent on whether there is a material movement in market practice within our sector over the lifetime of the Policy and will take into account prevailing shareholder views at the time. On the latter, the initial proposals for the 2026 LTIP targets presented to the Committee were revised to incorporate an additional level of stretch in respect of the Own Funds growth metric in order to achieve a maximum payout.

Non-executive director fees in 2026

In line with the Policy, Chair and NED fees are periodically reviewed. Our intention is to pay NEDs at or around the lower quartile of the FTSE 250 in line with executive remuneration and our relative market capitalisation since joining the index. The Board also took into account individual NEDs' responsibilities and wider benchmarks for NED pay in the FTSE 250 when determining increases to their fees for 2026. The Chair's fee was raised from £151,000 to £200,000 after consistently being materially below the previous FTSE Small Cap benchmark. The increase in 2026 recognises the contribution the Chair has made over many years in the development and execution of the strategy leading to 2025's transformational delivery and remains modestly positioned below the lower quartile of the FTSE 250. The fees for other NEDs increased by 4.2% on average. Directors' fees are set out on page 113.

Employee engagement

The management teams in each of the businesses are responsible for ensuring that employees are kept informed and their views are considered on key subject matters. The committee engaged with staff sitting in both Chesnara plc and our UK business unit on the components of the Group's remuneration offering and the alignment of directors' pay with that of UK employees. Specifically, we held a meeting between myself and the Group CEO alongside our UK CEO and UK HR Director with representatives from across the UK team in December 2025.

The Committee believes that the proposals in respect of our new Policy and its implementation in 2026 will ensure that the remuneration structure in operation for the executive directors and senior leadership roles is motivating and creates a strong incentive to deliver sustainable growth and value to shareholders. We hope that they meet our shareholders' clear expectations for an approach to executive remuneration that continues to drive Chesnara's recent growth journey and will be voted for favourably in the resolutions proposed at the 2026 AGM.

Eamonn

Eamonn Flanagan
Chair of the Remuneration Committee
23 March 2026

DIRECTORS’ REMUNERATION REPORT • ANNUAL REMUNERATION REPORT

This section sets out how the Remuneration Committee has implemented its Remuneration Policy for executive directors in respect of 2025. Other than the single total figure of remuneration for each director as set out on page 113, statement of directors’ shareholding and share interests on page 117, the information contained within this report has not been subject to audit.

Composition and activities of the Remuneration Committee

In accordance with its Terms of Reference, which can be viewed on the company’s website, the Remuneration Committee considered matters relating to directors’ remuneration and that of other senior managers at each of its meetings in 2025. Members of the Remuneration Committee during the course of the year were:

Committee members ¹	Role on the committee	Committee member since	Attendance in 2025	Maximum possible meetings in 2025	Notes. 1. By invitation, the Group CEO and Company Secretary attended the Remuneration Committee, but neither were present when matters relating to their own remuneration were discussed. 2. Eamonn Flanagan joined the committee in July 2020, and was appointed Chair on 15 January 2022.
Luke Savage	Committee member	February 2020	5	5	
Eamonn Flanagan ²	Committee Chair	July 2020	5	5	
Carol Hagh	Committee member	February 2022	5	5	

The Committee appointed PricewaterhouseCoopers LLP (‘PwC’) as its independent adviser from 10 October 2022 following a competitive tender process. During 2025 the Committee incurred external adviser fees totalling £89,102 excluding VAT. PwC is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct and the Committee is therefore satisfied that the advice PwC provided was objective and independent.

Highlights in 2025

In 2025, the committee met five times and dealt with the following matters:

Area of focus	Matter considered
Executive director remuneration and reward	Assessed and recommended to the Board, approval of the outcome of awards made in 2024 under the STIS and in 2022 under the LTIP having reviewed performance against targets/objectives set and given due consideration to the risk report provided by the Audit & Risk Committee. The Committee also approved the outcomes of buyout awards made to Tom Howard as Group CFO on appointment. Reviewed base salaries of executive directors and senior management, and recommended increases for 2025. Approved the targets and the grant of awards to Executives in 2025 under the STIS and LTIP and undertook a half-year evaluation. Also considered whether the share price at the time of making the LTIP award was likely to give rise to a ‘windfall’ for directors and determined that this was not the case. Subsequent to the above, the Committee reviewed the draft directors’ remuneration report for the 2024 Report & Accounts and recommended its approval by the Chesnara Board.
Review of the Remuneration Policy	The Committee undertook a detailed review of the current structure of the Directors’ Remuneration Policy, including reviewing regression analysis to determine current positioning and evolving market trends in executive remuneration. A revised Remuneration Policy will be presented to shareholders at the AGM in May 2026. Details are set out on pages 243 to 248.
All employee and executive remuneration	Reviewed the UK employee general salary increase of 3.5%, mindful of economic considerations, staff turnover and the ability to attract new talent in a competitive recruitment market. Approved LTIP grants to a broader participation group of targeted senior leaders and key talent who are able to materially influence the delivery of group strategy, ensuring that this critical group of executives are aligned to our long-term goals.
Terms of Reference	The Committee’s Terms of Reference were reviewed. A number of minor modifications were made in consultations with our advisors, PwC, but no material revisions were made to the scope of Committee duties as they were felt to continue to be appropriate and provide adequate scope to cater for the expectations set by the Code.
Committee evaluation	An externally facilitated evaluation of the Committee’s performance by way of a questionnaire and member interviews suggested that the Committee continued to operate well.
Employee engagement	The Committee engaged with staff on the alignment of directors’ pay with UK employees through a meeting held between the Committee Chair, the Group CEO and a cross section of the UK workforce.
Chair’s fees	The Committee reviewed the level of fees payable to the Board Chair.
Remuneration principles	The Committee reviewed the Group Remuneration Principles, which guide the remuneration policies throughout the Group.

Single total figure of remuneration for each director (audited information)

The remuneration of the executive directors for the years ended 31 December 2025 and 31 December 2024 is made up as follows:

Year ended 31 December 2025

Name of director	Salary £000	Pension ³ £000	All taxable benefits ¹ £000	Non-taxable benefits £000	STIS £000	LTIP ^{2&4} £000	Buy-out awards ^{2&7}	Total for 2025 £000	Fixed £000	Variable £000
Steve Murray	536	46	22	5	526	749	–	1,882	607	1,275
Tom Howard	357	49	2	1	348	–	369	1,126	407	718
Total	893	95	24	6	874	749	369	3,008	1,014	1,993

Year ended 31 December 2024

Name of director	Salary £000	Pension ³ £000	All taxable benefits ¹ £000	Non-taxable benefits £000	STIS £000	LTIP ² £000	Buy-out awards ⁶	Total for 2024 £000	Fixed £000	Variable £000
Steve Murray	525	45	21	5	501	143	–	1,240	591	649
Tom Howard ⁵	253	19	1	1	238	–	522	1,034	273	761
Total	778	64	22	6	739	143	522	2,274	864	1,410

Notes.

1. Includes amounts paid in lieu of accrued dividends and interest arising upon the exercise of share options under the 2023 STIS.
2. Includes amounts paid in lieu of accrued dividends and interest arising upon the exercise of share options under the LTIP and buy-out awards.
3. The pension component in the single figure table represents employer contributions. No directors were members of a defined benefit scheme. The executives can participate in a defined contribution pension scheme at the same level as all employees with employer contributions currently being 9.5% of basic salary. If pension limits are reached, the executive may elect to receive the balance of the contribution as cash.

4. Following the announcement of the full year results, the value reflects the estimated vesting outcome for LTIP awards granted in 2023 which are scheduled to vest in July 2026. The options are forecast to vest in full and their values are calculated using the average share price for Q4 2025, £2.795. Of the 2023 LTIP award, £18k is attributable to share price growth.
5. Value at date of vesting based on share price of £2.5250.
6. Tom Howard joined as an executive director on 15 April 2024.
7. The buy-out awards were granted to Tom Howard, to compensate him for the schemes that he held with his previous employer and which he forfeited upon accepting his new role with Chesnara.

The remuneration of the non-executive directors for the years ended 31 December 2025 and 31 December 2024 is made up as follows, with the fee element being fixed and the benefits being variable in nature:

Non-executive directors' remuneration as a single figure – year ended 31 December 2025 and 2024

Name of director	Fees £000	2025 benefits £000	Total £000	Fees £000	2024 benefits £000	Total £000
Luke Savage	151	–	151	147	–	147
Eamonn Flanagan	80	–	80	75	–	75
Jane Dale ⁴	32	–	32	83	–	83
Carol Hagh	80	–	80	74	–	74
Gail Tucker ¹	69	–	69			
Sam Tymms ²	35	–	35			
Karin Bergstein ³	45	–	45	67	–	67
Total	492	–	492	446	–	446

Notes.

1. Gail Tucker was appointed on 29 January 2025.
2. Sam Tymms was appointed 6 June 2025.
3. Karin Bergstein stood down on 6 June 2025.
4. Jane Dale stood down on 13 May 2025.

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Taxable benefits

The taxable benefits for executive directors relate to the provision of a car, fuel allowance and medical insurance. For non-executive directors, the taxable benefits represent the reimbursement of travelling expenses incurred in attending Board meetings at the Group's divisional offices. These amounts also include an amount to compensate for the personal tax burden incurred.

Short-Term Incentive Scheme (STIS)

The amounts reported as STIS in 2025 derive from awards made under the 2023 STIS. The amounts awarded to the executive directors under this scheme are based on performance against three core measures; Cash Generation¹, total EcV Earnings² and Group strategic objectives. The table below shows the outcome of each measure, the target set and the resulting award, following the results set out earlier for what has been a transformational year for the Group.

	Threshold performance	Percentage award for threshold performance	On target performance	Percentage award for on target performance	Maximum performance	Percentage award for maximum performance	Actual result	Actual percentage total award	Actual percentage award, as percentage of salary	Total award CEO (£)	Total award CFO (£)
Cash Generation ¹	£25.3m	0%	£31.6m ¹	25.0%	£41.1m	35.0%	£70.0m ¹	35.0%	35.0%	187,600	124,950
Total EcV Earnings ²	£14.3m	0%	£20.4m	25.0%	£30.6m	35.0%	£113.4m	35.0%	35.0%	187,600	124,950
Group strategic objectives (CEO/CFO)	75%	0%	100%	15.0%	125%	30.0%	94.0%/92.0% of max	28.2%/27.6%	28.2%/27.6%	151,152	98,532
Total				65.0%		100.0%		98.2%/97.6%	98.2%/97.6%	526,352	348,432

For results between the performance thresholds, a straight-line basis applies.

Notes.

1. This is stated after certain adjustments, such as consolidation adjustments. The actual results are also adjusted in the same manner.

2. The total EcV Earnings before exceptional items on page 257 has been adjusted in line with the basis of the target.

The following table details the requirements for delivery of the strategic objectives for 2025 and actual outcomes:

Objectives area	Objectives and performance	Outcome
Steve Murray		
Customer & operational delivery (25%)	Set clear direction for, and ensure efficient delivery by, business units across Chesnara.	Netherlands merger completed and sale of Scildon Group Defined Contribution book to Allianz agreed. Three successful migrations to OSP SS&C platform. DORA delivery largely complete across the European businesses. Enhanced business unit performance and cross-group engagement.
Communication and culture (10%)	Improve external and internal communications with key stakeholders.	Positive investor feedback from results presentations and Chesnara Life announcement well received. North American 'roadshows' well attended and with good feedback. Improved cross-group staff engagement sessions. Very positive eNPS scoring in UK and Sweden and improving position in the Netherlands since the merger was announced.
Strategic activity inc M&A (35%)	Proactively identify and execute value enhancing M&A.	Proposed acquisition of Chesnara Life announced and well received alongside successful rights issue and tier-1 bond issuance. Further M&A opportunities assessed and progressed during the year. Continue to engage across the market to assess a wide range of potential future opportunities. Entry into FTSE 250 and strong overall share price performance.
People (10%)	Development of direct reports and improve the talent pool across Chesnara.	Further action taken across the wider Group SLT including repositioning roles. Appointments for Netherlands CEO and CFRO concluded and Group/UK Finance restructuring executed. Strong appointment into General Counsel role, new Company Secretary and new Chief Actuary role. Collaboration areas agreed with business unit CEOs. Staff surveys now routine and including aforementioned eNPS.

Objectives area	Objectives and performance	Outcome
ESG (20%)	Delivery of sustainability strategy including development of appropriate environmental/ climate, people and sustainability policies and practices, for the benefit of our customers, shareholders, staff, suppliers and other stakeholders, which respond to regulatory and non-regulatory guidance and industry practice and our own commitments and targets.	Improved Sustainability scores. First Climate Transition Plan published with targets set out. Group on-track to deliver against 2030 interim targets.
Tom Howard		
Business Performance (25%)	Set clear direction for, and support the delivery of the business units' and Group Centre's financial performance targets.	Group and business unit capital optimisation and foreign exchange hedging actions delivered. Groupwide Business Performance Framework upgraded and embedded, including material improvement in planning and reporting processes. Clearer, simpler financial story, including development of updated APMs.
External Reporting & Communication (20%)	Enhance the Group's external reporting processes and communications to the market.	Upgraded internal processes to deliver earlier reporting and clearer articulation of results. Significant improvements to the content and structure of the FY24 and HY25 Annual Reporting and Accounts. Simplified financial results storyboard for investors.
Strategic Activity (30%)	Proactively manage the Group's balance sheet including in the delivery of M&A.	Significant capital markets activity with the successful RT1 debt issuance and equity rights issue. Development of enhanced Capital Allocation Framework to support M&A activity and other investment initiatives for the Group. Successful delivery of the proposed acquisition of Chesnara Life.
People (10%)	Develop direct reports, improve the talent pool and build credible succession plans across Group Finance.	Senior talent review including appointment of Group Financial Controller, Group Chief Actuary, Netherlands Chief Finance and Risk Officer. Restructure of the UK and Group Centre Finance team and appointment of the Chief Finance and Risk Officer in the Netherlands.
ESG (15%)	Support the continued development of appropriate environmental/climate, people and sustainability policies and practices, for the benefit of our customers, shareholders, staff, suppliers and other stakeholders, which respond to regulatory and non-regulatory guidance and industry practice.	ARA24 upgrade included updated CSR section and the publication of the Climate Transition Plan in 2025. Member of Group Sustainability Committee.

In converting performance against the measures assessed for 2025 set out in the previous tables, the directors' STIS awards are specified below.

The committee did not apply discretion in determining the final outcome:

Name of director	Salary on which award is based £	Maximum potential award as % of salary	Actual award as % of salary	Total value of award £
Steve Murray	536,000	100.00%	98.20%	526,352
Tom Howard	357,000	100.00%	97.60%	348,432
Total				874,784

35% of the above awards are granted as deferred share awards that will vest at the end of a three-year deferred period.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

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Long-Term Incentive Plan awards

The following table sets out the amounts that are due to vest on 6 July 2026 under the 2023 LTIP, for which performance conditions were satisfied during the year. In aggregate, the LTIP awards vested at 100% of maximum for Executive Director Steve Murray who is the only current director who received a grant that year.

Individual	Measure	Weight	Ranges and targets		Actual outcome		
			Threshold	Maximum	Performance achieved	% of award vesting	Value of award £
Steve Murray	TSR	33.3%	In line with median (27.70%)	In line with median + 6% p.a. (46.8%)	50.9%	100.0%	175,451
	EcV†	33.3%	£502.3m	£552.3m	£632.9m	100.0%	175,451
	Cash Generation†	33.3%	£113.9m	£126.0m	£182.0m	100.0%	175,451

Scheme interests awarded in financial year

The table below sets out STIS and LTIP awards made to executive directors during the year:

Name of executive director	Name of scheme	Date award was granted	Amount of options awarded¹	Face value on the date of grant² (based on share price)	Length of vesting period – 3 years Date of vesting
Steve Murray	2023 LTIP	28 March 2025	242,754	£536,000 (276.00p)	28 March 2028³
	2023 STIS	28 March 2025	63,558	£175,419 (276.00p)	28 March 2028³
Tom Howard	2023 LTIP	28 March 2025	129,348	£357,000 (276.00p)	28 March 2028³
	2023 STIS	28 March 2025	30,227	£83,427 (276.00p)	28 March 2028³

Notes.

1. No awards are made if performance is below the minimum criteria. Note there were subsequent adjustments to reflect a rights issue completed in July 2025, which are set out in the 'Outstanding share options and share awards' table following.

2. The face value is reported as an estimate of the maximum potential value on vesting. The share price has been calculated using the closing price on the day prior to grant, that being at the end of the day on which the 2024 year-end results were announced.

3. LTIP awards from 2019 onwards are subject to a two-year holding period in addition to the three-year performance period.

For the LTIP awards, 25% of the awards vest in the event minimum performance is achieved. The deferred portion of the STIS awards are not subject to future performance conditions.

Performance measures for LTIP awards granted in 2025

The 2025 LTIP awards are subject to the performance conditions outlined below (equally weighted):

Total Shareholder Return

Assessment of TSR performance over 3-year performance period (measured using average TSR over the 3 months immediately preceding the start and end of the performance period) versus the constituents of the FTSE 350 Higher Yield index:

- No portion of this component of the award will vest for TSR performance below median of the peer group.
- 25% of this component of the award will vest for TSR performance in line with the median of the peer group.
- 100% of this component of the award will vest for TSR performance in line with the median of the peer group plus 6% per annum.
- Assessment for TSR performance between median and median plus 6% per annum will take place on a sliding scale using interpolation.

EcV growth target

Assessment of 2027 EcV against a 2024 EcV baseline:

- No portion of this component of the award will vest for 2027 EcV below £120.8m (before dividends and debt costs).
- 25% of this component of the award will vest for 2027 EcV of £120.8m (before dividends and debt costs).
- 100% of this component of the award will vest for 2027 EcV at or above £170.8m (before dividends and debt costs).
- Assessment for EcV performance between £120.8m and £170.8m (before dividends and debt costs) will take place on a sliding scale using interpolation.

Core Surplus Emergence

Assessment of aggregate Core Surplus Emergence over 2025 to 2027:

- No portion of this component of the award will vest for aggregate Core Surplus Emergence over 2025 to 2027 below £116.3m.
- 25% of this component of the award will vest for aggregate Core Surplus Emergence over 2025 to 2027 of £116.3m.
- 100% of this component of the award will vest for aggregate Core Surplus Emergence over 2025 to 2027 above £128.0m.
- Assessment for aggregate Core Surplus Emergence over 2025 to 2027 between £116.3m and £128.0m will take place on a sliding scale using interpolation.

Payments to past directors (audited information)

In 2025 David Rimmington received £80,366 in relation to 2024 STIS. 2022 LTIP award was vested during 2025 in which £99,115 was received.

Statement of directors' shareholding and share interests (audited information)

The Remuneration Policy requires executive directors to build up a shareholding through the retention of shares with the minimum being 200% of salary (including a provision for this to be held for the full 2 years in a post-employment scenario). Steve Murray who joined on 02 August 2021 has already met this requirement and Tom Howard, who joined Chesnara on 15 April 2024, is already at 87% of the requirement. When the minimum holding level has not been achieved, directors may only dispose of shares where funds are required to discharge any income tax and National Insurance liabilities arising from awards received from a Chesnara incentive plan. The Chair and non-executive directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline.

The following table shows, in relation to each director, the total number of share interests with and without performance conditions, the total number of share options with and without performance measures, those vested but unexercised and those exercised at 31 December 2025 or the date of resignation. It is noted that all directors took up their full entitlement to the rights issue in 2025.

No changes took place in the interests of the directors between 31 December 2025 and 23 March 2026.

Name of director	Shares held		With performance measures	Options			
	1 January 2025	31 December 2025		Without performance measures ¹	Vested but unexercised	Exercised during the year	Holding as % of salary ²
Steve Murray	219,946	453,268	815,230	187,945	13,775	85,992	368%
Tom Howard	10,000	140,933	509,425	35,069	30,196	188,492	174%
Luke Savage	30,000	45,789	–	–	–	–	–
Jane Dale	3,333	n/a	–	–	–	–	–
Eamonn Flanagan	30,000	45,789	–	–	–	–	–
Carol Hagh	30,000	45,789	–	–	–	–	–
Karin Bergstein ³	n/a	n/a	–	–	–	–	–
Gail Tucker ⁴	–	–	–	–	–	–	–
Sam Tymms ⁵	–	–	–	–	–	–	–
Total	323,279	731,568	1,324,655	223,014	43,971	274,484	–

Notes.

1. The 'options without performance measures' column in the table does not include the share options that will be awarded as part of the mandatory deferral rules under the 2023 STIS in respect of awards made in relation to the 2025 financial year, which equate to 35% of the cash award under this scheme. The timetable for the administration of the scheme means that these will be reported in the 2026 Annual Report and Accounts.

2. Calculated using the share price of 301.00p at 31 December 2025.

3. As a Dutch national, Karin Bergstein was not permitted by the Dutch Central Bank ('De Nederlandsche Bank') to hold shares in a Company of which she is a director; Karin stood down on 6 June 2025.

4. Gail Tucker became a director on 29 January 2025.

5. Sam Tymms became a director on 6 June 2025.

¹Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

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Outstanding share options and share awards

Below are details of outstanding share options and awards for the current executive directors, Steve Murray and Tom Howard.

Name of executive director	Scheme	Grant date	Exercise price (p)	Number of shares under option at 1 January 2025	Number granted during year	Rights issue adjustment	Number exercised during year	Number waived/lapsed during year	Number of shares under option and unexercised at 31 December 2025	End of performance period	Vesting date	Performance period	Date of expiry of option
Steve Murray	2023 LTIP (2025 award)	28/03/25	Nil	–	242,754	38,889	–	–	281,643	31/12/27	28/03/28	3 Years	28/03/35
	2023 LTIP (2024 award)	02/04/24	Nil	249,525	–	39,973	–	–	289,498	31/12/26	02/04/27	3 Years	02/04/34
	2023 LTIP (2023 award)	06/07/23	Nil	210,386	–	33,703	–	–	244,089	31/12/25	06/07/26	3 Years	06/07/33
	2014 LTIP (2022 award)	28/04/22	Nil	147,627	–	9,046	(56,467)	(91,160)	9,046	31/12/24	28/04/25	3 Years	28/04/32
	2023 STIS (2025 award)	28/03/25	Nil	–	63,558	10,181	–	–	73,739	n/a	28/03/28	n/a	28/03/35
	2023 STIS (2024 award)	02/04/24	Nil	58,484	–	9,369	–	–	67,853	n/a	02/04/27	n/a	02/04/34
	2023 STIS (2023 award)	31/05/23	Nil	39,953	–	6,400	–	–	46,353	n/a	31/05/26	n/a	31/05/33
	2014 STIS (2022 award)	28/04/22	Nil	29,525	–	4,729	(29,525)	–	4,729	n/a	28/04/25	n/a	28/04/32
	Share save	01/12/22	189.96	8,166	–	1,308	–	–	9,474	n/a	01/12/25	n/a	01/06/26
				743,666	306,312	153,598	(85,992)	(91,160)	1,026,424				
Tom Howard	2023 LTIP (2025 award)	28/03/25	Nil	–	129,348	20,721	–	–	150,069	31/12/26	16/04/27	3 Years	16/04/34
	2023 LTIP (2024 award)	16/04/24	Nil	135,135	–	21,648	–	–	156,783	31/12/26	16/04/27	3 Years	16/04/34
	2023 STIS (2025 award)	28/03/25	Nil	–	30,227	4,842	–	–	35,069	n/a	28/03/28	n/a	28/03/35
	Buy-out plan	15/05/24	Nil	75,397	–	12,078	–	–	87,475	15/05/27	15/05/27	3 Years	15/05/34
	Buy-out plan	15/05/24	Nil	99,206	–	15,892	–	–	115,098	15/05/26	15/05/26	2 Years	15/05/34
	Buy-out plan	15/05/24	Nil	188,492	–	30,196	(188,492)	–	30,196	15/05/25	15/05/25	1 Year	15/05/34
	Share save	25/10/24	189.96	8,814	–	1,412	–	–	10,226	n/a	01/12/27	n/a	01/06/28
				507,044	159,575	106,789	(188,492)	–	584,916				

The rights issue adjustment was based on the theoretical ex-rights price (TERP) as defined in the formula set out in Employee Tax Advantaged Share Scheme User Manual (ETASSUM35260) to ensure that no participant was either better- or worse- off as a result of the issuance.

Performance graph and CEO remuneration table

The following graph shows the Company's performance compared with the performance of the FTSE 350 Higher Yield Index and the FTSE UK Life Insurance Index. The FTSE 350 Higher Yield Index has been selected since 2014 as a comparison because it is the index used by the Company for the performance criterion for its LTIP, and the FTSE UK Life Insurance Index has been selected due to Chesnara's inclusion within this index.



The table below sets out the details for the director undertaking the role of Group CEO:

Year	Individual performing Group CEO role	Group CEO single figure of total remuneration £000	STIS pay-out against maximum	LTIP vesting rates against maximum opportunity	Note
2025	Steve Murray	1,882	98.20%	100.00%	
2024	Steve Murray	1,377	95.47%	49.71%	5
2023	Steve Murray	1,182	96.00%	52.01%	1&4
2022	Steve Murray	1,094	76.37%	60.42%	1&3
2021	Steve Murray	721	57.00%	58.42%	1
2021	John Deane	978	95.57%	–	2
2020	John Deane	782	53.38%	–	2
2019	John Deane	1,111	98.79%	19.93%	2
2018	John Deane	965	31.08%	67.99%	2
2017	John Deane	1,142	86.96%	80.95%	2
2016	John Deane	902	98.33%	–	2

Notes.

1. Steve Murray joined Chesnara on 2 August 2021 and was appointed Group CEO on 19 October 2021.
2. John Deane was appointed Group CEO on 1 January 2015 and stood down on 18 October 2021.
3. During 2022, Steve Murray had two LTIP awards that vested, one at 100% and the other at 33.40%. The figure reported above is a combined percentage, based upon the total number of shares vesting under both grants.

4. During 2023, Steve Murray had two LTIP awards that vested, with one vesting at 100% and the other vesting at 43.65%. The figure reported above is a combined percentage, based upon the total number of shares vesting under both grants.
5. During 2024, Steve Murray had two LTIP awards that vested, with one vesting at 100% and the other vesting at 38.25%. The figure reported above is a combined percentage, based upon the total number of shares vesting under both grants.

DIRECTORS' REMUNERATION REPORT • ANNUAL REMUNERATION REPORT

Rolling 5-year percentage change in remuneration for the executive and non-executive directors and group employees

The table below shows the percentage change in remuneration for the executive and non-executive directors and the Company's employees as a whole between the years 2025 and 2021. In future years, this analysis will be repeated on a rolling 5-year comparison basis.

Percentage change in remuneration	Steve Murray (Group CEO) %	Tom Howard (Group CFO) %	Luke Savage %	Jane Dale %	Eamonn Flanagan %	Mark Hesketh %	Carol Hagh %	Karin Bergstein %	Gail Tucker %	Sam Tymms %	Group employees %
2025 compared with 2024											
Salary and fees	2.1	41.1	2.7	(61.4)	6.7	n/a	8.1	(32.8)	69	35	3.5
All taxable benefits	(4.8)	100	–	–	–	–	–	–	–	–	–
STIS	5.1	46.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1.4)
2024 compared with 2023											
Salary and fees	14.7	n/a	8.9	10.7	7.1	n/a	4.9	3.1	n/a	n/a	6.0
All taxable benefits	–	n/a	–	–	–	–	–	–	n/a	n/a	–
STIS	15.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.2
2023 compared with 2022											
Salary and fees	9.0	n/a	5.9	5.8	6.1	6.1	4.9	4.9	n/a	n/a	6.0
All taxable benefits	–	n/a	–	–	–	–	–	–	n/a	n/a	(5.2)
STIS	37.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	42.0
2022 compared with 2021											
Salary and fees	–	n/a	3.7	6.8	7.4	7.4	n/a	n/a	n/a	n/a	4.0
All taxable benefits	162.5 ¹	n/a	–	–	–	–	n/a	n/a	n/a	n/a	6.6
STIS	33.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(22.8)
2021 compared with 2020											
Salary and fees	–	n/a	–	–	–	–	n/a	n/a	n/a	n/a	–
All taxable benefits	–	n/a	–	–	–	–	n/a	n/a	n/a	n/a	(1.1)
STIS	80.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.9

Note.

1. All taxable benefits include amounts paid in lieu of accrued dividends and interest arising upon the exercise of share options under the 2014 and 2023 STIS for the Group CEO and Group CFO.

Comparison of total remuneration for the Group CEO and UK employees

We set out here our analysis on CEO pay ratio reporting as required by The Companies (Miscellaneous Reporting) Regulations 2018. This analysis has been conducted using 'Option A' as set out in the Regulations, consistent with prior years, and has consisted of:

- Determining the total FTE remuneration of all UK employees for the 2025 financial year;
- Ranking all those employees based on their total FTE remuneration from low to high; and
- Identifying the employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points of this ranking.

The analysis is then presented to show the ratio of the Group CEO's 2025 single total figure of remuneration to the:

- Median (i.e. 50th percentile) FTE remuneration of our UK employees;
- 25th percentile FTE remuneration of our UK employees; and
- 75th percentile FTE remuneration of our UK employees.

Comparison of total remuneration	Group CEO	25th percentile pay ratio (FTE UK employees total remuneration)		Median pay ratio (FTE UK employees total remuneration)		75th percentile pay ratio (FTE UK employees total remuneration)	
	£	£	Ratio	£	Ratio	£	Ratio
2025	1,881,577	79,015	23.8 : 1	100,776	18.7 : 1	155,457	12.1 : 1
2024			15.7 : 1		10.2 : 1		7.1 : 1
2023			14.5 : 1		10.4 : 1		6.4 : 1
2022			13.7 : 1		9.7 : 1		5.4 : 1
2021			11.3 : 1		8.2 : 1		4.8 : 1
2020			15.7 : 1		11.8 : 1		6.6 : 1

The Remuneration Committee considers that the ratio is consistent with our Remuneration Policy and that no actions arise from this analysis.

Base salaries of all employees, including our executive directors, are set with reference to a range of factors including market practice, experience and performance in role.

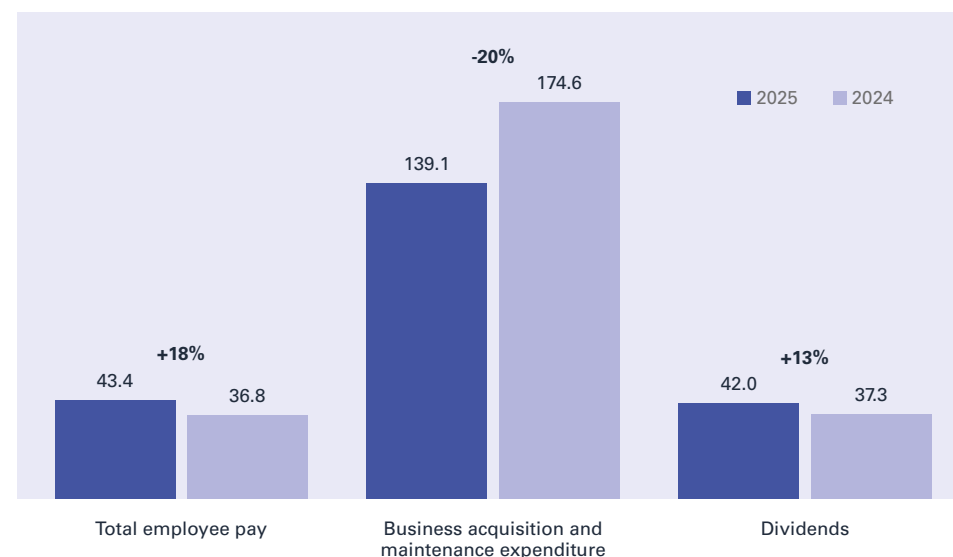
Over the longer term, the CEO pay ratios have moved broadly in line with the CEO's single figure of remuneration. The Committee notes that the pay ratios for 2025 reflect the nature of the CEO's package being more heavily weighted towards variable pay compared to more junior colleagues (consistent with our reward policies), and this means the ratio is likely to fluctuate depending on the performance of the business and associated outcomes of incentive plans and historically buy-out awards in each year.

Furthermore, the Committee is satisfied that our pay and broader people policies drive the right behaviours and reinforce the Group's values which in turn drive our culture. For these reasons, the Committee believes that the ratios are consistent with these policies.

Relative importance of spend on pay

The following graph shows the actual expenditure of the Group and change between the current and previous years.

The graph shows a comparison of total employee pay and shareholder dividends with the Group's total acquisition and maintenance expenditure (which consists of administration expenses and costs associated with the acquisition of new business). This has been chosen as a comparator to give an indication of the employee pay relative to the overall cost base. As can be seen, the total employee pay is a relatively small component.



Statement of Implementation of Remuneration Policy in the following financial year

The following states how remuneration will be implemented for the executive and non-executive directors in 2026, subject to the approval of the proposed Directors' Remuneration Policy at the 2026 AGM.

Salaries and fees

Will be set in accordance with the Company's policy.

Executive directors

UK employees below executive level received an average salary increase of 3.5%. It is proposed that Steve Murray (Group CEO) and Tom Howard (Group CFO) will receive increases of 16.6% (to £625,000) and 16.2% (to £415,000) respectively, subject to approval of the new Remuneration Policy. These will be backdated to the start of the year in line with the normal timeline for salary increases.

Non-executive directors

The Chair's fee has been increased by from £151,000 to £200,000 given it was materially below fees for equivalent sized organisations even prior to the Chesnara Life acquisition; it remains positioned below the lower quartile of the FTSE 250 benchmark and as decided by the other non-executive directors. The fee level for other non-executive directors generally align around the FTSE 250 lower quartile and have been set by the Chair in discussion with the Group CEO. Individual non-executives have received fee increases of 4.2% on average, reflecting the scope and time commitments of the role and taking into account market positioning.

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The table below sets out the anticipated payments for 2026:

	Fees £000	Benefits ¹ £000	Total £000
Luke Savage	200.0	1	201.0
Eamonn Flanagan	86.0	1	87.0
Carol Hagh	84.5	1	85.5
Gail Tucker	80.0	1	81.0
Sam Tymms	65.0	1	66.0
Total	515.5	5	520.5

Note.

1. Benefits shown here mainly relate to expenses grossed up for income tax, which is settled by the Company for travel to Chesnara's office in Preston, which, for tax purposes, is deemed to be the non-executive directors normal place of work.

2026 award under the 2023 Short-Term Incentive Scheme (STIS)

The Remuneration Committee proposes to grant awards to the executive directors under the 2023 STIS.

The table below and accompanying notes set out the performance measures, weightings and the potential outcomes for achieving minimum, on-target and maximum performance. The actual targets for each measure are deemed to be commercially sensitive and whilst they are not disclosed at this stage, they will be disclosed in next year's Directors' Remuneration Report together with the performance outcome relative to these targets.

Individual	Measures	Weighting
Steve Murray & Tom Howard	Operating Capital Generation	35.0%
	Operating Own Funds Generation	35.0%
	Strategic Activity Scorecard	30.0%

If shareholders approve our proposed Remuneration Policy at the 2026 AGM, then the STIS will be implemented and operated by the Remuneration Committee as set out within that proposed Policy (with STIS opportunities of 150% of salary for both the CEO and CFO).

Measures

For the 2026 STIS award, the existing broad components of assessment will be retained (i.e. a Cash Generation metric, a value growth metric and performance against a strategic scorecard). Having reviewed our APMs, the performance measures for the 2026 STIS award will be aligned to the new APMs where appropriate.

Specifically:

- The Operating Capital Generation (previously Cash Generation) metric measures the Solvency II surplus capital generated by the Group, adjusted to remove short-term positive or negative economic volatility.
- The value growth metric Own Funds (previously EcV Earnings) measures the movement in the Group's Eligible Own Funds, adjusted for foreseeable dividends.
- The strategic scorecard assesses objectives assigned to each executive director are relevant to their roles and include major regulatory or business development initiatives that the Committee considers key to delivery of the Company's business plan. Each individual development objective is assigned a 'significance weighting' influenced by factors such as business criticality, scale, complexity and level of executive director influence. Developments with a higher significance are weighted more heavily when establishing the overall performance target. Note that ESG is not being assessed within the strategic scorecard this year, as it now forms a standalone performance condition in the LTIP, aligned to our Climate Transition Plan.

Targets

The Operating Capital Generation and Own Funds targets are initially based on the latest budget which is produced annually as part of the Group business planning process. The Group business plan is subject to rigorous Chesnara Board scrutiny and approval. The Remuneration Committee can make discretionary adjustments to either the targets or to the actual results for the year if it considers this to be appropriate, in accordance with the scheme rules.

Malus and clawback

The STIS includes malus and clawback provisions covering a material misstatement of the Company's results, regulatory breach, gross misconduct on the part of the participant, reputational damage to the Company, a material failure of risk management, insolvency or corporate failure if this arises within two years of an award vesting and it is a precondition that the executive accepts such provisions at the time of the award.

2026 award made under the 2023 LTIP

In 2026 the Remuneration Committee proposes to grant awards to the executive directors under the Chesnara 2023 LTIP. We intend to make grants at the same opportunity levels as 2025 (i.e. 125% of current salary for the CEO, and 100% of current salary for the CFO) in late March, and if our proposed Remuneration Policy is approved by shareholders we will make additional 'top up' awards following the AGM at opportunity levels such that the total awards granted are 175% of proposed salary for the CEO and 150% of proposed salary for the CFO.

The table below and accompanying notes set out the performance measures, weightings and the potential outcomes relative to achieving minimum, on-target and maximum performance for the executive directors.

Measures	Weighting	Ranges and targets	
		Threshold achievement (25% vesting)	Max achievement (100% vesting)
Relative TSR – performance vs FTSE Higher Yield peer group	30%	Median	+6% p.a. above the median
Own Funds growth – cumulative growth over FY26-28	30%	£255m	£320m
Core Surplus Emergence – cumulative over FY26-28	30%	£138m	£152m
Sustainability			
– Intensity of scope 1 and 2 emissions for listed equity and corporate fixed income investments which we can influence or control at 2028 year end	10%	21.8 tCO ₂ e/USD M invested	19.7 tCO ₂ e/USD M invested
– Absolute scope 1 and 2 emissions of own operations (market-based) at 2028 year end		106.6 tCO ₂ e	93.5 tCO ₂ e

The two 2026 awards under the 2023 LTIP will be implemented and operated by the Remuneration Committee as set out within the Policy.

Measures

For the 2026 LTIP award, the existing broad components of assessment will be retained (i.e. a shareholder returns metric (e.g. relative TSR), a surplus generation metric and a value growth metric). Having reviewed our APMs, the performance measures for the 2026 LTIP award will be aligned to the new APMs where appropriate. The Committee has introduced an ESG measure into the LTIP given this is one of the Group's strategic pillars and following the publication of the Group's Climate Transition Plan last year.

Specifically:

- The relative TSR measure compares the 3-year TSR of Chesnara plc with the TSR of the companies comprising the FTSE 350 Higher Yield Index with averaging over the 3 months prior to the start and end of the performance period.
- The surplus generation metric, Core Surplus Emergence, measures the absolute surplus movement of the divisions including the Chesnara entity but adjustments will be made for the impact of items such as FX, T2/T3 restrictions, acquisition impacts and shareholder dividends as deemed appropriate.
- The value growth metric, Own Funds growth (previously EcV), measures total movement in Own Funds over the 3 years to 31 December 2028, excluding the shareholder dividend payment. It therefore includes the day 1 impact of the Chesnara Life transaction, and all integration costs.
- The ESG metric measures reduction in scope 1 and 2 emissions for listed equity and corporate fixed income investments which we can influence or control. It covers two metrics in relation to our 2030 decarbonisation ambitions for both investments and operations, as taken from our Climate Transition Plan, published in September 2025. The maximum award is calculated based on a 2028 year end linear pathway to 2030 from our 2023 baseline figures, with the threshold assuming a 12-month lag on that pathway.

Weightings

For the 2026 award, the three financial measures have been assigned equal 30% weightings with the sustainability metric given a 10% weighting.

Holding period

A two-year holding period was introduced to the LTIP for awards made from 2019, to follow the three-year vesting period.

Malus and clawback

The LTIP includes malus and clawback provisions covering a material misstatement of the Company's results, regulatory breach, gross misconduct on the part of the participant, reputational damage to the Company, a material failure of risk management, insolvency or corporate failure if this arises within two years of an award vesting and it is a precondition that the executive accepts such provisions at the time of the award. The Committee is satisfied that these are sufficient based on the risk profile of the business and market practice.

The following table sets out the voting in respect of the Directors' Remuneration Report at the 2025 AGM:

Report	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Remuneration Report	82,141,141	98.97%	856,794	1.03%	82,997,935	49,307

The following table sets out the voting in respect of the Directors' Remuneration Policy at the 2023 AGM:

Report	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Remuneration Policy	87,638,247	96.25%	3,416,902	3.75%	91,055,149	70,635

Approval

This report was approved by the Board of Directors on 23 March 2026 and signed on its behalf by:

Eamonn

Eamonn Flanagan
Chair of the Remuneration Committee
23 March 2026

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY

Remuneration Policy (Policy)

This year the Committee has conducted a review of the current Policy, which received a vote in favour of 96.25% at the 2023 AGM. As part of the review, the Committee considered the impact of our entry into the FTSE 250; the sustained strong performance of our executive directors; market best practices; the alignment of our existing structures with strategy; and a comparison of both structure and quantum to comparator companies (focusing on financial services). Our objective is to ensure that the Company continues to have a remuneration package for executive directors which retains, motivates and incentivises, whilst aligning with both the Company's strategy and the shareholder experience.

In considering the strategic context for the Policy review, we have noted that over the last three years, under the leadership of Steve Murray, the Group has been highly successful in implementing its strategy to maximise the value from existing business, acquire life and pension businesses and enhance value through profitable new business.

In particular, the acquisitions over the period including Conservatrix, two portfolios from Canada Life UK, and Chesnara Life (in addition to the proposed acquisition of Scottish Widows Europe SA).

Together these acquisitions are transformational for our UK business and the Group, with the outlook for potential future M&A remaining positive, underpinning our confidence in the ability to successfully execute further value-accretive transactions as and when appropriate opportunities arise. The Committee has therefore been considering how this increased scale and complexity should be reflected in the future approach to our Policy whilst remaining clearly within the parameters of how incentives operate across the market, including at our direct peers.

The proposed Policy therefore retains the market aligned current approach to operation of fixed pay elements, and also retains the Variable Pay Framework consisting of an annual bonus (referred to as a Short Term Incentive Scheme (STIS) at Chesnara) alongside a performance share plan assessed over 3 years (referred to as a Long-Term Incentive Plan (LTIP) at Chesnara). The Committee believes the Variable Pay Framework continues to strike the right balance in driving strong short- and long-term performance from the executive directors, aligning with shareholder experience and the sustainable success of Chesnara.

The Committee proposes to increase the maximum variable pay limits under the revised Policy at 175% of salary for the STIS and 250% of salary for the LTIP for the Group CEO and at 150% of salary for the STIS and 200% of salary for the LTIP for the Group CFO. Implementation in FY26 will be positioned materially lower at 150% of salary STIS for both the Group CEO and CFO, and 175%/150% of salary LTIP for the Group CEO and Group CFO respectively.

The Committee may increase the variable pay opportunities for the executive directors above the levels proposed for FY26 if the Group, for example, continues to deliver against its strategy and grow in scale and complexity and if the individuals continue their strong performance in role. The Committee would also consult with shareholders over any proposed increases to incentive opportunity prior to implementation.

The other key proposed change is the Committee intends to introduce the flexibility to remove STIS deferral where an executive director has met the shareholding requirement, in line with emerging practice. The Committee does not currently intend to implement this element of the Policy in respect of any FY26 STIS outcome, even if the executive directors have met their shareholding requirement at the end of FY26. Further details on the proposals are set out in the Chair's annual statement on page 97.

Alignment of incentives with strategy

Chesnara plc is a European life and pensions consolidator listed on the London Stock Exchange. It operates as Countrywide Assured and Chesnara Life in the UK, as Scildon in the Netherlands and as Movestic in Sweden with oversight and governance being provided by a central governance team based in the UK. The proposed acquisition of Scottish Widows Europe SA will add a 4th territory to the Group.

The Company has three core strategic objectives:

- 1. Maximise value from existing business;**
- 2. Acquire life and pensions businesses; and**
- 3. Enhance value through profitable new business.**

Alongside becoming a more sustainable business, the achievement of these objectives is considered against the culture and risk environment of the Company to ensure that rewards do not encourage excessive risk taking or an inappropriate culture to develop.

The following schematic illustrates how the Company's KPIs align to its core strategic objectives and, in turn, how those KPIs flow into the performance measures of the executives' short-term and long-term incentives schemes. Reading across the chart shows how the KPIs align to Chesnara's core strategic objectives. For example, 'Maximise value from existing business', 'Enhance value through profitable new business' and; 'Acquire life and pensions businesses' will directly impact the Own Funds growth of the Group and our ability to generate cash. And likewise, progress against all three of these objectives will have an impact on Total Shareholder Return to varying degrees.

The diagram demonstrates that the Policy aligns to all aspects of the Group's objectives. For illustration purposes, the diagram shows the KPIs that the Committee has most recently considered appropriate for the incentive schemes but, the Committee may change the KPIs and/or their weighting for future awards. In addition to the KPIs shown, the STIS includes objectives for the executives covering key strategic deliverables for the year ahead.

Overall Policy aims are:

- To maintain a consistent and stable remuneration strategy based on clear principles and objectives;
- To ensure remuneration structures do not encourage or reward excessive risk-taking which is outside the boundaries of our stated risk appetite;
- To link remuneration clearly to the achievement of our business strategy and ensure that both executive and shareholder reward are closely aligned;
- To enable the Company to attract, motivate and retain high calibre executives; and
- For the Policy to be easy to understand and communicate.

Strategic objectives/cultural values		Key performance indicators												
Deliver shareholder value		Short-Term Incentive Scheme				Long-Term Incentive Plan								
	Maximise value from existing business	Operating Capital Generation†			Operating Own Funds Generation†		Own Funds† – growth		Core Surplus Emergence		Sustainability		Total Shareholder Return	
	Acquire life and pensions businesses													
	Enhance value through profitable new business													
	Chesnara culture and values													

Over the last 3 years, we have been highly successful in implementing our strategy to maximise the value from existing business, acquire life and pension businesses and enhance value through profitable new business.

The implementation of this Policy involves:

- paying salaries that reflect individual roles, an individual's personal development in their role and sustained individual performance and contribution, taking account of the external competitive market;
- enabling executives to enhance their earnings by meeting and then outperforming stretching short and long-term targets in line with the Group's strategy;
- requiring executives to build and maintain shareholdings in the Company during employment and for 2 years post-employment;
- rewarding executives fairly and responsibly for their contribution and paying what is commensurate with achievement of their objectives; and
- including malus and clawback provisions in the STIS, including the deferred share award, and the LTIP.

For the avoidance of doubt, the Policy includes authority for the Company to honour any commitments entered into with current, or former, directors that have been disclosed to shareholders in previous Remuneration Reports. Details of any payments to former directors will be set out in the implementation section of this report as they arise.

†Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY

The Policy table

Executive remuneration

The Company and the Committee intend that, subject to shareholder approval, the following Directors' Remuneration Policy will take effect from the date of the 2026 Annual General Meeting. The table below describes each component of the remuneration package applicable to the executive directors:

Purpose and link to strategy	Operation	Performance measures and maximum	Changes from previous policy
Basic salary			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the Group.	In setting basic salaries for new executive roles, or reviewing the salaries for existing roles, the Committee will take into account, as it considers appropriate, some or all of the following factors: – assessment of the responsibilities of the role; – the experience and skills of the jobholder on their commencement and their development in it at the review point; – the Group's salary budgets and results; – the jobholder's performance; – with the use of periodic benchmarking exercises, the external market rates for roles of a similar size and accountability; – inflation and salaries across the Company; and – the balance between fixed and variable pay to help ensure good risk management disciplines. Where a new appointment is made, pay may be initially below that applicable to the role and then may increase over time above an inflationary level subject to satisfactory performance and development in the role. Salaries are usually reviewed annually. There may be reviews and changes during the year in exceptional circumstances (such as new appointments to executive positions or significant changes in a jobholder's responsibilities).	Changes to responsibilities, increased complexity of the organisation, personal and group performance are taken into consideration when deciding whether a salary increase should be awarded.	Minor wording updates for clarity.
Taxable benefits			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the Group and to reduce the potential for ill health to undermine executives' performance.	The Committee sets benefit provisions at an appropriate market-competitive level. Executives currently receive life assurance, a company car, fuel benefit and private medical insurance. A cash equivalent may be paid in lieu of car and fuel benefits. Other appropriate benefits may be provided from time to time. Benefits may be changed in response to changing circumstances, whether personal to an executive or otherwise. When an executive is required to relocate to perform their role, they may be offered appropriate relocation allowances. Executive directors are eligible to participate in the Company's all-employee share schemes on the same terms as other colleagues.	No performance measures attached.	Minor wording updates for clarity.
Pensions			
To recruit and retain individuals with the skills and experience needed for a given role in which they will contribute to the success of the Group and to encourage responsible provision for retirement.	The executives can participate in a defined contribution pension scheme with employer contributions at the same level as available to the wider employee population in the executives' home location, which is currently 9.5% of basic salary in the UK. Executives may elect to receive a cash allowance in lieu of pension.	No performance measures attached. Maximum pension contribution expressed as a percentage of basic salary to be the same as that awarded to other UK staff.	Minor wording changes for clarity.

Purpose and link to strategy	Operation	Performance measures and maximum	Changes from previous policy
Short-Term Incentive Scheme (STIS)			
To drive and reward achievement of the Group's business plan and key performance indicators. To help retention and align the interests of executives with those of shareholders.	Awards are based on the Committee's assessment and judgement of performance against specific targets and objectives in support of the Group's business plan. These are assessed over each financial year. Provided the minimum performance criteria is judged to have been achieved, an award will be granted in two parts; at least 35% into deferred share awards which will vest after a three-year deferral period making a total of four years after the award grant; and the balance in cash. Bonus deferral may be reduced or waived for executive directors who have met their shareholding requirement. Dividend equivalents accrue in cash with interest thereon in respect of the deferred share awards between the date the award is granted and the date exercised. It is the intention of the Committee to grant awards annually and the performance criteria will be set out in the corresponding Remuneration Report. The STIS includes malus and clawback provisions.	Performance is measured based on the financial results of the Group and its strategic priorities. The main weighting is given to financial results. The Committee determines the measures, their weighting and the targets for each financial year. In 2026, these will comprise a cash generation metric, a value growth metric, and a range of strategic measures assessed via a strategic scorecard. STIS targets are commercially sensitive and therefore are not disclosed prospectively. Actual targets and results will be disclosed in the Annual Report and Accounts immediately following each performance period. The maximum available opportunity is 175% of basic salary for the Group CEO and 150% for the Group CFO. The Committee may substitute, vary or waive the performance measures in accordance with the scheme rules and will document its use of such discretion for the purposes of transparency.	Increase in the maximum available opportunity from 100% of basic salary to 175% of basic salary for the Group CEO and 150% of the basic salary for the Group CFO. In 2026, it is proposed to implement an opportunity for both the Group CEO and Group CFO of 150% of basic salary. Updated to allow flexibility to reduce or remove bonus deferral for executive directors who have met their shareholding requirement if the Committee considers this necessary to ensure continued competitiveness with the market as practice evolves in this area.
Long-Term Incentive Plan (LTIP)			
To incentivise the delivery of the longer-term strategy of the Group by the setting of stretching targets based on shareholder value, and to help to retain executives and increase their share ownership in the Company.	Awards are made under a performance share plan, with nil price. Awards normally vest based on performance over a period of not less than three years, unless the Committee determines otherwise. Dividend equivalents accrue in cash with interest thereon in respect of the share awards between the date the award is granted and the date of exercise. It is the intention of the Committee to grant awards annually and the performance criteria will be set out in the corresponding Remuneration Report. A 2-year holding period applies after the vesting date. Awards are subject to malus and clawback provisions.	Awards vest based on financial and/or strategic performance conditions which are aligned to the Company's strategy. At least 50% of the assessment will be based on financial metrics. The Committee may substitute, vary or waive the performance measures in accordance with the Scheme Rules and will document its use of such discretion for the purposes of transparency. The Committee has the discretion to amend the formulaic vesting level if it considers that it does not reflect the underlying performance of the Company. The maximum award is up to 250% of basic salary for the Group CEO, and 200% of basic salary for the Group CFO, with each participant being assigned a personal maximum to be disclosed in the corresponding Remuneration Report with each award made.	Updated to allow more flexibility in the choice of performance measures going forward, including incorporation of non-financial measures. Increase in the maximum available opportunity from 125% of basic salary for the Group CEO and Group CFO to 250% of basic salary for the Group CEO and 200% of the basic salary for the Group CFO. In 2026, it is proposed to implement an opportunity for the Group CEO of 175% of basic salary, and for the Group CFO of 150% of basic salary.

[†]Alternative Performance Measure (APM) used to enhance understanding of financial performance.
Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

DIRECTORS’ REMUNERATION REPORT • REMUNERATION POLICY

Non-executive directors’ remuneration

Purpose and link to strategy	Operation	Performance measures and maximum
Fees and expenses		
To recruit and retain independent individuals with the skills, experience and qualities relevant to the non-executive role and who are also able to fulfil the required time commitment.	Fees for the Chair are determined and agreed with the Board by the Committee (without the Chair being party to this deliberation). Non-executive director fees are determined by the Chair and the executives. Fees are reviewed annually. In their setting, consideration is given to market data for similar roles in companies of comparable size and complexity whilst also taking account of the required time commitment. All non-executive directors are paid a base fee. Additional fees may be paid to the Senior Independent Director, the Chair and members of Board committees and to other non-executive directors to reflect additional time commitments and responsibilities required by their individual roles.	Fees for the Chair and non-executive directors are not performance related. Increases may differ from those awarded to executives and/or other employees.

Explanatory notes:

1. Why these performance measures were chosen and how performance targets are set

In setting targets for both schemes, the Committee exercises its judgement in an effort to align the stretch in the targets with the Company’s risk appetite. Full details of the performance measures, weightings, targets and corresponding potential awards are set out in the annual Remuneration Report, subject to commercial sensitivity. The Committee exercises discretion when determining outcomes as opposed to relying solely on formulaic outturns and utilises assurance inputs in so doing.

STIS

- i. Award is part cash and part share award which is deferred for a further 3 years. Currently the award is structured 65% cash and 35% deferred shares. The Committee may decrease or waive the requirement to defer 35% of the award if that executive has met their shareholding requirement.
- ii. Awards may be subject to malus provisions which will reduce the number of shares or cash amounts payable on vesting in circumstances including:
 - the discovery of a material misstatement in the accounts of the Company or another member of the Group;
 - a regulatory breach by the Group resulting in material financial or reputational harm;
 - the discovery of an error in the assessment of the extent to which a performance target applicable to a participant’s cash award has been satisfied;
 - action or conduct of the participant amounting to fraud or gross misconduct;
 - events or behaviour of the participant leading to the censure or reputational damage to a group member;
 - a material failure of risk management of the Company, a group member or a business unit of the Group; or
 - insolvency or corporate failure of the Company or any group member or business of the Group for which the participant is wholly or partly responsible.

In determining the reduction which should be applied, the Committee shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction may be applied on an individual basis as determined by the Committee.

Cash and deferred share awards are subject to a 2-year clawback provision in substantially the same circumstances as apply to malus (as described above) for a period of two years after vesting. Clawback may be effected, among other means, by requiring the transfer of shares back to the Company or as it directs, or by a cash payment; and it is the intention of the Committee to make a new award each year.

LTIP

- i. In making a new award, the Committee will determine the measures, their weighting and targets to maintain a clear focus on longer-term strategic aims;
- ii. Includes a malus provision. Notwithstanding any other provision of the Rules, the Committee has the power to, at any time before an award has vested, reduce the number of shares subject to the relevant award or any cash amounts which may be paid pursuant to the relevant award (including to nil) in the circumstances of those set out under point (ii) above for the STIS;
- iii. A 2-year clawback provision applies in substantially the same circumstances as apply to malus. Clawback may be effected, among other means, by requiring the transfer of shares back to the Company or as it directs, or by a cash payment; and
- iv. It is the intention of the Committee to make a new award each year.

The malus and clawback provisions are considered to be appropriate in light of the risk profile of the Company and relevant market practice.

Minimum shareholding requirement

In order to align the executives’ interests with those of shareholders, a minimum shareholding requirement (the ‘MSR’) applies which is currently equal to 200% of basic salary. Both salary and shareholding values are calculated before tax. The requirement is expected to be achieved within five years of appointment. It may be achieved by participating in the Company’s share plans and the Committee may, in assessing progress towards the minimum, take into account vesting levels and personal circumstances. Aside from shares that are chosen to be sold to pay for income tax and National Insurance liabilities, shares awarded under the STIS and LTIP must be retained if the minimum shareholding has not yet been met.

Post-employment provisions exist which require a departing executive to retain a post-employment minimum shareholding. These are proposed to be unchanged from the 2023 Remuneration Policy, namely that executive directors must retain a shareholding of 200% of salary or the level of shareholding attained at the date of departure, if lower, for 2 years post-employment. With only two executives, the Committee is taking an approach to enforcement of the policy which it considers to be proportionate. Executives will be required to attest to comply with the policy as part of accepting an award.

Full provisions are set out in the Minimum Shareholding Policy that the Committee reviews annually.

Expenses

In line with the Company’s Expenses Policy, all directors may receive reimbursement of reasonable expenses incurred in connection with company business, including settling any tax incurred in relation to these.

Differences in policy compared with other employees:

The following note outlines any differences in the Company's policy on executive director remuneration from other employees of the Group.

- **Salary and fees:** There are no differences in policy. The Committee takes into account the Company's overall salary budget and percentage increases made to other employees. It also sets the remuneration for senior management, that being the first layer of management below Board level.
- **All taxable benefits:** There are no differences in policy although the benefits available vary by role and jurisdiction. For example, executive cars and health insurance benefits are broadly consistent with the equivalent benefits when offered to other UK personnel but executives receive a fuel allowance which is a benefit not offered to other staff who receive a car allowance.
- **Annual bonus:** This is an integral part of the Company's philosophy with all UK employees below Board level being eligible to participate in a bonus scheme which is based on personal performance and achievement of financial targets.
- **Long-term Incentive Plans:** Only members of Chesnara's Senior Leadership Team are currently entitled to participate in the long-term plans as these are the roles which have most influence on, and accountability for, the strategic direction of the Group and the delivery of returns to shareholders. This may be reviewed as appropriate in the light of growth and/or other changes in the Company.
- **Pension:** The level of contribution made by the Company to executives is the same as that offered to other UK employees.
- **Other:** The Company operates a Save As You Earn (SAYE) share scheme in the UK. This is a tax efficient, HMRC-recognised, all-employee scheme in which executive directors are eligible to participate.

Approach to remuneration on recruitment

The following principles apply when recruiting executives:

- To offer a remuneration package that is sufficient to attract individuals with the skills and experience appropriate to the role being filled whilst also being consistent with all aspects of this Policy. In addition to salary and variable remuneration, this may include pension, taxable benefits and other allowances such as relocation, housing and education.
- Pay levels will be set taking account of remuneration across the Company including other senior appointees and the salary offered for similar roles by other companies of similar size and complexity.
- Base salary levels set with reference to incumbent, level of experience in sector, previous experience at the equivalent plc level. Where the base salary is set lower on appointment, the timescales over which the Committee intends to make more material salary increases reflecting development in role will be clearly communicated.

- Each element of remuneration offered will be considered separately and collectively in this context.
- The maximum awards in respect of the STIS and LTIP, as set out in the Policy table, apply in recruitment situations.
- The Committee may make additional awards when appointing an executive director to buy out any remuneration forfeited on leaving a previous employer. The Committee will look to do so on a like-for-like basis with the awards forfeited, taking account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (e.g. cash or shares) and the time over which they would have vested. To facilitate buyout awards in the event of recruitment, the Committee may grant awards to a new executive director under Listing Rule 9.3.2.

The Company may pay legal fees incurred by any new executive director in respect of their appointment.

Service contracts and loss of office***Executives***

Our policy is for executives to have service contracts with a rolling twelve-month notice period exercisable by either party.

The following table summarises the notice periods and other termination rights of the executives and the Company. The approach of the Company on any termination is to consider all relevant circumstances and to act in accordance with any relevant rules or contractual provisions. Typically, a leaving employee is classified as a 'Good Leaver' if they depart under 'Special Circumstances' (defined in the following table). An employee leaving under any other circumstances is classified as a 'Bad Leaver'.

The Committee has discretion to classify an employee as a 'Good Leaver' or a 'Bad Leaver' and to determine the treatment of their outstanding awards upon departure. Regardless of whether a departing executive is deemed to be a 'Good Leaver' or 'Bad Leaver', the Committee has discretion to pay a departing executive's legal fees subject to any such payment being made in accordance with the terms of a compromise agreement which waives all claims against the Company.

DIRECTORS' REMUNERATION REPORT • REMUNERATION POLICY

Typical treatment in relation to salary, benefits and outstanding incentive awards for leavers under each scenario is shown below:

Nature of termination	Salary and benefits	Short-Term Incentive Scheme	Long-Term Incentive Plan
By executive or company giving notice (and where deemed to be a Bad Leaver).	Normally cease on date employment ends. Payment may be made for any unused holiday entitlement. Discretion for the Company to make a payment in lieu of notice, which may comprise salary and benefits, and may be made in a single payment or in monthly instalments. Where payments are made monthly the executive is under an obligation to mitigate their loss and monthly payments will cease or reduce upon the executive accepting alternative employment.	No grants following service of notice. Right to cash payment and unvested deferred share awards cease on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.	No grants following service of notice. Unvested awards lapse on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.
By company summarily (Bad Leaver).	If leaving by reason of redundancy, the payment may include statutory redundancy pay.	No further grants. Right to cash payment and unvested deferred share awards cease on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.	No further grants. Unvested awards lapse on date employment ends. Outstanding options must be exercised within 6 months of date employment ends.
Under special circumstances: Good Leaver Status whether leaving by reason of death, injury or disability, redundancy, retirement with the agreement of the Committee, the sale of employing business, or other special circumstances (such as terminal illness) at the discretion of the Committee.		Discretion to make further grants during a notice period where this is considered to be in the Company's interests. Where employment ends before deferred share awards made, at the discretion of the Committee, the award may be retained. If retained, the Committee has discretion to allow the award to vest in accordance with original terms, or determine award is to vest on ceasing to be employed and will also assess the extent to which targets have been met. In either case the award will be pro-rated to reflect the period of the performance period that has been worked and will be paid in cash. The Committee has discretion to pro-rate using a longer period. Where employment ends after deferred share awards made, the award will be retained and vest in accordance with original terms. The Committee has discretion to allow the award to vest on ceasing to be employed. All outstanding options must be exercised within 6 months of the date on which employment ends or on which they vest (whichever is later), unless the Committee specifies a longer period.	No further grants. Where employment ends before share awards vest, at the discretion of the Committee the award may be retained. If retained, the Committee has discretion to allow the award to vest in accordance with original terms or, by exception, may determine awards to vest on ceasing to be employed and will also assess the extent to which the targets have been met. In either case the award will be pro-rated to reflect the period of the performance period that has been worked. The Committee has discretion to pro-rate using a longer period. All outstanding options must be exercised within 6 months of the date on which employment ends or on which they vest (whichever is later) unless the Committee specifies a longer period.

Share awards may vest early in the event of a takeover, winding up or other corporate event. The Committee will determine the number of shares that vest under an award in these circumstances in accordance with the relevant share plan rules. Deferred share awards will vest in full.

Non-executive directors

- Appointments are made under a contract for services for an initial term of three years subject to election by shareholders at the first Annual General Meeting following their appointment and annual re-election thereafter.
- Non-executive directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any renewal is subject to Board review and AGM re-election.
- The terms of an appointment are set out in a letter of appointment which can be terminated by either party with three months' notice or immediately if termination is as a result of not being elected at the AGM.
- There are no compensation terms regardless of the circumstances that may lead to a contract being terminated.

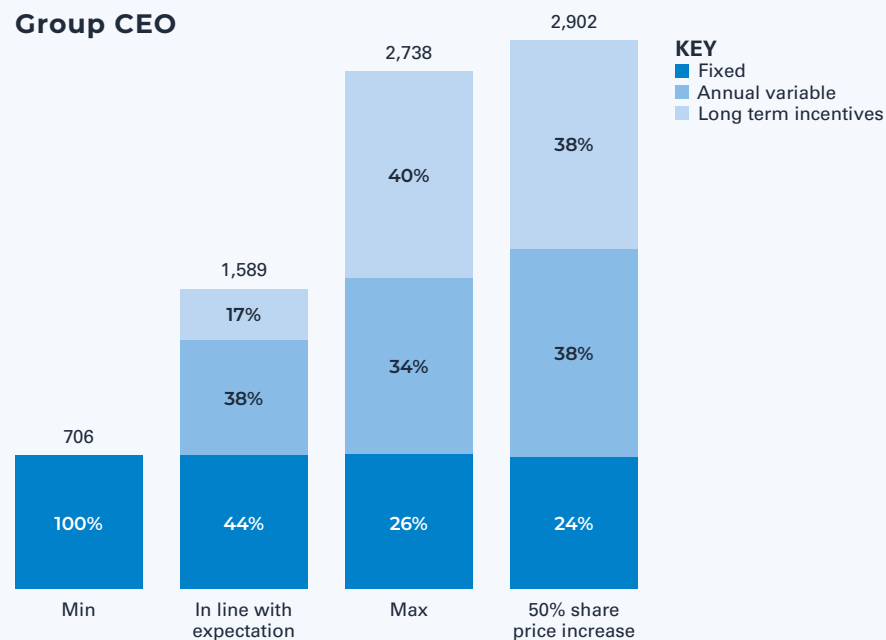
Executives' other directorships

Executives may, if approved by the Board, accept appointments as non-executive directors of suitable organisations. Normally fees for such positions are paid to the Company, unless the Board determines otherwise.

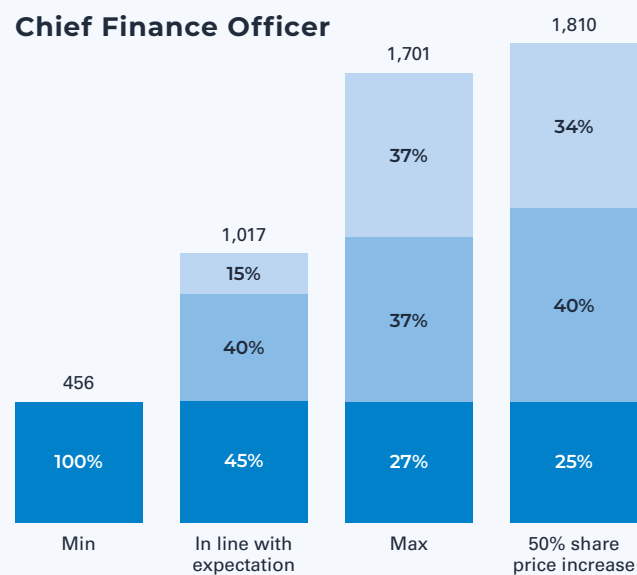
Illustration of the application of the Policy

The following charts provide estimates of the potential future reward opportunities for each executive under the new Policy in 2026, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'In line with expectation', 'Maximum' and '50% share price increase'. The illustration assumes that the Policy applies throughout the period.

Group CEO



Chief Finance Officer



'Minimum' comprises fixed pay only, being salary, pension and benefits.

Performance in line with expectation assumes that the STIS and LTIP payments are at 65.0% and 25.0% of their maximum respectively for the Group CEO and the Group CFO.

The estimate of the maximum remuneration receivable assuming the Company's share price increases by 50% over the performance period for any long-term incentive is reflected in the 4th column of the charts above.

Statement of consideration of wider pay and conditions

In setting the Directors' Remuneration Policy, the Remuneration Committee considered the pay and employment conditions of employees across the Company and the wider Group, including base salary increases, incentive arrangements, and benefit provision, to ensure the Policy remains fair and consistent with the approach taken for employees generally. The Company did not consult with employees when drawing up the Directors' Remuneration Policy. The Committee was informed of workforce pay and conditions through regular reporting from management and the Human Resources function and the Remuneration Committee chair participated in the Employee Forum in December 2025 alongside the CEO.

Statement of shareholder views

The Remuneration Committee is committed to maintaining an ongoing dialogue with our shareholders and takes into account the views of proxy voting agencies and representative bodies such as the Investment Association, Glass Lewis and Institutional Shareholder Services. A significant consultation exercise was undertaken as part of the development of this Policy.

Approval

This report was approved by the Board of Directors on 23 March 2026 and signed on its behalf by:

Eamonn

Eamonn Flanagan
Chair of the Remuneration Committee

AUDIT & RISK COMMITTEE REPORT

“Our focus in the year has included acquisitions, the Scildon merger, Corporate Governance reform provision 29 and our Climate Transition Plan.”

GAIL TUCKER, CHAIR



AUDIT & RISK COMMITTEE REPORT

NUMBER OF MEETINGS DURING YEAR: 5

MEMBERS:

Gail Tucker

Member (appointed 29 January 2025) and Chair (appointed 13 May 2025)

Jane Dale

Chair (stepped down 13 May 2025)

Eamonn Flanagan

Member

Sam Tymms

Member (appointed 6 June 2025)

Karin Bergstein

Member (stepped down 6 June 2025)

The requirements for the composition of the Audit & Risk Committee are detailed within its terms of reference. The composition of the committee in accordance with the requirements of the UK Corporate Governance Code and with DTR 7.1.1AR and committee member biographies are detailed on pages 94 to 95.

Chair's introduction

Welcome to the Audit & Risk Committee Report of the 2025 Annual Report and Accounts. It has been another busy year for the committee, with a packed agenda which has covered not only our business-as-usual activities but a number of other key areas of focus. These have arisen from various internal and external factors and include the acquisition of Chesnara Life; the announcement of the proposed acquisition of Scottish Widows Europe SA; the publication of our Climate Transition Plan; the merger of the two Dutch business units, Scildon and Waard; preparation for the implementation of the Corporate Governance Code Provision 29; and risk oversight over a number of key operational changes across the Group. Further detail on these, and more, has been provided below.

Acquisitions

The Company agreed a deal to acquire Chesnara Life from HSBC plc on 3 July 2025 for £260m. Following regulatory approval of the acquisition of Chesnara Life, now known as Chesnara Life (UK) Limited, completion of the transaction occurred on 30 January 2026. The purchase of the acquisition was supported by a £150m rights issue and an increase to the Company's Revolving Credit Facility (RCF) to £150m.

The Company agreed a deal to acquire Luxembourg based Scottish Widows Europe SA from Scottish Widows Limited on 17 February 2026 for a total cash consideration of €110m. The acquisition is due to complete before the end of 2026, subject to regulatory approval.

The committee's role is to focus on ensuring that the acquisition diligence process has been delivered in line with the Group's risk-based acquisition process; that all key benefits and risks are appropriately understood; and that the accounting and associated judgements for the transaction is in compliance with accounting standards. The committee members through the Board had oversight of the diligence and deal benefit assessment processes for these two transactions. The accounting and associated judgements will be brought to the committee during the course of 2026 for each of these acquisitions.

Merger of Scildon and Waard

The committee has been provided with progress reports on the merger of Scildon and Waard during the year, this included prior to receiving regulatory approval from DNB and the post-merger integration activity. The merger came into legal effect on 1 July 2025 and the portfolio transfer completed on 2 July 2025. The aim of the merger is to deliver material cost reductions and improved financial results.

Corporate governance reform provision 29

In January 2024 the Financial Reporting Council ('FRC') announced its revisions to the Corporate Governance Code. One of the main changes to the Code extends the disclosures that are expected regarding the Board's role in annually reviewing the effectiveness of the Company's risk management and internal controls framework. The 2024 code requests that boards explain through a declaration in their Annual Reports how they have done this and their conclusions from this work. These new disclosures will apply from periods beginning on or after 1 January 2025, with the exception of Provision 29, which is effective from 1 January 2026.

During the year the committee supported the development of the Material Controls Framework in line with Provision 29, providing challenge and oversight to ensure that Material Controls were appropriately identified and documented in a consistent and transparent manner. The committee also reviewed and recommended the 2026 Assurance Map to the Board, taking into account areas where risk indicators had operated outside appetite, material incidents and assurance findings during 2025, to support effective monitoring and assurance over the effectiveness of the control environment.

Sustainability – Climate Transition Plan

The committee's role in the Group's sustainability programme is to oversee any material reporting made by the Group in this area, as well as to oversee the Group's monitoring of sustainability-related risk exposures and consider the effectiveness of the internal control environment with regards to sustainability-related risks.

During the year, the committee regularly reviewed the sustainability-related risk exposures underlying the Group's principal risks, together with the mitigants in place to lessen or manage their impact. The updated principal risks, including those relating to sustainability-related risk exposures, which were reviewed by the committee and approved by the Board on the recommendation of the committee, are set out on page 84 of the strategic report. In September 2025, the Group published its first Climate Transition Plan, which details the actions that will be taken to decarbonise the investments and operations of the business. The committee provides risk management oversight of the Climate Transition Plan and considers the Climate Transition Plan as part of its ongoing assessment of the Group's control environment.

The committee oversees the production of the Group's Annual Sustainability Report (ASR) and reviews the TCFD (Task Force on Climate-Related Financial Disclosures) Report as part of the Annual Report and Accounts. The 2025 year end ASR has been published alongside these Annual Report and Accounts. Our ASR provides an update on our progress over the course of the year against our sustainability targets and commitments. As well as our ASR, these Annual Report & Accounts include a section covering the Group's Corporate and Social Responsibility.

Operational change and operational resilience

The Group has seen a reasonable level of operational change during the course of the year; the UK division continues to make progress with its programme to migrate its outsourced operations to one strategic partner. The committee's role has been to ensure that the risks associated with these changes are appropriately captured and managed. Detailed risk reporting and analysis is managed at a local level, and the committee has had full sight of this through a combination of direct interactions with local Audit Chairs coupled with coverage through the Group's Risk Reporting processes, via the quarterly Chief Risk Officer's risk report.

From an operational resilience perspective, the committee has continued to ensure that it is appropriately appraised regarding the Group's operational resilience. This has included obtaining updates regarding the status of the UK's operational resilience programme, in line with regulatory requirements. Alongside this the committee oversaw the embedding and testing of the Group's Cyber Response Framework, which is designed to ensure that the Group is appropriately positioned to respond to any cyber incidents.

AUDIT & RISK COMMITTEE REPORT

Governance

The committee has continued to oversee some of the Group's core governance processes. This has included:

- Monitoring the risk management and internal control system: the annual Risk Management and Internal Control Report was reviewed and challenged by the committee during the year. This concluded that the overall Internal Control Framework has remained effective during the year, that the Group has responded appropriately to any risks or issues which have arisen, and that any control deficiencies identified are being appropriately addressed.
- Systems of governance effectiveness: the committee oversaw the Group's annual assessment of the effectiveness of its systems of governance. This concluded that there were no major areas of concern.
- Committee evaluation process: the committee performed its own evaluation process during the year and concluded that it has operated effectively during the year. The evaluation also highlighted areas the committee members wish to focus on in the year ahead, as set out below.

Looking forward

As ever, there is a full agenda ahead, much of which reflects a continuation of work that is currently in train. As well as the committee's business as usual activities particular focus will be given to:

- **Sustainability reporting:** This continues to develop rapidly with different regimes applying in the UK and Europe. The committee will look to ensure that regulatory reporting is delivered on time and to a good standard. Specifically, during 2026, the committee will oversee the Group's implementation of the initial stage of the PRA's Supervisory Statement 5/25 'Enhancing banks' and insurers' approaches to managing climate-related risks'. The committee will also be monitoring the endorsement process for UK Sustainability Reporting Standards S1 and S2 and overseeing the production of implementation plans, in line with the expected mandatory reporting for the Group for the year ending 31 December 2027.
- **Corporate governance code:** This new UK legislation is to formalise the monitoring of the internal Risk Management and Internal Control Framework effectiveness which comes into effect 1 January 2026. The committee will need to oversee the continued embedding and operation of the Material Controls Framework. The committee will monitor progress, review outcomes and provide oversight and challenge to support the Board in fulfilling its Provision 29 reporting obligations.
- **Operational change:** There are a number of operational change programmes across the Group, including the UK's transformation programme. The committee will continue to ensure that it monitors the risks around operational change across the Group.
- **Group operational resilience:** The committee will be focusing on ensuring that it is satisfied that the Group remains materially operationally resilient, with appropriate recovery plans in place. This will include monitoring emerging regulation and industry practice. A particular focus will be on the integration of Chesnara Life and progress on the acquisition of Scottish Widows Europe SA.
- **Acquisitions:** The committee will have oversight and regular reporting as the acquisition of Scottish Widows Europe SA progresses. Should the Group enter into any further acquisition processes over the course of 2026 the committee will ensure that it has the appropriate oversight over the process, commensurate with the size and complexity of the target, mindful of any industry developments that will need to be considered in any future acquisition diligence process. Any associated benefits and risk analysis will be scrutinised by the committee.

- **External audit tender:** In accordance with the Statutory Auditors and Third Country Auditors Regulation which requires Public Interest entities to conduct an audit tender, the Chair of the committee in conjunction with the rest of the committee has decided to commence and conclude the external audit tender process during 2026 with the appointment of the new auditors planned to commence on 1 January 2028. This will provide adequate time to deliver a robust tender process, address any conflicts that may arise and facilitate a smooth transition, giving opportunity for a thorough handover between the new and outgoing auditors.
- **Tax oversight:** As the Group becomes more complex, with more complex transactions and arrangements in place, the committee's role will be to ensure that tax risks around the Group are being appropriately identified and managed. This includes the implementation of the new BEPS 2.0 requirements.
- **Financial reporting controls:** From a financial controls perspective it remains critical that the committee has good oversight over any financial reporting control risks across the Group. In particular the committee will focus on areas of operational change such as acquisitions and the new IFRS 18 Presentation and Disclosure in Financial Statements.

This is my first report as Chair of the Audit & Risk Committee. I would like to thank my fellow committee members for making me feel so welcome. I would also like to thank everyone at Chesnara for their hard work and enthusiasm over the past busy year.

Gail

Gail Tucker
Chair of the Audit & Risk Committee
23 March 2026

Role of the Audit & Risk Committee

The role of the Audit & Risk Committee includes assisting the Board in discharging its duties and responsibilities for financial reporting, corporate governance and internal control. The scope of its responsibilities also includes focus on risk management: accordingly, it also assists the Board in fulfilling its obligations in this regard. The committee is also responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor. The committee's duties include keeping under review the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the external auditor. The full terms of reference of the Audit & Risk Committee are available on our website www.chesnara.co.uk.

The Chesnara Audit & Risk Committee has responsibilities over a combination of both risk and audit matters. An update against each of these two key obligations has been provided below.

Audit responsibilities

This section of the report includes the following:

- 1. Activities during 2025:** A summary of the work performed by the Audit & Risk Committee during the year.
- 2. External audit:** Further detail of how the committee has overseen various aspects of the external audit process.
- 3. Internal audit:** The work performed by the committee in overseeing the Internal Audit function of Chesnara.
- 4. Significant issues:** Provides some insight into the significant issues that the committee has considered during the year in relation to the financial statements, and how these were addressed.

1. Activities during 2025

The committee's work is driven by a combination of business as usual ('BAU') activities and non-standard areas that have required attention during the year. The committee has focused on the following non-BAU areas during 2025; acquisitions, transformation programmes, the Group's operational resilience programme; climate change and sustainability reporting; and conduct regulatory developments, including the UK's Consumer Duty. A summary of all the activities performed by the committee during 2025 in relation to its audit responsibilities is summarised below:

Financial reporting	Annual Report and Accounts: Reviewed the Annual Report and Accounts, including; compliance with accounting standards, accounting policy appropriateness; consideration of any other financial reporting changes and emerging practice; whether they are fair, balanced and understandable; and disclosures surrounding going concern, prospects and longer-term viability. See significant issues section on pages 137 to 138 for further details on certain aspects of this year's accounts. Half year report: Reviewed and challenged the Chesnara Half Year Report for the six months ended 30 June 2025.	Actuarial assumptions: Reviewed and challenged the actuarial assumptions underpinning the quarterly financial reporting process, covering IFRS and Solvency II. See significant issues section on pages 136 to 137 for further detail. Solvency narrative reporting: Reviewed the Chesnara Group Solvency and Financial Condition Report, which is published annually on the Chesnara website and sent to the Prudential Regulation Authority. Financial performance: Monitored and scrutinised the financial performance of the Group, covering IFRS, Solvency, Cash Generation and expenses.
	External audit plans: Reviewed the groupwide plans of the external auditor, including consideration of the key audit risks. External audit quality: Assessed the quality of the external auditor during the year. This has included, amongst other things, consideration of feedback from management, and having reviewed the positive findings from the FRC's Audit Quality Review of the 2024 audit which had no actions arising.	External audit reporting and feedback: Reviewed key findings reported by the group external auditor on the Annual Report and Accounts, including key judgements and control matters. As part of its interactions with the external auditor the committee met with the external auditor without the presence of executive directors. External audit independence: Reviewed the assessment regarding the independence of the external auditor, with specific consideration given to audit fees and the nature and volume of the services delivered by the external auditor during the year.
Internal audit	Oversight of Internal Audit function during the year: The committee reviewed the work of the Internal Audit functions across the Group, via interactions with local Audit & Risk Committees, and their subsequent findings. See page 133 for more information. Evaluation of internal audit effectiveness: The committee evaluates the effectiveness of the Group and UK internal audit on an annual basis and concluded that the function remains appropriate for the business.	Review of internal audit findings: Received regular updates from business unit Audit & Risk Committees regarding key findings from internal audits that have been performed during the year. Reviewed the internal audit findings and management responses for the Company.
Other	Feedback from divisional Audit & Risk Committees: Reviewed and challenged regular feedback provided by representatives of the Group's divisional Audit & Risk Committees. The Audit & Risk Committee met with the independent Chairs of the Audit & Risk Committees in Sweden and the Netherlands during the year. Whistleblowing: Reviewed compliance with its whistleblowing policies and related control systems and has established reasonable assurance that both have operated effectively.	Committee Terms of Reference: Reviewed its Terms of Reference during the year and completed its annual assessment of compliance with its Terms of Reference. Performance evaluation: Conducted an evaluation of the committee's performance during the year, which was completed by members of the committee. The review showed that the committee performed well across all aspects of the assessment framework.

AUDIT & RISK COMMITTEE REPORT

2. External audit

Quality and effectiveness of the audit process

The quality and effectiveness of the external audit process is reviewed on an annual basis and had regard to the following factors:

- The quality of the background papers and verbal presentations to the committee on the audit planning process and final audit findings and compliance with independence criteria;
- The rationale put forward for the materiality limits established and the explanation given of the impact these have had on the work performed;
- The views of the executive on the way in which the audit has been conducted;
- The positive findings from the FRC’s Audit Quality Review of the 2024 audit which had no actions arising; and
- The audit fees charged and the change in fees from the previous year. Changes in annual fees do, of course, need to reflect change in the nature of the Company’s business which has expanded over time.

It was concluded that the audit process was effective.

Provision of non-audit services and independence

The committee has in place a policy on the engagement of the audit firm for non-audit services. Approval is granted where the service is clearly related to the process of audit services, including regulatory returns (‘assurance services’). In other cases, the approval of the committee is required and documented governance processes are followed.

The committee regularly monitors the level of fees paid for non-audit services to ensure, over a period of years, that these represent a low proportion of total fees paid. Reports from the auditor on independence are also reviewed annually and discussed with the auditor. Prior to the approval of Deloitte becoming the Reporting Accountant for the rights issue prospectus a specific review was conducted on expected fees and independence.

Details of the fees paid to Deloitte, and its associates, for both audit and non-audit services during the year have been provided below:

Audit fees	2025 £000	% proportion	2024 £000	% proportion
Audit services	2,281	81	2,077	92
Assurance services	539	19	186	8
Total	2,820		2,263	

Audit services

The fees charged for audit services have increased when compared with 2024. The key reasons for the £204k increase were in relation to additional recurring scope work, one-off scope work and inflation increase.

Audit fees of £1,007k (2024: £1,012k) were paid to EY during the year for the audits of Scildon, Waard Schade and Movestic.

Assurance services

Assurance services totalling £539k (2024: £186k) were provided by Deloitte in 2025 and consisted of £175k (2024: £171k) relating to an annual CASS audit of CASFS Limited, and £16k (2024: £15k) relating to assurance on the Group’s covenant compliance. The audit of regulatory returns was performed for the first time this year and the fees were £348k (2024: £nil).

Non-audit services

Non-audit services totalling £1,290k (2024: £nil) were delivered in 2025. The non-audit services in 2025 were in relation to the rights issues prospectus, £1,210k, and the restricted Tier bond, £80k.

3. Internal audit

Within Chesnara, Internal Audit operates as separate functions across each business unit. These functions report to their respective Audit & Risk Committees, which hold primary oversight and supervisory responsibility. This includes deciding how the local Internal Audit functions are resourced, resulting in a combination of outsourced and in-house capabilities.

At group level, the Chesnara Audit & Risk Committee has established three overarching principles that all business units are required to follow. The committee also receives periodic updates from each business, including details on the composition of the audit plan, progress against that plan, and any significant issues identified.

The UK-based Internal Audit team’s remit extends to the Parent Company. Accordingly, the committee receives similar periodic updates on the Chesnara audit plan throughout the year, consistent with the reporting provided to the local committees.

Across the Group, Internal Audit covered a broad range of topics including Operational Resilience, CASS, Anti Money Laundering controls, Unit Pricing, Remuneration, Legal Compliance, Product Governance, Data Quality, Outsourcing, Asset Management, and Sustainability and Business Continuity Planning.

4. Significant issues

The table below provides information regarding the significant issues that the committee has considered in relation to the preparation of the Annual Report and Accounts. This includes consideration of matters communicated by the auditors.

Area of focus	Reporting issue	Role of the committee	Conclusion/action taken
Valuation of Chesnara plc's investment in CA plc	Chesnara plc's solo balance sheet includes the value of its investment in its various subsidiaries. These are typically carried at cost and are reviewed at least annually for impairment. As a result of dividend payments over time, at some point the underlying value of the Group's closed-book subsidiaries will become lower than the carrying value that it is held at in the Chesnara plc balance sheet, resulting in a need to write down the carrying value.	The committee's role is to review and challenge management's paper covering the assessment of the carrying value of Chesnara's investment in its subsidiaries. This includes scrutinising the underlying assumptions underpinning the 'value in use' assessment and the conclusions made.	As a result of the annual impairment process, it was concluded that the carrying value of Chesnara plc's investment in Countrywide Assured plc required writing down by £28.2m. This reflects that the underlying value of Countrywide Assured has reduced, largely because of its continued dividend streams up to Chesnara plc. Further detail can be found on page 171.
Impairment assessment of AVIF intangible assets	The Group IFRS balance sheet includes intangible assets (the 'AVIF' assets), representing the acquired value of the in-force policies at the point of previous acquisitions, which is amortised over the estimated profit profile of the associated policies that were acquired. An impairment test of these intangible assets is required on an annual basis.	The committee is required to review the work performed by management in assessing the carrying value of the AVIF intangible assets, including scrutinising the assumptions made, and conclusions drawn.	The review did not identify any material impairment losses. As a result of this, no losses have been posted for 2025. Further detail can be found on page 195.
UK expense assumptions used in determining insurance contract provisions	The actuarial reserving process for the UK division includes an assumption on the future expenses that are required to run the business. This includes making judgements on the re-phasing of the Transition and Transformation migration delivery programme as a result of the Chesnara Life acquisition and the revised timing of projected expense reductions, which also reflect an expectation that a portion of the costs will be allocated to Chesnara Life following completion.	The responsibility of the committee is to satisfy itself that the judgements underpinning the projected future expenses required to run the UK life insurance operations are appropriate, and to ensure these judgements are appropriately reflected in the year-end 2025 financial statements.	The committee is satisfied that the expense assumptions included in the valuation of the insurance contract liabilities of the UK division on 31 December 2025 are appropriate and that they are suitably described in note A6 on page 171.
Actuarial assumptions	A key aspect of the Audit & Risk Committee's role is to review and challenge the actuarial assumptions that underpin the valuation of the policyholder liabilities in the financial statements. The assumptions are inherently judgemental and are updated at least annually to reflect the facts and circumstances available at the time. The assumptions are underpinned by a combination of internally observed experience coupled with data that is available at a market level. The key assumptions include estimates over: – future mortality and morbidity rates; – future lapse assumptions; – future expense required to manage the policies in force; and – policyholder options and guarantees.	The committee's role is to review and challenge the actuarial assumptions report which underpins the valuation of insurance liabilities.	The committee concluded that the actuarial assumptions were appropriate. Disclosures over key judgements are included in note 3 and note 30 of the IFRS financial statements.

Risk responsibilities

This section of the report provides information regarding the risk oversight responsibilities of the Audit & Risk Committee.

General responsibilities

Overall, the committee is responsible for:

- the Group's risk management and internal control systems and their effectiveness;
- overseeing the Group's risk profile in the context of its current and future strategy;
- discussing and recommending to the Board for approval, the Group's risk appetite statement, reverse stress testing and scenario stress testing;
- advising the Board on proposed changes to the Group's risk appetite statement where this is deemed appropriate;
- monitoring risk exposures across the Group and advising the Board where such exposures do not appear to accord with the Group's risk appetite statement;
- reviewing the Group's capability to identify and manage emerging and new risk types;
- challenging the regular stress and scenario testing of the Group's business;
- determining whether there is a sufficient level of risk mitigation in place;
- overseeing due diligence of a major strategic transaction, including any proposed acquisition or disposal, prior to the Board taking a decision to proceed with a view to ensuring that the Board is aware of all material risks associated with the transaction;
- considering the adequacy and effectiveness of the Cyber Response Framework, including resilience, and supporting documentation in the Risk Management System and framework;
- considering and approving the remit of the Risk function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- providing qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to any performance objectives; and
- considering and recommending to the Board for approval, the Group's risk related regulatory submissions, including the ORSA.

AUDIT & RISK COMMITTEE REPORT

Focused activities performed during the year

Further information is provided below with regard to the more focused activities that the committee has performed during the year in discharging its risk oversight responsibilities.

Acquisitions

The committee members, through the Board, have overseen the due diligence for the acquisition of Chesnara Life and Scottish Widows Europe SA, including overseeing that the Board is appropriately informed of all appropriate material risk, in particular the implications for the risk appetite and tolerance of the Company, taking independent external advice where appropriate.

The committee has overseen the risk reporting surrounding these activities and monitoring has been appropriate and that management has responded to any associated risks as they emerge.

UK transition and transformation

The Audit & Risk Committee has continued to be updated on the multi-year programme to migrate our policy administration services and newly acquired books of business to SS&C Technologies. The committee is satisfied that there is appropriate visibility of the key strategic risks and that appropriate mitigants have been in place, with regular and transparent reporting on programme progress.

IT/data security and cyber risk

The committee's risk responsibilities include overseeing management's plans to continue to ensure the Group remains resilient to IT risks. This includes monitoring results from various initiatives such as the Group's 'phishing' tests, cyber-attack simulations and penetration testing. Chesnara has embedded a groupwide Cyber Response Framework to guide the Group in preparing and responding effectively to a cyber-attack which includes a new Cyber Response Playbook aimed to be tactical and operational, used directly by responders during live incidents. The committee was satisfied that the Group's IT risk programme continues to focus on the right priorities and this ever-evolving area.

Global market instability

Ongoing global conflict and economic uncertainty remains a prominent emerging risk for the Group, with potential for inflation driven expense risk and future investment returns being the affected key areas with greatest potential impact. As a result of these observations the committee has obtained regular updates from management on potential impacts. This has included consideration of the following:

- Financial results volatility;
- Increased expense base with wage inflation and increasing supplier costs; and
- 3rd party/supplier failure risks.

The committee is satisfied that management is monitoring these risks closely, and that the Group's ORSA process suitably examines these scenarios.

Operational and regulatory change

There are a number of operational and regulatory change projects across the Group, and as a result the committee has been monitoring these closely. Activity across the Group includes:

- integration and Part VII activity for the acquisitions of Canada Life;
- the UK Transition and Transformation project including moving to a new outsourced admin provider, SS&C;
- the merger of our Dutch entities into one combined insurer;
- Corporate governance reform provision 29;
- operational resilience; and
- climate change risk and sustainability.

The committee was satisfied that the risk reporting surrounding these programmes has been appropriate and that management has responded to any associated risks as they emerge.

Regular activities performed during the year

Further information is provided below with regard to the 'business as usual' activities that the committee has performed during the year in discharging its risk oversight responsibilities:

- **Quarterly risk reporting:** During the year the committee reviewed the quarterly group and divisional risk reports on the identification, evaluation and management of principal risks across the Group, including any emerging risks. The quarterly risk reporting included 'in focus' topics as required and reports against the Group's 'watchlist' of items.
- **Principal risk definition:** Reviewed and challenged the Group's definition of principal risks for the purpose of reporting and monitoring against these risks, including how they are mitigated through the Group's Internal Control Framework.
- **Dividend proposal:** The committee considered the interim and final dividend proposal review document prepared by the Group Chief Risk Officer.
- **Risk plan review and sign off:** The committee reviewed and approved the Group and divisional risk plans and associated resourcing needs.
- **Internal control report:** The committee reviewed and approved the annual internal controls assessment report, which concluded that the overall Internal Control Framework has remained effective during the year, that the Group has responded appropriately to any risks or issues which have arisen, and that any control deficiencies identified are being appropriately addressed.
- **Systems of governance review:** An annual review of the effectiveness of the systems of governance review was facilitated by the Risk function. This considered a number of areas of the overall system of governance including its completeness, effectiveness, its use and the overall culture. This concluded there were no major areas of concern. Any areas for improvement have been built into future plans, with suitable priorities attached.
- **ORSA review:** The committee reviewed the 2024 Group ORSA and made a formal recommendation to the Board to approve it. The ORSA includes the outcome of the Group's stress and scenario testing. The stresses that are modelled are reviewed and approved as part of the ORSA planning process, and the results are included in the final ORSA report.
- **Risk appetite:** Reviewed and re-approved the Group's Risk Appetite Framework, including reviewing and challenging the key risk indicators/tolerance limits and key business performance measures.
- **Review divisional Audit & Risk Committee progress:** Received and challenged updates provided by divisional Audit & Risk Committees.
- **Continuous solvency monitoring:** Reviewed the output from the Group's continuous solvency monitoring activities. There were no issues arising from this process during the year.
- **Standard formula assessment:** As part of its annual cycle, the Actuarial function performs an assessment of the appropriateness of the standard formula for the purposes of calculating the Group's capital requirements under Solvency II. The work and associated findings was reviewed and challenged by the committee as part of the ORSA process.

Assurance

Taken together, the Group's Risk function and Internal Audit function ensure that the committee is provided with appropriate assurance throughout each year. The second-line Risk function ensures independent review and challenge of business performance and activities with the opportunity to influence areas of review to be undertaken by the independent third-line Internal Audit function. The committee can direct the activity of either function as circumstances require, amending work plans to accommodate deep dives if felt appropriate to do so. The committee leverages these functions within the Group's proportionate three lines of defence model in addition to engaging with and having Board representation on the business unit Audit & Risk Committees which themselves have local Risk and Internal Audit functions. In this way, and through receiving assurance reports from each business unit on a quarterly basis, the committee satisfies itself with regard to the assurance it obtains on the Group's activities and performance.

Gail

Gail Tucker
Chair of the Audit & Risk Committee
23 March 2026

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of Chesnara plc for the year ended 31 December 2025. The Corporate Governance Report on pages 98 to 103 forms part of the Directors' Report.

Chesnara plc – Company No. 4947166

The following information, that has been included by way of a cross reference to other areas of the Annual Report and Accounts, is required by the Companies Act to be included within the Directors' Report:

Requirements/reference

Financial risk management objectives and policies

The financial management section on pages 53 to 54 and the risk management section on pages 55 to 66.

Exposure to price risk, credit risk, liquidity risk and cash flow risk

Note 6 'Management of financial risk' to the IFRS Financial Statements.

Likely future developments

The business review section on pages 39 to 45.

Greenhouse gas reporting

The corporate and social responsibility section on pages 73 to 79.

Environmental, employee and social community matters

The corporate and social responsibility section on pages 69 to 72.

Directors

Full information of the directors who served in 2025 and to the date of signing is detailed in the Corporate Governance Report on pages 96 to 103.

Detail of the non-executive directors who served as Chairs and members of the Board committees of the Board are set out in the Corporate Governance Report on pages 96 to 103. Information in respect of the Chair and members of the Remuneration Committee and in respect of directors' service contracts is included in the Remuneration Report on pages 108 to 131, which also includes details of directors' interests in shares and share options. The Chair and all the non-executive directors will retire at the Annual General Meeting and offer themselves for election or re-election as appropriate. All of the executive directors have service contracts with the Company of no more than one year's duration and will offer themselves for re-election at least every three years.

The service contracts of all the directors are retained at the Company's office and will be available for inspection for 15 minutes prior to the Annual General Meeting. No director had any material interest in any significant contract with the Company or with any of the subsidiary companies during the year.

The directors benefited from qualifying third party indemnity provisions in place during the years ended 31 December 2024 and 31 December 2025 and the period to 23 March 2026.

Director evaluations

During the year, the Chair evaluated the performance of all appointed directors in one to one meetings and the Senior Independent Director evaluated the performance of the Chair. It was confirmed that each director continued to make effective contributions in their role and to the Board as a whole.

Director appointments

With regard to the appointment and replacement of directors, the Company followed the UK Corporate Governance Code 2018 during the financial year ending 31 December 2025 and is governed by its Articles of Association, the Companies Act 2006 and related legislation. The Articles of Association may be amended by special resolution of the shareholders. The Company follows the UK Corporate Governance Code 2024 since 1 January 2025.

Share capital

Details of the issued share capital, together with details of movements in the issued share capital of Chesnara plc during the year are shown in note H1 to the IFRS Financial Statements which is incorporated by reference and deemed to be part of this report.

The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As at 31 December 2025, the Company had 230,899,448 ordinary shares in issue, of which none were held as treasury shares. During the year, no treasury shares were held or traded.

In order to retain flexibility, the Company proposes to renew the authority granted by ordinary shareholders at the Annual General Meeting in 2025, to repurchase up to 10% of its issued share capital. Further details are provided in the Notice of this year's Annual General Meeting.

At the Annual General Meeting in 2025, shareholders approved resolutions to allot shares up to an aggregate nominal value of £5,033,034 and to allot shares for cash other than pro rata to existing shareholders. Resolutions will be proposed at this year's Annual General Meeting to renew these authorities.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. There are no specific restrictions on the size of holding nor on the transfer of shares which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. The directors have no current plans to issue shares.

Articles of Association

The Company's Articles of Association may only be amended by special resolution of the Company at a general meeting of its shareholders.

Conflicts of interest

Procedures are in place to ensure compliance with the directors' conflict of interest duties as set out in the Companies Act 2006. The Company has complied with these procedures during the year and the Board considers that the procedures operated effectively. During the year, details of any new conflicts or potential conflicts were advised and submitted to the Board for consideration, and where appropriate, approved.

There were no material conflicts of interest noted in 2025.

DIRECTORS’ REPORT

Results and dividends

The consolidated statement of comprehensive income for the year ended 31 December 2025, prepared in accordance with United Kingdom adopted international accounting standards and set out on page 152 shows:

	2025 £m	2024 £m
Post-tax loss for year attributable to shareholders	(10.4)	3.9

The Group IFRS results are reported under IFRS 17 in the annual financial statements.

An interim dividend of 7.70p (2024: 7.48p⁴) per ordinary share was paid by Chesnara on 17 October 2025. The Board recommends payment of a final dividend of 14.80p (2024: 13.96p⁴) per ordinary share on 20 May 2026 to shareholders on the register at the close of business on 7 April 2026.

The Chesnara Dividend Policy is directly influenced by two key factors. We firstly recognise that our shares are predominantly held as a source of predictable and sustainable income. Our primary aim is therefore to provide an attractive yield with steady growth where possible.

However, our aim to satisfy investor expectations cannot and will not be delivered at the expense of financial security and solvency. As such, dividend capacity is assessed giving full regard to our Group Capital Management Policy which currently prohibits dividends to be declared that would result in Chesnara having a solvency ratio below 110%.

Total dividend as a ratio of cash generated



Considerations

Cash Generation	Historic and projected Cash Generation levels need to support any dividend payment although there is no explicit requirement for the current year’s Cash Generation to cover the dividend.
Solvency	The Company’s risk appetite solvency level is 140% of SCR, however, the Board is prepared to approve dividend distributions such that, post payment of the dividend, the solvency position of the Group is at least 120% of SCR.
Acquisition strategy	The Chesnara business model is based upon making future acquisitions and any dividend payments consider the financial requirements to continue to deliver our acquisition strategy.
Investor expectations	In addition to a stable and attractive dividend yield our investors value predictability and sustainability of earnings. As such, under normal circumstances, ‘special dividends’ are unlikely.

The chart above shows the coverage of cash generated over the dividend paid in each respective year. Over the past 5 years, £194m of dividends have been paid at an average annual yield of 8.7% (based on average annual share prices) representing a Cash Generation coverage of 1.45 against dividends paid.

⁴Dividend per share has been rebased to reflect the rights issue bonus factor of 1.15x applied to historical dividend per share metrics.

The Board makes dividend decisions having regard to a range of management information, reports and policies including the Group ORSA, group business plan, solvency analyses including sensitivities, analysis of historic financial results and the Group Capital Management Policy.

Substantial shareholdings

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure and Transparency Rules (DTR), is published via a Regulatory Information Service and is available on the Company's website. The Company had been notified under Rule 5 of the DTR of the following interests in voting rights in its shares.

Name of substantial shareholder	Total number of ordinary shares held	Percentage of the issued share capital as at 31 December 2025
Columbia Threadneedle Investments	27,329,839	11.84%
aberdeen plc	15,003,096	6.50%
Hargreaves Lansdown Asset Mgt	19,661,694	8.52%
Interactive Investor	17,562,872	7.61%
M&G Investments	13,551,768	5.87%
Royal London Mutual Assurance Society	11,110,316	4.81%
Janus Henderson Investors	7,802,834	3.38%
Blackrock Inc	7,683,550	3.33%
Canaccord Genuity Group Inc	7,416,731	3.21%
Dimensional Fund Advisors	7,197,929	3.12%

Subsequent to 31 December 2025 there have been changes to this position and the holdings as at 27 February 2026 are shown below. No other person holds a notifiable interest in the issued share capital of the Company.

Name of substantial shareholder	Total number of ordinary shares held	Percentage of the issued share capital as at 27 February 2026
Columbia Threadneedle Investments	25,301,696	10.96%
Hargreaves Lansdown Asset Mgt	19,481,054	8.44%
Interactive Investor	17,552,056	7.60%
aberdeen plc	14,483,426	6.27%
M&G Investments	13,551,768	5.87%
Royal London Asset Mgt	11,116,193	4.81%
Janus Henderson Investors	7,794,871	3.38%
Dimensional Fund Advisors	7,097,320	3.07%

Chesnara plc has no multiple voting rights or voting certificates relative to total voting rights and no issued share capital is composed of non-voting shares. Depositary receipts represent 0% of voting rights and our free float percentage of voting rights exceeds 98%.

Related party transactions and significant contracts

During the year ended 31 December 2025, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in which any director has or had a material interest.

There were no significant contracts with substantial shareholders during the year.

Post balance sheet events

On 2 February 2026, the Company announced its completion of the acquisition of HSBC Life (UK) Ltd (then renamed to Chesnara Life (UK) Limited). Furthermore, on 17 February 2026, the Company entered into an agreement to acquire 100% of the issued share capital of Scottish Widows Europe SA, a Luxembourg based closed life insurance business, from Scottish Widows Limited (a subsidiary of Lloyds Banking Group plc) for a total cash consideration of €110 million, subject to customary regulatory approvals.

Charitable donations

Charitable donations made by Group companies during the year ended 31 December 2025 were £89,663 (2024: £9,941). We have provided financial and non-financial assistance to charitable organisations including UNICEF, The Money Charity, NSPCC, The Wildlife Trust and Just DiggIt. UK colleagues also can donate through a Give as You Earn scheme, supported by the Charities Aid Foundation.

No political contributions were made during the year ended 31 December 2025 (2024: £nil).

Employees

The average number of employees during 2025 was 346 (2024: 355).

DIRECTORS’ REPORT

Employee involvement

The Group believes that employee communication and consultation is important in enhancing the company culture and connectivity, and in motivating and retaining employees. An open communications programme enables all employees to understand key strategies and other matters of interest and importance, quickly and efficiently. The communication includes face-to-face briefings, open discussion forums with executive and senior management and updates via email.

Business relationships

Throughout the year, the directors have had regard for the need to foster the Company’s business relationships with suppliers, customers and stakeholders, including on the principal decisions taken by the Company during the financial year. Information supporting this is provided in the Section 172 disclosures on pages 32 to 35.

Going concern statement

After making appropriate enquiries, the directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements. Further details can be found within the financial management section on page 54.

Viability Statement

In accordance with Provision 30 of the 2024 UK Corporate Governance Code, the directors have assessed the prospects of the Group over a period longer than the 12 months required by the ‘going concern’ provision. The Viability Statement, aligned with Provision 31 of the 2024 UK Corporate Governance Code, is included in the Strategic Report on page 54.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors’ Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company’s Auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company’s Auditor is aware of that information. This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

A resolution for the re-appointment of Deloitte LLP as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting. Chesnara is satisfied that it adheres to the rules that are imposed on UK listed companies to perform a tender after 10 years and with a mandatory change of auditors after 20 years.

Approved by the Board on 23 March 2026 and signed on its behalf by:



Tom Howard
Group Chief Financial Officer

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities

The directors are responsible for preparing the annual report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Parent Company Financial Statements on the same basis.

In preparing the financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Details of the Company's greenhouse gas emissions, energy consumption and energy efficiency can be found in the Climate-Related Financial Disclosures within the Strategic Report, on pages 73 to 91.

Disclosures under Listing Rule 9.8.4R

For the purposes of Listing Rule 9.8.4C, the information required to be disclosed under Listing Rule 9.8.4R can be found within the following sections of the Annual Report and Accounts:

Section	Requirement	Location
1	Statement of interest capitalised	Not applicable
2	Publication of unaudited financial information	Not applicable
3	Deleted	Not applicable
4	Details of long-term incentive schemes	Directors' Remuneration Report
5	Waiver of emoluments by a director	Not applicable
6	Waiver of any future emoluments by a director	Not applicable
7	Non pre-emptive issue of equity for cash	Not applicable
8	As per 7, but for major subsidiary undertakings	Not applicable
9	Parent participation in any placing of a subsidiary	Not applicable
10	Contracts of significance	Not applicable
11	Controlling shareholder provision of services	Not applicable
12	Shareholder dividend waiver	Not applicable
13	Shareholder dividend waiver – future periods	Not applicable
14	Controlling shareholder agreements	Not applicable

Responsibility statement

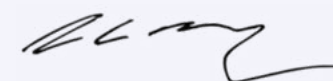
The directors whose names and functions are listed in the Board profile and Board of Directors' section on pages 94 and 95, confirm that to the best of our knowledge:

- the Group and Parent Company Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and the Group and Parent Company Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board on 23 March 2026 and signed on its behalf by:



Luke Savage
Chair
23 March 2026



Steve Murray
Chief Executive Officer
23 March 2026

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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHESNARA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- the financial statements of Chesnara plc (the Parent Company) and its subsidiaries (the Group) give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2025 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated and Parent Company Cash Flow Statements; and
- the related Notes A1 to J10, excluding the Capital Management disclosures calculated in accordance with the Solvency II regime in Note B4, which are labelled as ‘unaudited’.

The Financial Reporting Framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the FRC’s) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note D4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Expense assumptions used in the valuation of insurance contract liabilities; and – Valuation of Chesnara plc’s investment in Countrywide Assured plc (CA) Within this report, key audit matters are identified as follows:  Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £10.7m which was determined on the basis of 1.5% of adjusted net assets. In line with the previous year, we defined ‘adjusted net assets’ as net assets plus contractual service margin (net of reinsurance and tax).
Scoping	During the current year, the Group combined its Scildon and Waard businesses into a single reporting segment (Netherlands). We scoped our audit at the significant account balance level, scoping in 3 components (2024: 4 components) for audit procedures on one or more classes of transactions, account balances and disclosures that together represent 98% of the Group’s profit before tax and 99% of the Group’s insurance and investment contract liabilities. This involved the performance of procedures for the CA division directly by the Group audit team, as well as the involvement of component auditors for the Movestic (Sweden), and Waard Netherlands divisions.
Significant changes in our approach	Following a number of capital transactions in the period, we reduced the factor used to determine materiality from 2% to 1.5% of adjusted net assets; further details are included in section 6.1.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the Group’s and Parent Company’s ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls in place over management’s going concern assessment process;
- evaluating the key assumptions underpinning the Group’s forecast liquidity and capital, including those determined for each of its significant business units and relating to the expected impact of the Group’s acquisitions of HSBC Life (UK) Ltd (renamed Chesnara Life) and Scottish Widows Europe SA after the period-end;
- evaluating the adequacy and completeness of stress testing performed within the Group’s Own Risk and Solvency Assessment (ORSA), with reference to our understanding of its internal and external environment and considering the Group’s principal risks and uncertainties as outlined on page 59 to 66; and
- assessing the appropriateness of the going concern disclosures in the financial statements, based on our knowledge gained throughout the audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expenses assumptions used in the valuation of insurance contract liabilities

Key audit matter description

The Group's insurance contract liabilities are one of the largest balances on the balance sheet, held at £3.9bn (2024: £4.1bn) at 31 December 2025. The valuation of insurance contract liabilities is determined using actuarial assumptions that require complex judgements and forward-looking estimates to be made by management. A number of the assumptions, such as mortality and morbidity, economic assumptions, and lapse rates, are made with reference to industry tables and actual experience, thereby reducing the susceptibility of these assumptions to manipulation and bias.

The expense assumptions require management to make significant judgements and estimates relating to the future expenses attributable to insurance contracts. The risk associated with the expense assumptions is higher than other actuarial assumptions as a result of:

- planned changes to the policy administration outsourcing arrangements of CA, including the anticipated project costs of migration and termination;
- the judgement involved in assessing the impacts that the merger of the former-Scildon and former-Waard divisions will have on the future cost-base of the Netherlands division;
- the impact of inflation on future expenses in the short- and long-term, particularly given recent changes in the Group's macroeconomic environments; and
- uncertainties in the costs of maintaining insurance portfolios in run-off, particularly where variable cost assumptions are used.

Given the significance of the insurance contract liabilities held within CA (£1.3bn) and the Netherlands (£2.4bn), as well as the division-specific matters outlined above, our key audit matter was pinpointed to the expense assumptions within these divisions. As the expense assumptions are susceptible to manipulation by management, impacting its reported profit before taxation and net assets, we determined that there was a risk of material misstatement due to fraud and therefore identified this area as a key audit matter.

The Group's accounting policy relating to its insurance contract liabilities has been presented in Note A4, with details of the balance and movement from 31 December 2024 set out within Note F1. The expense assumptions used in determining insurance contracts liabilities are also referred to in the Chesnara Audit & Risk Committee Report on page 132.

How the scope of our audit responded to the key audit matter

In respect of the expense assumptions used in the valuation of insurance contract liabilities, we performed the following procedures:

- obtained an understanding of relevant controls in place around management's assumption setting processes at the Group and divisional level;
- with the involvement of actuarial specialists, evaluated the appropriateness of expense assumptions and methodology. Our assessment considered the reasonableness of forecasts for future periods with reference to the Group's internal and external business environments, the impacts of any planned management actions, and whether the assumptions have been subject to management bias;
- tested actual expenses in the year ended 31 December 2025 and compared these to management's previous forecasts to understand the predictive accuracy of management's process;
- assessed the mechanical accuracy of management's underlying expense calculations, verifying that management's selected methodology had been applied correctly; and
- assessed the appropriateness of the disclosures within the financial statements in relation to expense assumptions used in the valuation of the underlying insurance contract liabilities.

Key observations

Based on the procedures performed, we consider the expense assumptions used in the valuation of insurance contract liabilities and related disclosures to be appropriate.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHESNARA PLC

Valuation of Chesnara plc’s investment in CA

Key audit matter description

Chesnara plc holds investments in subsidiaries totalling £361.7m (2024: £389.9m) on its Company balance sheet, measured at cost less cumulative impairment losses.

In line with IAS 36 ‘Impairment of Assets’, management are required to carry out an impairment assessment if there is indication of impairment loss at the balance sheet date. Through its assessment, management evaluated whether the investment in CA was carried at less than its recoverable amount, which is the higher of fair value less costs of disposal and value in use, and therefore whether an impairment is required.

In recent years, management have recognised impairment losses in respect of the CA business as dividends paid to the Parent Company have exceeded its annual earnings. The impairment assessment performed at the balance sheet highlighted £28.2m (2024: £4.0m) of impairment over the carrying value of the investment, with the recoverable amount determined using the ‘value in use’ method permitted by IAS 36. Management’s value in use calculations involved forward-looking dividend forecasts based on the emergence of surpluses for CA’s in-force business on a Solvency II basis, as well as assumptions regarding the pattern and period over which its business will run-off in the long-term.

Due to the potential for management to introduce inappropriate bias to estimates made in the impairment assessment when determining the value in use, with impairment losses impacting the Parent Company Income Statement and balance sheet, we determined that there was a risk of material misstatement due to fraud and therefore identified this area as a key audit matter.

The Parent Company’s accounting policy relating to its subsidiary investments has been presented in Note A4, with details of the impairment sensitivities included in Note A5. The carrying value of Chesnara plc’s investment in CA is also referred to in the Chesnara Audit & Risk Committee Report on page 132.

How the scope of our audit responded to the key audit matter

- In respect of the valuation of Chesnara plc’s investment in CA, we performed the following procedures :
- obtained an understanding of relevant controls in place over management’s impairment assessment and value in use calculation processes;
 - evaluated management’s methodology for determining the recoverable amount of CA in accordance with IAS 36;
 - challenged the reasonableness of management’s dividend forecasts and long-term assumptions regarding the run-off of CA’s in-force business with reference to our knowledge of CA’s internal and external business environments and recently observed performance;
 - with the involvement of valuation specialists, challenged the reasonableness of discount rate assumptions used; and
 - evaluated the appropriateness of disclosures included in Note A5 of the financial statements.

Key observations

Based on the procedures performed, we consider the carrying value of Chesnara plc’s investment in CA to be appropriate.

Our application of materiality

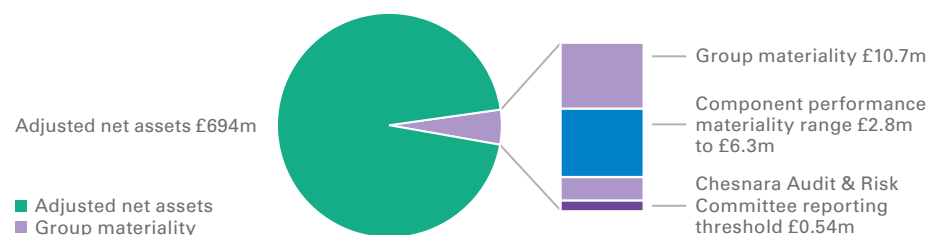
Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£10.7m (2024: £9.9m)	£15.5m (2024: £9.2m)
Basis for determining materiality	1.5% of adjusted net assets (2024: 2% of adjusted net assets) In line with the prior year, adjusted net assets is defined as net assets plus Contractual Service Margin (CSM), net of reinsurance and tax. Following a number of capital transactions in the period, the Group’s adjusted net assets increased significantly without any impact on the nature/scale of its current trading operations. In recognition of this, we reduced the factor used to determine materiality from 2% to 1.5% to be more representative of the financial statements as a whole.	3% of net assets (2024: 3% of net assets) The performance materiality applied to the Parent Company for the purposes of the Group audit opinion is discussed on page 149.
Rationale for the benchmark applied	The Group’s key stakeholders are focused on the management of capital under Solvency II and therefore we consider the most relevant and equivalent metric to be net assets. IFRS 17 introduced the concept of CSM, which reflects the estimated deferred profit that is expected to be realised within net assets in future reporting periods. We deem it appropriate to adjust net assets by adding CSM to the benchmark, reflecting the future value of the Group.	A net assets or equity measure is closely aligned to the objectives of the Parent Company, in making dividend payments from its distributable reserves, with the benchmark representing a stable long-term measure of the Company’s financial position.

We applied a separate testing threshold of £26.0m (2024: £24.5m) when performing our testing over CA’s unit-linked insurance assets and the related notes. This was determined with reference to 1% of unit-linked assets (2024: 1% of unit-linked assets).



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2024: 65%) of Group materiality	£6.3m (2024: £5.6m), which equates to 40% (2024: 60%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the quality of the Group and Parent Company's control environment and whether we were able to rely on controls, our understanding of changes in the Group's internal and external business environment, the nature of the Group's significant account balances and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

Error reporting threshold

We agreed with the Chesnara Audit & Risk Committee that we would report to the committee all audit differences in excess of £535,000 (2024: £495,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Chesnara Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

We scoped our audit by obtaining an understanding of the Group and its environment, including the merger of divisions based in the Netherlands in the period, groupwide controls, and identifying significant account balances and related risks of material misstatement at the Group level.

We scoped our audit at the significant account balance level, scoping in 3 components (2024: 4 components) for audit procedures on one or more classes of transactions, account balances and disclosures that together represent 99% of the Group's net insurance and investment results, 98% of the Group's profit before tax and 99% of the Group's insurance and investment contract liabilities. This involved the performance of procedures for the CA division directly by the Group audit team, as well as the involvement of component auditors for the Movestic (Sweden) and Netherlands divisions.

For the Parent Company component, we applied a component performance materiality equal to £6.3m; for the other components, we used individual component performance materiality levels determined on the basis of their individual financial statements, which ranged from £2.8m to £4.2m.

At the Group level, we performed audit procedures over the consolidation process and analytical procedures over account balances where no audit procedures had been performed, in order to assess whether there were any additional risks of material misstatement at the Group level.

Our consideration of the control environment

We focused our assessment of relevant controls around each of the key audit matters detailed on page 146, as well as significant account balances and business processes such as revenue, claims paid, actuarial reserving, investments and financial reporting. With the assistance of IT specialists, we also performed walkthroughs to gain an understanding of the Group's key IT systems in each of its significant business divisions. The extent of controls assessment and testing performed varied depending on the maturity of the IT systems and controls in place.

Where, through the process of understanding the systems and controls in place, we identified deficiencies or found that previously identified deficiencies had not been remediated, we did not seek to rely on those controls in the current year. We shared observations arising from our procedures with management and the Chesnara Audit & Risk Committee. The Board of Directors' assessment of the Group's control environment set out on page 103.

In line with previous years, we performed a fully substantive audit over the financial statements, with the exception of the Movestic division's investments process and certain of the Netherlands division's revenue processes, where we relied on the effectiveness of controls in place.

Our consideration of climate-related risks

In planning our audit, we considered the potential impact of climate-related risks on the Group's business and its financial statements. The Group's Risk Management Policy and Framework encompass the potential impacts and opportunities of environmental, social and governance factors (ESG) and climate change as explained in the Strategic Report on pages 56 to 59. As set out in Note A4, management does not consider that climate change risk is currently a key source of estimation uncertainty nor that it presents a material impact to the judgements made in the financial statements.

We held discussions with management to understand the approach for identifying climate-related risks, as well as their impact on the financial statements. This included obtaining an understanding of governance controls in place over the Group's risk assessment process, which includes the consideration of climate-related risks. We also obtained an understanding of the Group's long-term strategy to respond to climate-related risks as they evolve, including the potential impact on the Group's forecasts for future periods.

Our audit work has included assessing the conclusions reached by management regarding the impact of climate-related risks on the Group's financial statements in the current year and reading the disclosures in the Strategic Report, with the involvement of ESG specialists, to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We also evaluated the appropriateness of disclosures included in the financial statements in Note A4.

Working with other auditors

Referral instructions were provided to each of the component auditors of the Movestic and Netherlands divisions, outlining the procedures to be performed to support the Group audit opinion. The Group audit team directed and supervised the work performed by component auditors on its behalf, which included:

- involving the component audit teams in our groupwide fraud and planning discussions;
- holding regular meetings throughout the audit in order to monitor and challenge the nature and extent of each component auditor's planned audit procedures; and
- performing in-person file reviews of each component auditor's risk assessment and audit work, assessing the appropriateness of the conclusions reached.

In addition to reviewing the audit files of each component auditor, the Group audit team also evaluated the formal responses provided to our referral instructions, assessing whether the planned procedures had been performed appropriately.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CHESNARA PLC

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Responsibilities of directors

As explained more fully in the Directors’ Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group’s and the Parent Company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor’s report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- the Group’s own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board;
- results of our enquiries of management, internal audit, the directors and the Chesnara Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group’s sector;
- any matters we identified having obtained and reviewed the Group’s documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including component audit teams, and relevant internal specialists, including tax, valuations, actuarial, IT and climate specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: expense assumptions used in the valuation of insurance contract liabilities and the valuation of Chesnara plc’s investment in CA. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group’s ability to operate or to avoid a material penalty. These included the Group’s regulatory solvency requirements and compliance with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA), De Nederlandsche Bank (DNB) and the Swedish Financial Services Authority (FSA).

Audit response to risks identified

As a result of performing the above, we identified expense assumptions used in the valuation of insurance contract liabilities and the valuation of Chesnara plc’s investment in CA as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

- In addition to the above, our procedures to respond to risks identified included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, the Chesnara Audit & Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA, PRA, DNB and FSA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 141;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 141;
- the directors' statement on fair, balanced and understandable, set out on page 142;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 55;
- the section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems, set out on page 103; and
- the section describing the work of the Chesnara Audit & Risk Committee, set out on page 133.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters which we are required to address

Auditor tenure

Following the recommendation of the Chesnara Audit & Risk Committee, we were appointed by the Chesnara Board of Directors on 1 October 2009 to audit the financial statements for the year ending 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ending 31 December 2009 to 31 December 2025.

Consistency of the audit report with the additional report to the Chesnara Audit & Risk Committee

Our audit opinion is consistent with the additional report to the Chesnara Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.



Matthew Bainbridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
23 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December	Note	2025 £m	2024 £m
Insurance revenue	D1	227.0	261.9
Insurance service expense	D1	(208.1)	(244.1)
Net expenses from reinsurance contracts held	D1	3.0	(9.2)
Insurance service result		21.9	8.6
Net investment return	D2	649.2	1,286.1
Net finance (expenses)/income from insurance contracts issued	D2	(205.6)	(334.8)
Net finance income/(expenses) from reinsurance contracts held	D2	14.2	2.6
Net change in investment contract liabilities	D2	(345.2)	(740.4)
Change in liabilities relating to policyholders' funds held by the Group	D2	(62.4)	(160.8)
Net investment result		50.2	52.7
Fee, commission and other operating income	D3	114.2	104.2
Total revenue net of investment result		186.3	165.5
Other operating expenses	D4	(156.1)	(133.6)
Total income less expenses		30.2	31.9
Financing costs	D5	(11.4)	(11.1)
Profit/(loss) before income taxes		18.8	20.8
Income tax expense	D6	(29.2)	(16.9)
Profit/(loss) for the period	C2	(10.4)	3.9
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences arising on the revaluation of foreign operations		20.5	(15.3)
Revaluation of land and building		–	0.4
Items that will not be reclassified to profit and loss:			
Revaluation of pension obligations after tax		2.1	–
Other comprehensive (expense)/income for the period, net of tax		22.6	(14.9)
Total comprehensive income/(expense) for the period		12.2	(11.0)
Basic earnings per share (based on profit or loss for the period)	I3	(5.05p)	2.27p
Diluted earnings per share (based on profit or loss for the period)	I3	(5.05p)	2.23p

The Notes and information on pages 156 to 233 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December	Note	2025 £m	2024 £m
Assets			
Intangible assets	E1	89.4	87.2
Property and equipment	E2	7.6	7.8
Investment properties	E3	91.0	91.7
Deferred tax assets	G3	31.8	38.9
Insurance contract assets	F1	–	1.8
Reinsurance contract assets	F1	168.0	169.9
Amounts deposited with reinsurers		35.0	34.3
Financial investments	E4	13,948.2	12,116.7
Derivative financial instruments	E5	0.9	0.1
Other assets	E6	58.8	68.7
Cash and cash equivalents	E7	145.3	138.0
Total assets		14,576.0	12,755.1
Liabilities			
Insurance contract liabilities	F1	3,940.7	4,099.1
Reinsurance contract liabilities	F1	10.5	16.6
Other provisions	G1	21.7	20.3
Investment contracts at fair value through profit or loss		6,717.0	6,116.7
Liabilities relating to policyholders' funds held by the Group		2,938.5	1,825.5
Lease contract liabilities		1.7	0.6
Borrowings	G2	203.0	204.8
Derivative financial instruments	E5	0.1	0.6
Deferred tax liabilities	G3	48.3	24.7
Deferred income		1.1	1.3
Other current liabilities	G4	129.5	129.7
Bank overdrafts	E7	0.6	0.8
Total liabilities		14,012.7	12,440.7
Net assets	C2	563.3	314.4
Shareholders' equity			
Share capital	H1	11.5	7.5
Share premium	H1	270.9	142.5
Merger reserve	H1	36.3	36.3
Tier 1 Notes	H4	147.8	–
Treasury shares		(1.0)	–
Other reserves	H2	14.2	(8.4)
Retained earnings	H3	83.6	136.5
Total shareholders' equity		563.3	314.4

The Notes and information on pages 156 to 233 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 23 March 2026 and signed on its behalf by:



Luke Savage
Chair

Steve Murray
Chief Executive Officer

Company number: 04947166

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December	Note	2025 £m	Restated 2024 £m
Profit/(Loss) for the period		(10.4)	3.9
Adjustments for:			
Depreciation of property and equipment		1.0	0.9
Depreciation on right-of-use assets		0.6	0.8
Amortisation and impairment of intangible assets		16.7	16.1
Share-based payment		(0.5)	2.0
Tax expense		29.2	16.9
Interest receivable		(22.6)	(18.5)
Dividends receivable		(29.7)	(34.9)
Interest expense		11.3	10.5
Fair value gains on financial assets and investment properties		(649.2)	(1,286.1)
Increase in intangible assets related to investment contracts		(10.9)	(11.3)
Adjustment total		(654.1)	(1,303.6)
Interest received		21.5	18.1
Dividends received		29.1	35.2
Changes in operating assets and liabilities:			
(Increase)/decrease in financial assets and investment properties		(394.3)	156.1
(Increase)/decrease in net reinsurers contract assets		(3.2)	14.8
Increase in amounts deposited with reinsurers		(0.8)	(1.8)
Decrease in other assets		52.6	16.2
(Decrease)/increase in net insurance contract liabilities		(318.2)	35.7
Increase in investment contract liabilities		1,093.9	1,121.0
Increase/(decrease) in provisions		0.7	(2.2)
Increase/(decrease) in other current liabilities		(36.1)	(53.7)
Cash (utilised)/generated by operations		(219.3)	39.7
Income tax paid		(0.5)	3.7
Net cash (utilised)/generated from operating activities		(219.8)	43.4
Cash flows from investing activities			
Clawback of consideration for acquisition of a subsidiary		–	1.0
Net purchases of property and equipment		(0.9)	(0.8)
Net cash (utilised)/generated by investing activities		(0.9)	0.2
Cash flows from financing activities			
Net proceeds from the rights issue		136.4	–
Transaction costs related to rights issue		(4.0)	–
Net proceeds from the issue of Tier 1 Notes		148.7	–
Transaction costs related to issue of Tier 1 Notes		(0.9)	–
Repayment of borrowings		(1.8)	(2.6)
Repayment of lease liabilities		(0.6)	(0.3)
Purchase of treasury shares		(1.0)	–
Dividends paid		(42.0)	(36.5)
Interest paid		(11.0)	(10.3)
Net cash generated/(utilised) by financing activities		223.8	(49.7)
Net increase/(decrease) in cash and cash equivalents		3.1	(6.1)
Net cash and cash equivalents at beginning of period	E7	137.2	145.9
Effect of exchange rate changes on net cash and cash equivalents		4.4	(2.6)
Net cash and cash equivalents at end of the period	E7	144.7	137.2

Note: Net cash and cash equivalents include overdrafts.

The Notes and information on pages 156 to 233 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025	Share capital £m	Share premium £m	Merger reserve £m	Tier 1 Notes £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2025	7.5	142.5	36.3	–	–	(8.4)	136.5	314.4
Profit for the year	–	–	–	–	–	–	(10.4)	(10.4)
Foreign exchange translation differences	–	–	–	–	–	20.5	–	20.5
Other items of comprehensive income	–	–	–	–	–	2.1	–	2.1
Total comprehensive income	–	–	–	–	–	22.6	(10.4)	12.2
Issue of new ordinary shares	4.0	128.4	–	–	–	–	–	132.4
Issue of Tier 1 Notes	–	–	–	147.8	–	–	–	147.8
Dividends paid	–	–	–	–	–	–	(42.0)	(42.0)
Shares purchased by the Employee Benefit Trust	–	–	–	–	(1.0)	–	–	(1.0)
Share-based payment	–	–	–	–	–	–	(0.5)	(0.5)
Equity shareholders' funds at 31 December 2025	11.5	270.9	36.3	147.8	(1.0)	14.2	83.6	563.3

Year ended 31 December 2024	Share capital £m	Share premium £m	Merger reserve £m	Tier 1 Notes £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2024	7.5	142.5	36.3	–	–	6.5	167.0	359.8
Profit for the year	–	–	–	–	–	–	3.9	3.9
Foreign exchange translation differences	–	–	–	–	–	(15.3)	–	(15.3)
Other items of comprehensive income	–	–	–	–	–	0.4	–	0.4
Total comprehensive income	–	–	–	–	–	(14.9)	3.9	(11.0)
Dividends paid	–	–	–	–	–	–	(36.5)	(36.5)
Share-based payment	–	–	–	–	–	–	2.1	2.1
Equity shareholders' funds at 31 December 2024	7.5	142.5	36.3	–	–	(8.4)	136.5	314.4

The Notes and information on pages 156 to 233 form part of these financial statements.

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A1 General information

Chesnara plc (Registered number 4947166) (the Company) is a limited liability company, incorporated in the United Kingdom and registered in England and Wales. The Company is limited by shares and has a primary listing on the London Stock Exchange. The address of the registered office is 2nd Floor, 33-34 Winckley Square, Preston, England, PR1 3JJ, UK.

The Company and its subsidiaries, together forming the Group, comprise UK, Swedish and Dutch life and pensions businesses.

The UK segment comprises a number of legacy books consisting of a mix of unit-linked, with-profits and non-linked business and is substantially closed to new business, such that new insurance contracts (within the scope of IFRS 17) are only issued to existing customers, dependent on their changing needs. On 23 December 2024, Chesnara announced the acquisition of a block of unit-linked bond and pension business from Canada Life Limited. On 3 July 2025, Chesnara announced that it had entered into an agreement to acquire Chesnara Life (UK) Ltd (formerly HSBC Life (UK) Ltd), a specialist life protection and investment bond provider in the United Kingdom, from HSBC Bank plc disclosed in Note I7 which completed in January 2026.

The Swedish segment comprises the Movestic business, as described in Note C1. Its activities are performed predominantly in Sweden, where it underwrites life, accident and health risks and provides a portfolio of investment contracts. It is open to new business, distributing its products principally through independent financial advisors.

The Dutch segment comprises the formerly separate businesses, Waard and Scildon, which merged in July 2025 and now trade under the brand name Scildon. This combined segment comprises the Group's Dutch life insurance business, with a mixture of long-term savings and protection business and some non-life business. It is open to new business and sells protection, individual savings and group pension contracts via a broker-led distribution model.

These financial statements are presented in pounds sterling, which is the functional currency of the Parent Company. Foreign operations are included in accordance with the policies set out in Note A4. The results and cash flows of these operations have been translated into sterling at an average rate for the year of £1 = SEK 12.92 (2024: £1 = SEK 13.51) for the Swedish business and £1 = EUR 1.17 (2024: £1 = EUR 1.18) for the Dutch business.

Assets and liabilities have been translated at the year end rate of £1 = SEK 12.40 (31 December 2024: £1 = SEK 13.84) for the Swedish business and £1 = EUR 1.15 (31 December 2024: £1 = EUR 1.21) for the Dutch business.

Total foreign currency exchange rate gain for the year ended 31 December 2025 recognised in the Consolidated Statement of Comprehensive Income of £20.5m (year ended 31 December 2024: loss of £15.3m).

The financial statements were authorised for issue by the directors on 23 March 2026.

A2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of entities controlled by the Company, made up to 31 December each year. Control is achieved when the Company is exposed or has rights to the variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

There are no non-controlling interests in the net assets of the Group and all total comprehensive income is attributed to the Company shareholders.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A3 Basis of preparation

The consolidated and Parent Company financial statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing. In making this assessment, the directors have taken into consideration the points as set out in the financial management section of the Annual Report and Accounts under the heading 'Maintain the Group as a going concern'.

The financial statements are presented in pounds sterling, rounded to the nearest one hundred thousand, and are prepared on the historical cost basis except for insurance and reinsurance contracts which are stated at their fulfilment value in accordance with IFRS 17 and the following assets and liabilities which are stated at their fair value: derivative financial instruments; financial instruments at fair value through profit or loss; investment property; and investment contract liabilities at fair value through profit or loss.

Assets and liabilities are presented in order of increasing liquidity in the Statement of Financial Position. In addition, amounts expected to be recovered or settled within a year are classified as current in the notes to the accounts. If they are expected to be recovered or settled in more than 1 year, they are classified as non-current in the notes to the accounts.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are set out in Note A5.

The Group prepares interim financial statements at half year and as permitted by IFRS 17 has elected to apply the 'year-to-date' method and restate estimates in respect of insurance contracts made in the previous interim financial statements, in these year end financial statements. This accounting policy election applies to all groups of insurance and reinsurance contracts.

The accounting policies set in Note A4, unless otherwise stated, have been applied consistently to all years presented in these consolidated financial statements.

The consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with United Kingdom adopted international accounting standards.

Restatement of prior year numbers

A prior year restatement has been applied in respect of the presentation of policyholder yield taxes paid in Sweden within the Consolidated Statement of Cash Flows.

In the previously reported financial statements for the year ended 31 December 2024, policyholder yield taxes totalling £40.8m were previously presented as 'income taxes paid'. These taxes are incurred when related investment transactions are settled and do not form part of the Group's income tax expense within the Consolidated Statement of Comprehensive Income. The impacts of this restatement are shown in the table following.

	As reported £m	Restated £m
Increase/(decrease) in other current liabilities	(12.9)	(53.7)
Cash generated/(utilised) by operations	80.5	39.7
Income tax (paid)/recovered	(37.1)	3.7
Net cash generated/(utilised) from operating activities	43.4	43.4

The above restatement has no impact on the net cash generated from operating activities or any other areas of the consolidated financial statements.

Standards and amendments issued but not yet effective

At the date of authorisation of these financial statements the following standards and interpretations, which are applicable to the Group, and which have not been applied in these financial statements, were in issue but not yet effective:

Title	Effective date
IFRS 9/IFRS 7 Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

The directors do not expect that the adoption of the IFRS 9/IFRS 7 amendments have a material impact on the financial statements of the Group in future periods. The directors expect that the adoption of IFRS 18 will have a material impact on the presentation of the primary statements in future periods. The directors do not expect that the adoption of IFRS 19 will have a material impact on the financial statements of the Group in future periods.

BEPS 2.0

The Organisation for Economic Cooperation and Development's (OECD) Pillar Two rules introduce a global minimum effective tax rate of 15% for multinational enterprise groups with consolidated revenue of at least €750m in at least 2 of the preceding 4 years. The Chesnara Group operates in the United Kingdom, Sweden and the Netherlands, all of which have now enacted domestic Pillar Two legislation and continue to refine those rules through technical amendments and administrative guidance.

Chesnara's consolidated revenues remain below the €750m threshold and the Group therefore continues to be out of scope of the Pillar Two rules for the year ended 31 December 2025. For the purpose of assessing the Pillar Two revenue threshold, consolidated revenue is determined in accordance with IFRS and excludes amounts relating to unit-linked policyholder investment returns, which are economically attributable to policyholders rather than the Group. Accordingly, no amounts in respect of Pillar Two current or deferred tax have been recognised in these financial statements and the Group applies the temporary exception from recognising and disclosing deferred taxes arising from Pillar Two income taxes.

The Group continues to monitor the implementation of Pillar Two in the UK, Sweden and the Netherlands, including technical amendments incorporating OECD administrative guidance across jurisdictions (notably the interpretation and application of OECD guidance in Sweden in connection with insurance investment funds) as well as the development of safe harbours and associated reporting requirements. In doing so, the Group assesses the impact of business growth and future acquisitions, effective tax rates across jurisdictions and the interaction of local tax regimes with GloBE rules. Based on our assessment as at 31 December 2025, no Pillar Two top-up tax exposure is expected and no additional IAS 12 disclosures are required.

A4 Material accounting policy information

The following accounting policy information is in respect of the Group and also for the Parent Company where it is applicable. The material accounting policies that relate to the Parent Company as well as to the Group are in respect of: Investment return, Other operating expenses, Financing costs, Income taxes, Financial investments, Derivative financial instruments, Other assets, Cash and cash equivalents, Lease contract liabilities, Borrowings, Other current liabilities and Employee benefits. The material accounting policies that relate to the Parent Company and not the Group are: Investment in subsidiary, Share-based payments, Share capital and shares held in treasury and Dividends.

(a) Insurance contracts and reinsurance contracts

(i) Scope and classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts may be issued, and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that does form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, reinsurance contracts initiated or insurance or reinsurance contracts acquired by the Group, unless otherwise stated.

Some contracts entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts' (see Note A4(b)). Similarly financial reinsurance contracts do not transfer significant insurance risk and are accounted for under IFRS 9. Mass lapse reinsurance contracts also contain no insurance risk and are accounted for under IAS 37.

Insurance contracts are classified as direct participating contracts or contracts without direct participating features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participating features. Some of these contracts are measured under the PAA.

The following table provides a summary of the broad product categories and the measurement model approach applied.

Classification	Product category
Long-term contracts without direct participating features (GMM)	Immediate annuities Term assurance and other non-linked Unit-linked/index-linked/with-profits – GMM
Long-term contracts with direct participating features (VFA)	Unit-linked/index-linked/with-profits – VFA
Short-term contracts (PAA)	Short-term protection

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A4 Material accounting policy information (continued)

(a) Insurance contracts and reinsurance contracts (continued)

(ii) Separating components from insurance and reinsurance contracts

The Group does not have any distinct investment components which require separation from the insurance or reinsurance contract. Distinct investment components are investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

The Group does not have any insurance contracts containing embedded derivatives or have any insurance contracts which transfer distinct goods and services other than insurance contract services which require separation from the host contract.

(iii) Aggregation of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts that are subject to similar risks and are managed together. Each portfolio of new business is divided into annual cohorts (i.e. by year of issue) and each annual cohort into a maximum of three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Further detail regarding the judgements involved in the defining portfolios and profitability groups can be found in Note A5(c).

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics can be included in the same group, however the Group has not taken advantage of this.

Portfolios of reinsurance contracts held are assessed separately from insurance contracts issued and are assessed for aggregation on an individual contract basis. Some reinsurance contracts provide cover for underlying contracts that are included in different groups.

As per the gross insurance contracts the reinsurance contracts are divided into profitability groupings as follows:

- any contracts on which there is a net gain on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of showing a net gain subsequently; and
- any remaining contracts in the annual cohort.

All reinsurance contracts within the Group fall into the third profitability category above.

(iv) Recognition and derecognition of insurance and reinsurance contracts

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when a group of contracts becomes onerous or if the facts and circumstances indicate that a group of contracts is onerous for those contracts measured using the PAA.

An insurance contract acquired in a transfer of contracts, or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Non-proportionate reinsurance contracts are recognised at the earlier of:

- (a) the beginning of the coverage period of the group of reinsurance contracts; or
- (b) the date the entity recognises an onerous group of underlying insurance contracts if the entity entered into the related reinsurance contract held at or before that date.

The recognition of proportionate reinsurance contracts is delayed until the date that any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Reinsurance contracts acquired as recognised at the date of acquisition.

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(v) Fulfilment cash flows

The fulfilment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts and:

- are unbiased estimates of the future cash flows;
- are determined from the perspective of the Group, provided that the estimates are consistent with observable market practises and variables; and
- reflect conditions existing at the period-end date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates and reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note A5(e).

The estimates of the future cash flows are adjusted using current discount rates to reflect the time value of money and the financial risks related to those cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation (See Note A5(d)).

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

(vi) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the Group. For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment related services).

A substantive obligation to provide insurance contract services ends when either:

- the Group has the practical ability to reassess the risks of the particular policyholder and as a result can set a price or level of benefits that fully reflects those risks, or
- the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and as a result can set a price or level of benefits that fully reflects the risk of that portfolio unless the pricing of the premiums up to the date when the risks are reassessed takes into account the risks that relate to periods after the assessment.

For reinsurance contracts cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

(vii) Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset and the asset is derecognised, when the insurance acquisition cash flows are included in the measurement of the group of contracts. The Group derecognises the assets for insurance acquisition cash flows in the year within the reporting period in which the expenses are incurred and therefore does not have any assets for insurance acquisition cash flows in the Statement of Financial Position at the reporting date

(viii) Initial measurement – insurance contracts not measured under the PAA

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- (a) the initial recognition of the FCF; and
- (b) cash flows arising from the contracts in the group at that date.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the Statement of Financial Position on initial recognition, and a loss component is established in the amount of loss recognised (see Note A4(a)(xi)).

(ix) Initial measurement – reinsurance contracts not measured under the PAA

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date; and
- (c) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (c) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts. When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

(x) Contracts acquired in a business combination or portfolio transfer

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or the gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue and instead reported within 'insurance service expense'.

(xi) Subsequent measurement – insurance contracts not measured under the PAA

The carrying amount of a group of insurance contracts at each reporting date is the sum of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC). The LRC comprises the FCF that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date. The LIC includes the FCF for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The FCF of groups of insurance contracts are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated follow the general principle below:

- (a) changes that relate to current or past service are recognised in profit or loss; and
- (b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM:

The following adjustments relate to future service and thus adjust the CSM:

- (a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- (b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- (c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
- (d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A4 Material accounting policy information (continued)

(a) Insurance contracts and reinsurance contracts (continued)

(xi) Subsequent measurement – insurance contracts not measured under the PAA (continued)

For insurance contracts under the GMM: (continued)

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

- (a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- (b) changes in the FCF relating to the LIC; and
- (c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not classify any premiums received in the period as relating to current service on materiality grounds.

For insurance contracts under the VFA:

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment related services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

The Group has not applied the risk mitigation option that is available under IFRS 17B115 regarding offsetting the impacts of derivatives and reinsurance contracts and therefore recognises all changes in financial risk and the time value of money against the CSM for direct participating contracts.

The following adjustments relate to future service and thus adjust the CSM:

- (a) changes in the amount of the Group's share of the fair value of the underlying items; and
- (b) changes in the FCF that do not vary based on the returns of underlying items:
 - (i) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - (ii) changes in estimates of the present value of future cash flows in the LRC; and
 - (iii) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

- (a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- (b) changes in the FCF that do not vary based on the returns of underlying items:
 - (i) changes in the FCF relating to the LIC; and
 - (ii) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not classify any premiums received in the period as relating to current service on materiality grounds.

Changes to the CSM for insurance contracts:

For insurance contracts, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- (i) the CSM of any new contracts that are added to the Group in the year;
- (ii) interest accreted on the carrying amount of the CSM during the year (for contracts under the GMM, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items);
- (iii) as detailed above, changes in fulfilment cash flows that relate to future services, to the extent that there is a CSM available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with the impact going to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM;
- (iv) the effect of any currency exchange differences on the CSM; and
- (v) the amount recognised as insurance revenue for insurance services provided in the year, determined after all other adjustments above.

The CSMs for Movestic and Scildon are calculated in the Swedish krona and euro respectively and translated into sterling on consolidation into the Group financial statements.

Release of the CSM to profit or loss for insurance contracts – coverage units

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA.

Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Group expects these amounts to include an investment return that is achieved by the Group by performing investment activities to generate that investment return.

Note A5(g) sets out the coverage units that are applied to the products within the Group.

Insurance contracts – loss component

When the negative adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous, and the Group recognises the excess in insurance service expenses and records the excess as a loss component of the LRC. Both additions and reversals to the loss component are measured at locked-in discount rates and allocations are made at the beginning of the period. The systematic allocation is calculated as the opening loss component of the LRC divided by the sum of the total opening present value of future cash flows and adjustment for future non-financial risk.

When a loss component exists, the Group allocates between the loss component and the remaining component of the LRC for the respective group of contracts, on a systematic and rational basis for:

- (a) expected incurred claims and other directly attributable expenses for the period;
- (b) changes in the risk adjustment for non-financial risk for the risk expired; and
- (c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the FCF in subsequent periods that relate to future service reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods that relate to future service increase the loss component.

Movement in the loss component comprises changes in experience and systematic allocation. Changes relating to experience and assumptions are presented as 'Losses and reversals of losses on onerous contracts' and changes relating to systematic allocation are presented as 'Incurred claims and other directly attributable expenses' in the loss component column of the 'analysis by remaining coverage and incurred claims' tables in the insurance and reinsurance contracts notes in Section F.

(xii) Subsequent measurement – reinsurance contracts not measured under the PAA

The carrying amount of a group of insurance contracts at each reporting date is the sum of the Asset for Remaining Coverage (ARC) and the Asset for Incurred Claims (AIC). The ARC comprises the FCF that relates to services that will be received under the reinsurance contracts held in future periods and any remaining CSM at that date. The AIC comprises the FCF related to past service for incurred claims that have not yet been received.

Changes to the CSM for reinsurance contracts:

For reinsurance contracts, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- (i) the CSM of any new contracts that are added to the Group in the year;
- (ii) Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- (iii) Income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- (iv) reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- (v) changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- (vi) the effect of any currency exchange differences on the CSM; and
- (vii) the amount recognised in profit or loss because of the services received in the year.

Income referred to in (iii) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts. For the purposes of (iii) to (v) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Release of the CSM to profit or loss for reinsurance contracts – coverage units

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period. Note A5(g) sets out the coverage units that are applied to the reinsurance contracts held within the Group.

Reinsurance contracts held – loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held. The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

(xiii) Insurance and reinsurance contracts measured under PAA

The Group uses PAA to simplify the measurement of groups of contracts where the coverage period of each contract in the group is 1 year or less. This approach is used for stand-alone short-term protection products in Movestic.

On initial recognition of each group of insurance contracts, the carrying amount of the LRC is measured at the premiums received. The Group has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the LRC is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

For contracts measured under the PAA, the LIC is adjusted for the time value of money, as the contracts issued and measured under the PAA typically have a settlement period of over 1 year. A risk adjustment for non-financial risk is also calculated.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

(xiv) Non-distinct investment components

Insurance revenue and insurance service expenses exclude any Non-Distinct Investment Components (NDIC). The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses, being recognised instead directly in the Statement of Financial Position.

The table that follows details the source of the NDICs for the broad product categories.

Product category	Typical NDIC
Immediate annuities	None
Term assurance and other non-linked	Term assurance: None Other non-linked: Lower of death, surrender and maturity benefit
Unit-linked/index-linked/with-profits – GMM	Lower of death, surrender and maturity benefit
Unit-linked/index-linked/with-profits – VFA	Lower of death, surrender and maturity benefit
Short-term protection	None

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A4 Material accounting policy information (continued)

(a) Insurance contracts and reinsurance contracts (continued)

(xv) Presentation in the Income Statement and Statement of Financial Position

Under IFRS 17, for contracts not measured under the PAA, the Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration. This mainly comprises the release of expected claims, the risk adjustment expired and the CSM amortised in the period.

For contracts measured under the PAA, the insurance revenue for each period equates to the amount of expected premium receipts for providing services in the period.

‘Insurance service expenses’ in each reporting period represents the cost of providing those services, broadly comprising incurred claims and benefits and expenses that are directly attributable to providing the service in the period. Incurred claims and benefits include lapse amounts but exclude NDICs per note above.

‘Net income/(expenses) from reinsurance contracts’ generally comprises reinsurance expenses and the recovery of incurred claims. Reinsurance expenses are recognised similarly to insurance revenue, with the amount of reinsurance expenses representing an allocation of the premiums paid to reinsurers that depicts the received insurance contract services in the period. Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts issued. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis on the face of the Income Statement as ‘net expenses from reinsurance contracts’ in the insurance service result.

Together, the insurance revenue, insurance service expenses and net income/(expenses) from reinsurance contracts make up the insurance service result, presented on the face of the Income Statement.

The ‘investment result’ comprises the ‘net investment return’, changes in net investment contract liabilities and policyholder funds held by the Group and insurance finance income or expenses (IFIE) for both insurance and reinsurance contracts. The IFIE broadly includes the effect of changes in the time value of money and the effect of financial risk and changes in financial risk. The Group includes all IFIE in the profit or loss, with no disaggregation into Other Comprehensive Income.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses so that the impact of measuring the risk adjustment for non-financial risk at current discount rates is reported within insurance finance income or expense.

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the Statement of Financial Position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

(b) Investment contracts

Investment contracts are contracts that carry financial risk, with no significant insurance risk and are accounted for under IFRS 9. Where contracts contain both insurance and investment components the investment component can only be separated if it meets the requirements of a ‘distinct investment component’. Distinct in this sense is where the investment component is not highly inter-related with the insurance component and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

All investment contract liabilities are designated on initial recognition as held at fair value through profit or loss. The Group has designated investment contract liabilities at fair value through profit or loss as this more closely reflects the basis on which the businesses are managed.

The financial liability in respect of unit-linked contracts is measured by reference to the value of the underlying net asset value of the unitised investment funds, determined on a bid value, at the balance sheet date.

For the UK business, the impact of deferred tax on unrealised capital gains is passed to the policyholder and for the Swedish business a policyholder yield tax in respect of an estimate of the investment return on the underlying investments in the unitised funds are also reflected in the measurement of the respective unit-linked liabilities.

Investment contract liabilities are managed together with related investment assets on a fair value basis as part of the documented risk management strategy.

The fair value of other investment contracts is measured by discounting current estimates of all contractual cash flows that are expected to arise under contracts.

Amounts collected on investment contracts are accounted for using deposit accounting, under which the amounts collected, less any initial fees deducted, are credited directly to the Statement of Financial Position as an adjustment to the liability to the investor. Similarly, benefits paid are not included in the Income Statement but are instead deducted from investment contract liabilities in the accounting period in which they are paid.

(c) Amounts deposited with reinsurers

Amounts deposited with reinsurers are investment contract assets under reinsurance arrangements, which primarily involve the transfer of financial risk with no significant insurance risk. These assets are designated on initial recognition as at fair value through profit or loss in order to significantly reduce the accounting mismatch with the corresponding liabilities which these assets share a risk with and tend to offset. These assets are accounted for under IFRS 9 in line with the corresponding gross investment contracts.

(d) Investment return

Investment return comprises investment income from financial assets and rental income from investment properties.

Income from financial assets comprises dividend and interest income, net fair value gains and losses (both unrealised and realised) in respect of financial assets classified as fair value through profit or loss, and realised gains on financial assets classified as measured at amortised cost.

Dividends are accrued on an ex-dividend basis. Interest received and receivable in respect of interest-bearing financial assets classified as fair value through profit or loss is included in net fair value gains and losses. For financial assets measured at amortised cost, interest income is calculated using the effective interest method.

Rental income from investment properties under operating leases is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of each lease. Lease incentives are recognised in the Consolidated Statement of Comprehensive Income as an integral part of the total lease income.

The investment return in respect of assets backing investment contracts is disclosed separately from the investment return for those assets backing insurance contracts in order to meet the IFRS 17 requirement to illustrate the relationship between insurance finance income or expenses and the corresponding return on the assets.

(e) Fee, commission income and other operating income

Fee and commission income for investment contracts:

In accordance with IFRS 15, fees charged for investment management services provided in connection with investment contracts are recognised as revenue over time, as the services are provided.

Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period over time in which services will be provided.

Initial fees, annual management charges and contract administration charges are recognised over time as revenue on an accruals basis. Surrender charges are recognised as a reduction to policyholder claims and benefits incurred when the surrender benefits are paid and as such are not reported in the Income Statement.

Commissions received or receivable which do not require the Group to render further services are recognised at the point at which the commission becomes due. However, when it is probable that the Group will be required to render further services during the life of the contract, the commission, or part thereof, is deferred and recognised over time as revenue over the period in which services are rendered.

All fees in respect of insurance contracts are recognised within insurance revenue.

Other operating income:

Fee income from investment managers is recognised in accordance with IFRS 15 and are in relation to Movestic, and are received from the fund companies, based on the value of the managed assets. The fee income is recognised and adjusted on an ongoing basis, as Movestic meets its commitments.

(f) Other operating expenses

Actual incurred expenses within the Group are assessed according to the Group's guidelines to consider whether they are attributable to fulfilling insurance contracts and those meeting this requirement are reported as 'insurance service expenses'. As part of this assessment, the eligible expenses are apportioned between investment and insurance contracts on a systematic and rational basis. Certain expenses such as project expenses and one-off expenses are considered to be non-attributable and are therefore excluded from the apportionment and directly allocated to 'other operating expenses'. The 'other operating expenses' therefore include all expenses that are not attributable to insurance contracts, as they are either not eligible or have been apportioned to investment contracts.

Operating lease payments

Under IFRS 16, the depreciation of right-of-use assets is recognised in the Statement of Comprehensive Income as an administration expense. Payments made in relation to lease commitments are reflected in the Statement of Financial Position as a reduction to the corresponding lease liability.

(g) Financing costs

Financing costs comprise interest payable on borrowings and on reinsurance claims deposits included within reinsurance payables, calculated using the effective interest rate method. Under IFRS 16, interest on lease liabilities is recognised in the Statement of Comprehensive Income as finance costs.

(h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income. Tax that relates directly to transactions reflected within equity is also presented within equity.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year-end date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised to provide for taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year-end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In accordance with IAS 12, deferred tax assets and deferred tax liabilities arising from different tax jurisdictions in which the Group operates are not offset against each other.

(iii) Policyholders' fund yield tax

Certain of the Group's policyholders within the Swedish business are subject to a yield tax which is calculated based on an estimate of the investment return on underlying investments within their unitised funds. The Group is under an obligation to deduct the yield tax from the policyholders' unitised funds and to remit these deductions to the tax authorities. The remittance of this tax payment is included in other operating expenses as it does not comprise a tax charge on Group profits.

(iv) UK policyholder tax

In addition to paying tax on shareholders' profits, UK life businesses pay tax on policyholders' investment returns on certain life assurance products at policyholder tax rates. Both types of tax are included in the total income tax expense in the Group's consolidated statement of comprehensive income.

(i) Intangible assets

(i) Acquired value of in-force business (AVIF)

Acquired in-force investment contracts are in respect of investment contracts acquired under business combinations and are measured at fair value at the time of acquisition.

The present value of in-force investment contracts recognised under IFRS 9 is stated at cost less accumulated amortisation and impairment losses. The initial cost is deemed to be the fair value of the contractual customer relationships acquired. The acquired present value of the in-force investment contracts is carried gross of tax and is amortised against income on a time profile which, it is intended, will broadly match the profile of the underlying emergence of profit from the contracts. The recoverable amount is estimated at each year-end date. If the recoverable amount is less than the carrying amount, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income and the carrying amount is reduced to its recoverable amount.

The AVIF relating to the UK has an estimated remaining useful life of 28 years, and the AVIF relating to Movestic has an estimated remaining useful life of 4 years. AVIF is amortised on an annuity basis.

(ii) Acquired value of customer relationships (AVCR)

The acquired value of customer relationships arising from business combinations is measured at fair value at the time of acquisition. This comprises the discounted cash flows relating to new insurance and investment contracts which are expected to arise from existing customer relationships. These are carried gross of tax, are amortised in accordance with the expected emergence of profit from the new contracts and are tested for recoverability if there is an indication of impairment.

AVCR has an estimated remaining useful life of 4 years and is amortised based on the pattern of expected gross profits on new business.

(iii) Software assets

An intangible asset in respect of internal development software costs is only recognised if all of the following conditions are met:

(i) an asset is created that can be identified;

(ii) it is probable that the asset created will generate future economic benefits; and

(iii) the development costs of the asset can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Software assets, including internally developed software, are amortised on a straight-line basis over their estimated useful life, which typically varies between 3 and 5 years.

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A4 Material accounting policy information (continued)

(i) Intangible assets (continued)

(iv) Deferred acquisition costs

Acquisition costs relating to investment contracts comprise directly attributable incremental acquisition costs, which vary with, and are related to, securing new contracts, and are recognised as an asset under IFRS 15 to the extent that they represent the contractual right to benefit from the provision of investment management services. The asset is presented as a deferred acquisition cost asset and is amortised over the expected term of the contract, as the fees relating to the provision of the services are recognised. All other costs are recognised as expenses when incurred.

Deferred acquisition costs have an estimated remaining useful life of 16 years and are amortised based on the pattern of expected gross profits.

(j) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful economic lives of the property and equipment on the following basis:

Computers and similar equipment	3 to 5 years
Fixtures and other equipment	5 years

Assets held under leases, as right-of-use assets, are depreciated over their useful economic lives on the same basis as owned assets, or where shorter, over the term of the relevant lease. These include office buildings, office and IT equipment and motor vehicles.

(k) Investment properties

Investment properties consist of properties held in the Unit-Linked Property Investment Fund and SIPP Commercial Property (Directly Held) in our UK division, as described below.

Unit-Linked Property Investment Fund

The properties held in the unit-linked property fund are valued on a monthly basis by Jones Lang Lasalle (JLL), an independent property valuer, on an open-market basis. Their valuation is prepared in accordance with the Practice Statements in the RICS Appraisal and Valuation Standards (5th Edition).

The properties are measured initially at cost. The carrying amount includes the cost of replacing part of an existing property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of a property. Subsequent to initial recognition, properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of properties are included within investment income in the Statement of Comprehensive Income in the year in which they arise. Rental income from investment property is accounted for as described in Accounting Policy (l).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes. All such valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

The properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised within investment income in the Statement of Comprehensive Income in the year of retirement or disposal.

SIPP Commercial Property (Directly Held)

The self-invested fund properties are initially recorded at purchase price and then valued triennially, by an independent professional valuer, on an open market basis, using valuation models in accordance with the Practice Statements in the RICS Appraisal and Valuation Standards (5th Edition). The portfolio is revalued annually using an index valuation on each property. Any funds in receipt of the sale of the property are for the benefit of the respective pension fund members. Changes in the valuation of the self-invested fund properties are recognised within the Statement of Comprehensive Income.

(l) Financial investments, assets and liabilities

IFRS 9 requires financial investments to be classified into measurement categories using the 'business model' test and the 'solely payment of principal and interest' test. The measurement categories under IFRS 9 are:

(i) Amortised Cost (AC);

(ii) Fair Value Through Other Comprehensive Income (FVOCI); and

(iii) Fair Value Through Profit or Loss (FVTPL).

IFRS 9 also permits the application of a 'fair value option' in instances where the outcome of the business model and SPPI tests would lead to a classification of financial assets that would result in an accounting mismatch with the corresponding liabilities.

The Group has accordingly classified all financial assets held for investment purposes and derivative financial instruments as FVTPL either mandatorily as a result of the business model and SPPI tests or has designated as FVTPL as permitted by the 'fair value option'. The fair values of financial assets quoted in an active market are their bid prices at the year-end date.

Asset groups to which the fair value option has been applied are debt securities, the mortgage loan portfolio and cash and cash equivalents. The mortgage loan portfolio includes the savings mortgage books for Argenta which encompass both insurance and investment components. As a separate contractual relationship exists, the mortgage assets are accounted for separately to the liabilities. For the liabilities, the investment component and the insurance component are not separated but accounted for as a single unit of account.

The present value of the insurance liabilities associated with the mortgage loan and debt securities are strongly dependent on discount rates sourced from market data and therefore a classification of AC for these assets would lead to a large mismatch with the insurance liability.

Investments in subsidiaries are carried in the Company Statement of Financial Position at cost less impairment and all short-term receivables are classified as AC.

Financial assets are derecognised when contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities

'Investment contract liabilities' and 'Liabilities relating to policyholder funds held by the Group' are designated as FVTPL, since the liabilities are managed together with the investment assets on a fair value basis as part of the documented risk management strategy. Purchases and sales of 'regular way' financial assets are recognised on the trade date, which is when the Group commits to purchase, or sell, the assets.

Borrowings and short-term payables are classified as AC.

(m) Impairment and expected credit loss provisioning

IFRS 9 utilises a forward-looking expected credit loss (ECL) impairment model which applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables.

As stated above, for the Group all financial assets held for investment purposes are classified as FVTPL. Financial assets that are subject to ECL provisioning are limited to short-term receivables only. The simplified approach under IFRS 9 has been applied in assessing full lifetime loss provisions for these assets. Due to the short-term nature of these instruments and the minimal historical losses on these asset classes, the resulting provisions that would be required are not considered to be material and therefore no provision is made.

(n) Policyholders' funds held by the Group and liabilities relating to policyholders' funds held by the Group

Policyholders' funds held by the Group and liabilities relating to policyholders' funds held by the Group are investment contracts that are recognised at fair value and accounted for under IFRS 9.

(i) Policyholders' funds held by the Group

The policyholders' funds held by the Group represent the assets associated with an investment product in the Swedish business, where the assets are held on behalf of the policyholder, for which the Group holds a corresponding liability as noted in (ii) below.

The policyholders' funds held by the Group are held for investment purposes on behalf of the policyholders and are designated as at fair value through profit or loss. The fair values of the policyholders' funds held by the Group are the accumulation of the bid prices of the underlying assets at the year-end date. Transactions in these financial assets are recognised on the trade date, which is when the Group commits (on behalf of the policyholder) to purchase or sell the assets.

(ii) Liabilities relating to policyholders' funds held by the Group

The liability relating to policyholders' funds held by the Group represents the liability that matches the asset policyholders' funds held by the Group.

(o) Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. Hedge accounting has not been applied for the foreign currency hedge held by the Parent Company only.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the year-end date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the year-end date, being the present value of the quoted forward price.

Embedded derivatives which are not closely related to their host contracts, and which meet the definition of a derivative are separated and fair valued through profit or loss.

(p) Other assets

'Other assets' comprise receivables arising from investment contracts and other receivables such as accrued interest, receivables from fund management companies and income tax balances. Financial assets classified as 'other assets', other than accrued interest, are stated at amortised cost less impairment losses. These assets are subject to an expected credit loss assessment under IFRS 9 and are assessed as being immaterial given the typically short-term nature of these balances. The majority of the accrued interest relates to financial assets that are measured at FVTPL and are therefore not subject to the expected credit loss assessment.

(q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments. Highly liquid is defined as having a short maturity of 3 months or less at their acquisition.

Operating activities cash flows include loans and financial investments. The purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims. This is due to the cash receipts and payments made on behalf of the customers for which their funds are held by the entity. Dividends and interest received from the financial investments are captured within the operating activities.

Investing activities cash flows include cash payments to acquire property, plant and equipment, intangibles, and other long-term assets. These payments include those relating to capitalised development costs.

Financing activities cash flows include cash proceeds from issuing share capital, cash payments to owners to acquire or redeem the entity's shares, cash repayments of amounts borrowed, cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease, dividends paid out to shareholders, and interest paid on the borrowings.

(r) Other provisions

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of past events such that it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The Group recognises provisions for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(s) Lease contract liabilities

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments
- Variable lease payments
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options
- The payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A4 Material accounting policy information (continued)

(s) Lease contract liabilities (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group does not have any leases that include purchase options or transfer ownership of the underlying asset.

The right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if these were owned. For the Group this is 'Property and Equipment'.

For short-term leases (lease of than 12 months or less) and leases of low-value assets (such as personal computers and office furniture) the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Other operating expenses' in the Consolidated Income Statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group's weighted average incremental borrowing rate applied to lease liabilities during 2025 is 2.2% for the Swedish division and 2.0% for the Dutch division.

(t) Borrowings

Borrowings are recognised initially at fair value, less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised in the Consolidated Statement of Comprehensive Income on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability.

(u) Deferred income

Deferred income is in respect of initial fees that relate to the future provision of services that are deferred and amortised over the anticipated period.

(v) Other current liabilities

'Other current liabilities,' comprising investment contract payables and other payables, are recognised when due and are measured on initial recognition at the fair value of the consideration paid. Current liabilities in respect of insurance contracts are reported as part of the Liability for Incurred Claims.

(w) Employee benefits

- (i) Pension obligations

UK businesses

Group companies operate defined contribution pension schemes, which are funded through payments to insurance companies, to which group companies pay fixed contributions. There are no legal or constructive obligations on Group companies to pay further contributions if the fund does not hold sufficient assets to pay employee benefits relating to service in current and prior periods. Accordingly, Group companies have no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised in the Consolidated Statement of Comprehensive Income when due.

Swedish business

The Group participates in a combined defined benefit and defined contribution scheme for the benefit of its employees. However, the scheme is a multi-employer scheme, with the associated assets and liabilities maintained on a pooled basis. There is limited information available to the Group to allow it to account for the Scheme as a defined benefit scheme and, in accordance with IAS 19 Employee Benefits, it is, therefore, accounted for as a defined contribution scheme. Contributions paid to the Scheme are recognised in the Consolidated Statement of Comprehensive Income when due.

Dutch business (Scildon)

Scildon had a defined benefit plan which was closed and transferred into a defined contribution pension plan during 2019. The defined benefit pension scheme was administered by Stichting Pensiofond Legal & General Nederland. The company had agreed to contribute to the premium for the unconditional part of the pension. The company paid a contribution to the scheme and subsequently had no further financial obligations with respect to this part of the scheme. During 2019, a new defined contribution pension scheme was established for the benefit of Scildon employees.

As a result of the Conservatrix acquisition, the Group assumed the obligations under a defined benefit pension scheme for a small number of former Conservatrix employees. This scheme is closed to new entrants with no further benefits accruing and as such the exposure for the Group is limited to the longevity risk of the contracts. The liability is valued under IAS 19 and reported under 'Other provisions' in the Consolidated Statement of Financial Position.

- (ii) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The expense is recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

(x) Share-based payments (Parent Company only)

The value of employee share options and other equity settled share-based payments is calculated at fair value at the grant date using appropriate and recognised option pricing models. Vesting conditions, which comprise service conditions and performance conditions, other than those based upon market conditions, are not taken into account when estimating the fair value of such awards but are taken into account by adjusting the number of equity instruments included in the ultimate measurement of the transaction amount. The value of the awards is recognised as an expense on a systematic basis over the period during which the employment services are provided. Where an award of options is cancelled by an employee, the full value of the award (less any value previously recognised) is recognised at the cancellation date.

(y) Share capital and shares held in treasury (Parent Company only)

- (i) Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments, as consideration for the acquisition of a business, are included in the cost of acquisition.
- (ii) Shares held in treasury
Where the Company purchases its own equity share capital, the consideration paid, including directly attributable costs, is deducted from total shareholders' equity and shown separately as 'treasury shares' until they are cancelled. Where such shares are subsequently sold, any consideration received is credited to the share premium account.

(z) Dividends (Parent Company only)

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are paid, and, for the final dividend, when approved by the Company's shareholders at the Annual General Meeting.

(aa) Investment in subsidiaries (Parent Company only)

Investments in subsidiaries are carried in the Statement of Financial Position at cost less accumulated impairment. The Company assesses at each reporting date whether an investment is impaired by assessing whether any indicators of impairment exist. If objective evidence of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the Group entity and its carrying value and recognises the amount as an expense in the Income Statement. The recoverable amount is determined based on the cash flow projections of the underlying entities.

(ab) Business combinations

Acquisitions meeting the definition of a 'business' are accounted for under IFRS 3 Business combinations. This requires management to perform an assessment of the fair value of the assets and liabilities acquired and consideration paid at the point of acquisition. The acquiree's identifiable assets, liabilities, and contingent liabilities, are classified according to the relevant accounting standard and are measured initially at their fair values at the acquisition date. Expenses directly attributable to the acquisition are expensed as incurred unless determined to be attributable to future insurance contracts. Gains arising on a bargain purchase, where the net fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed exceeds the fair value of the consideration for the acquisition, are recognised in the Consolidated Statement of Comprehensive Income. Where the fair value of the consideration exceeds the fair value of the assets and liabilities acquired it is recognised as a goodwill intangible asset on the Consolidated Statement of Financial Position.

The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(ac) Portfolio transfers

Where a transaction is not deemed to be a business combination it is accounted for as an asset and liability purchase. In this scenario the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the transaction to the Group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

(ad) Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates, being its functional currency. For the purpose of these consolidated financial statements, the results and Statement of Financial Position of each Group company are expressed in pounds sterling, which is the functional currency of the Parent Company and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency, being foreign currencies, are recorded at the rates of exchange prevailing on the dates of the transactions. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. At each year-end date, monetary assets and liabilities which are denominated in foreign currencies are retranslated at the rates prevailing on the year-end date and exchange differences are recognised in profit or loss. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing when the fair value was determined.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the year-end date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising are classified as other comprehensive income and are recognised in the Group's foreign currency translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of.

Transactions relating to business combinations denominated in foreign currencies are translated into sterling at the exchange rates prevailing on the transaction date.

(ae) Climate change

In our Climate-related Financial Disclosures on pages 74 to 91, we note that climate change-related risks are potentially material and as such we have made commitments to transition to net zero by 2050. Primarily for Chesnara, climate change risk would be expected to arise through other financial risks e.g. equity risk, credit risk etc (PR1 – Market and Liquidity Risk) and also regulatory risk given the level of ongoing change. The Group is also exposed to strategic and reputational risks arising from its action or inaction in response to climate change.

The Consolidated Statement of Financial Position does not include any explicit adjustments in relation to climate risk-related impacts. This is based on the fact that the risk is expected to materialise over a longer time period, however we aim to mitigate against climate risk via the transition to net-zero. Additionally, there is an expectation that over time financial markets fully factor into their pricing the potential risks and impacts of climate change and other sustainability risks. We will continue to monitor market practice in this area.

A5 Significant accounting judgements and estimates

In preparing the financial statements, the Group makes judgements and applies estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Disclosures of judgements made by the Group in applying the accounting policies include those that have the most significant effect on the amounts that are recognised in the consolidated financial statements.

Such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Details of all critical accounting judgements and estimates are set out in the notes that follow.

IFRS 17 significant judgements applied in determining the transition amounts**(a) Judgement in applying the IFRS 17 fair value approach at transition**

IFRS 17 became effective from 1 January 2023 with a transition date of 1 January 2022. The Group applied the full retrospective approach where practical to measure each group of insurance contracts on transition which means IFRS 17 has been applied since acquisition into the Group. Where it was impractical to apply the full retrospective approach a fair value approach was used. The transition approach was determined at the level of a group of insurance contracts, however due to the factors under consideration (such as the length of time since acquisition and availability of data) the outcome of the practicability assessment resulted in a transition approach being applied for the operating segment as a whole, with the exception of Movestic.

Operating segment	Transition approach
UK – CA	Fair value
Movestic	Fair value*
Scildon	Full retrospective
Other Group activities	N/A

Note F2 provides information relating to the disaggregation of insurance revenue and CSM.

**For PAA contracts in Movestic, the Group has concluded that it is practicable to apply the full retrospective approach and hence this was applied. However, it was concluded that the full retrospective approach could not be applied to the majority of the pension benefits in scope of IFRS 17, and hence the fair value approach has been applied.*

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A5 Significant accounting judgements and estimates (continued)

IFRS 17 significant judgements applied in determining the transition amounts (continued)

(a) Judgement in applying the IFRS 17 fair value approach at transition (continued)

The Group determined that it would be impracticable to apply the full retrospective approach where the following applied:

- (i) Historical cash flow information was unavailable at the required level of aggregation.
- (ii) Historical actuarial models were unavailable.
- (iii) Information relating to historical assumptions that reflected the conditions existing at the relevant date was unavailable or not possible to create without the use of hindsight.

The Group has been able to apply the full retrospective approach to all material business acquired or written since 2016 when SII was introduced. There was no material new business in the UK or Sweden from 2016 to the transition date. In addition the full retrospective approach has been applied to all of the contracts within Scildon, which includes business acquired in 2015. Note A5 provides information relating to the key accounting judgements applied to business that has transitioned under the full retrospective approach.

In applying the fair value approach, the Group determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 Fair value measurement (IFRS 13), and its FCF at the transition date. The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date.

In the absence of recent market transactions for similar contracts, a present value technique was used to determine the fair value of the groups of contracts. IFRS 13 defines fair value accounting techniques according to the inputs used. The lack of observable market prices for the liabilities under consideration and hence the reliance on significant judgement to determine a market participant's view results in the present value technique being considered a Level 3 technique. The significant judgements to determine a market participant's view include:

- (a) a market participant's view of the expected future cash flows and risk allowances would align to Chesnara's view;
- (b) only future cash flows within the boundaries of the insurance contracts were included in the market participant's fair value estimation;
- (c) a market participant would require a compensation for the cost of holding capital in respect of the liabilities which has been determined based on market rates; and
- (d) a market participant would determine the compensation for the cost of holding capital based on a buffer in excess of the SII regulatory capital requirements. The buffer assumed is in the range of 130%-140% reflecting the specifics of the underlying business.

A number of specific modifications are permitted when using the fair value approach. The Group has adopted the following modifications:

- (i) Level of aggregation – to use information at the transition date to identify groups of insurance contracts;
- (ii) Level of aggregation – to group annual cohorts of business;
- (iii) Level of aggregation – the assessment for profitability was made at the transition date; and
- (iv) Measurement model – to use information at the transition date to assess eligibility for the VFA.

Fulfilment cash flows were estimated prospectively at the transition date and discount rates were determined at the transition date.

IFRS 17 accounting judgements

(b) Separation of contracts and classification

Judgement has been exercised across the Group in determining whether contracts issued contain significant insurance risk and whether contracts including investment components and insurance components can be separated. Once any investment components are separated, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts to reflect the substance of the transaction. To determine whether insurance components should be recognised and measured separately, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately. When the Group enters into one legal contract with different insurance components operating independently of each other, insurance components are recognised and measured separately, applying IFRS 17.

Generally, the contracts identified as insurance contracts under IFRS 17 at transition were the same as those under IFRS 4. However, there are some contracts, in the Swedish business, where under IFRS 17 the investment and insurance components can no longer be separated resulting in certain pension benefits becoming in scope of IFRS 17. No contracts have been switched from insurance to investment contracts at transition. Many contracts issued include 'rider' benefits in addition to the base policy, however having considered the facts and circumstances of these products it has been determined that these components should not be separated and that the contract is measured as one contract.

The assessment as to whether insurance contracts have direct participating features qualify for the VFA requires an element of judgement to determine whether the proportion of the underlying item to be paid to the policyholder is substantial and whether the policyholder liability varies substantially with the movement in the fair value of the underlying item.

(c) Level of aggregation

Judgement is required in applying the requirement to group portfolios of insurance contracts that have similar risks and are managed together. The Group has considered the following factors (to the extent that they are relevant for the entity) in order to group contracts by similar risks and those that are managed together: principal insurance risk, product type, tax status, legacy book/outsource provider and measurement model.

Further judgement is required in determining the profitability grouping that applies to portfolios of contracts. For the new business cohorts in Scildon, a policy level test is applied and contracts are allocated to the relevant profitability group. To date, this has not resulted in any contracts being classified as 'no significant risk of becoming onerous'. Where portfolios of contracts are acquired in a business combination or a portfolio transfer, the purchase terms have been such that to date all contracts have been allocated to the 'other' profitable cohort.

(d) Discount rates

Cash flows are discounted using currency-specific, risk-free yield curves adjusted for the characteristics of the cash flows and the liquidity of the insurance contracts. The Group applies a 'bottom-up' approach to determining discount rates and follows the methodology used by the PRA and EIOPA to determine risk-free yield curves and ultimate forward rates for regulatory solvency calculations. To reflect the liquidity or otherwise of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium, which is aligned to the SII Volatility Adjustment.

For certain Dutch 'savings mortgage' products, there is a direct connection to the policyholder's mortgage loan and the premiums to repay the loan in that the crediting rate is set such that the account value will be equal to the balance on the loan at maturity. For this product, the cash flows

are discounted using the same curve used to value the corresponding mortgage assets which itself is derived from mortgage rates available in the market.

The cash flows are discounted using a discount rate that adjusts risk-free yields for portfolio specific characteristics, with differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium).

Inflation rates mainly relate to expense inflation. The assumptions in respect of expense inflation reflect the Group's best estimate view incorporating market consistent data such as earnings indices and central bank inflation targets.

The yield curves that were used to discount the estimates of future cash flows that were modelled deterministically are shown in the table below:

Yield curve	Broad product category	Currency	1 yr	5 yrs	2025 10 yrs	20 yrs	30 yrs	1 yr	5 yrs	2024 10 yrs	20 yrs	30 yrs
RFR	Unit-linked/index-linked/with-profits – VFA	EUR	2.08%	2.48%	2.86%	3.21%	3.29%	2.24%	2.14%	2.27%	2.26%	2.39%
	Unit-linked/index-linked/with-profits – GMM (with high liquidity)	GBP	3.54%	3.67%	4.05%	4.54%	4.59%	4.46%	4.04%	4.07%	4.30%	4.23%
	Short-term protection	SEK	1.97%	2.47%	2.87%	3.10%	3.17%	2.25%	2.41%	2.63%	2.93%	3.05%
RFR + VA	Immediate annuities	EUR	2.22%	2.62%	3.00%	3.35%	3.41%	2.47%	2.37%	2.50%	2.49%	2.58%
	Term assurance and other non-linked Unit-linked/index-linked/with-profits – GMM (with medium liquidity)	GBP	3.78%	3.91%	4.29%	4.78%	4.83%	4.70%	4.28%	4.31%	4.54%	4.47%
Market Mortgage Rates	Scildon Savings Mortgage	EUR	2.76%	3.17%	3.55%	3.90%	3.97%	3.36%	3.32%	3.43%	3.39%	3.51%

The sensitivity of the Statement of Comprehensive Income and Statement of Financial Position to movements in the yield curve is shown in Note B3(a)(iii).

(e) Methods used to measure the risk adjustment for non-financial risk

The Group calculates the risk adjustment using a cost of capital (CoC) methodology similar to the PRA and EIOPA Solvency II Risk Margin approach. The differences between the Solvency II Risk Margin and the IFRS 17 risk adjustment for non-financial risk include:

- (a) the risk adjustment for non-financial risk only includes risks within the IFRS 17 contract boundary which may differ to the contract boundary assumed in Solvency II;
- (b) the Solvency II risk margin makes allowance for counterparty default risk and operational risk, but these are not permitted in the risk adjustment for non-financial risk; and
- (c) the Solvency II risk margin does not apply a tapering factor for the overseas divisions.

The tapering factor reduces the liabilities within the Group and was introduced to the risk margin calculation as part of the UK SII reforms at December 2023. The same methodology and parameters were applied for the first time to the risk adjustment calculation for IFRS 17 at 31 December 2024 as a result of the Group also adopting the tapering factor in its EcV reporting, from which the CoC is also derived.

In determining the risk adjustment for non-financial risk each entity allows for diversification between the risks in a consistent manner to that applied in the Solvency II risk margin. Diversification is allowed for within each entity, but not across the entities, and is allocated to groups of insurance contracts in proportion to the undiversified risk capital amounts. The risk adjustment is then determined by applying a CoC rate to the amount of capital required for each future reporting date and discounting the result using the appropriate portfolio level risk-free rates adjusted for illiquidity.

The required capital is determined using stresses and diversification factors aligned to the relevant Solvency II methodologies and allocated to groups of contracts in a way that is consistent with the risk profiles of the groups. The CoC rate reflects that used in the Group's own EcV reporting, currently 3.25%pa (2024: 3.25%).

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Over a 1-year time horizon and on a net of reinsurance basis, this risk adjustment corresponds to a confidence level of 65.5% (2024: 66.5%). This is equivalent to estimating that the probability that any changes in best estimate liabilities from non-financial risk over the next year exceed the amount of the risk adjustment is less than 34.5% (2024: 33.5%). Using statistical approximations, the 1-year figure can be transformed into an equivalent confidence level over the expected lifetime of in-force policies of 59.7% (2024: 59.6%).

SECTION A – GENERAL INFORMATION AND ACCOUNTING POLICIES AND JUDGEMENTS

A5 Significant accounting judgements and estimates (continued)

IFRS 17 accounting judgements (continued)

(f) Expense allocations

Expenses cash flows are assessed as to whether they are attributable to the fulfilment or acquisition of insurance contracts. Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation.

(g) Coverage period and units

Judgement is required in determining the expected coverage period over which the CSM is allocated into profit or loss for the services provided or received.

For contracts issued, the Group determines the coverage period for the CSM recognition as follows:

- (a) for non-participating contracts, the coverage period corresponds to the policy coverage for mortality and/or morbidity risk and investment return services;
- (b) for contracts with direct participating features, the coverage period corresponds to the period in which insurance or investment related services are expected to be provided.

The coverage period for reinsurance contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

The CSM at the end of the reporting period is allocated to Income Statement based on the relevant underlying coverage units where the number of coverage units in a group is determined by considering, for each contract, the quantity of the benefits provided under a contract and its expected coverage period. The quantity of benefits provided includes insurance, investment return and investment-related services and hence the coverage unit is based on the maximum benefit payment (including insurance, investment return and investment-related services) which may become due in a period.

Where a specific unit of account contains a mixture of services, and therefore coverage units, it is necessary to weight the coverage units so that the resulting profile of CSM release reflects the overall package of benefits provided. This is particularly pertinent to units of account incorporating a combination of immediate and deferred annuities. Under IFRS 17, deferred annuities usually provide multiple services, split between the two phases of benefit provision (the deferral phase and the payment phase). Judgement is therefore required to combine the different coverage units so that they fairly reflect the services provided. The weighting between the deferral phase and the payment phase coverage units is calculated so that the services provided in the deferral phase reflect the investment return provided and the probability weighted delivery of any lump sum death benefits, both adjusted so that all of the CSM is earned in the deferral phase for all contracts which do not enter the payment phase either through transfer out, withdrawal of funds or death.

For contracts that provide an investment return or investment-related service, the account balance is generally considered the main driver for determining the amount of service provided in a period. For products that provide an insurance service the sum assured, in excess of any account balance, is considered the main driver for determining the amount of insurance service provided in a period.

The following table provides details of the coverage units applied for the broad product categories:

Product category	Typical coverage unit
Immediate annuities	Annuity face amount
Term assurance and other non-linked	Term assurance: Sum insured Other non-linked: Higher of death and maturity benefit
Unit-linked/index-linked/with-profits – GMM	Higher of death benefit, account value and maturity benefit
Unit-linked/index-linked/with-profits – VFA	Higher of death benefit, account value and maturity benefit
Short-term protection	N/A

Notes F2 to F4 provide information regarding the timing of the future release of the CSM to the Income Statement account, based on the CSM at the year-end date.

(h) Non-distinct investment components

Insurance revenue and insurance service expenses exclude any NDIC. The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. In so doing a judgement that this is from the perspective of the policyholder has been applied. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses. Where the required information for the actual NDIC is unavailable at a policy level, the Group applies estimation techniques based on expected data. Typical non-distinct investment components are outlined in Note A4(a)(xiv).

Other significant accounting estimates

(i) Acquired value of in-force business (CASLP)

The Group applies accounting estimates and judgements in determining the fair value, amortisation and recoverability of acquired in-force business. In the initial determination of the acquired value of in-force business, the Group uses actuarial models to determine the expected net cash flows (on a discounted basis) of the policies acquired. The key assumptions applied in the models are driven by the expected behaviour of policyholders on termination rates, expenses of management and age of individual contract holders as well as global estimates of investment growth, based on recent experience at the date of acquisition. The assumptions applied within the models are considered against historical experience of each of the relevant factors. Refer to accounting policy Note A4(i).

The acquired value of in-force business is amortised on a basis that reflects the expected profit stream arising from the investment contracts acquired at the date of acquisition. The rate of amortisation is therefore based on expected claims and the asset is expected to run-off over a period of 30 years from the year-end date.

Impairment testing requires a degree of estimation and judgement. In particular, the value is sensitive to the rate at which future cash flows are discounted and to the rates of return on invested assets, which have been determined with reference to our review of the current market assessment of the time value of money and the risks specific to the asset for which the cash flows have not been adjusted. The actual (pre-tax) rate applied for the impairment test was 9.45% (31 December 2024: 9.55%).

The acquired value of in-force business for CASLP has been tested for recoverability as at 31 December 2025 and did not identify any material impairment losses. As a result of this, no material losses were posted in the year ended 31 December 2025 (31 December 2024: no impairment).

A 200 bps increase in the effective discount rate would reduce the underlying value of in-force business in CASLP by £5.3m (31 December 2024: £2.8m). A 10% fall in projected future profits would reduce the underlying value of in-force business in CASLP by £4.7m (31 December 2024: £2.8m).

(j) Investment in subsidiaries

The Group applies accounting estimates and judgements in determining the holding value and recoverability of its investment in subsidiaries. An annual impairment test is performed which requires a degree of estimation and judgement, and for which recoverability is tested by reference to their Solvency II Own Funds. The fair value of existing assets and liabilities is calculated under Solvency II methodology, with Solvency II Own Funds used to approximate the fair value of the investment in subsidiary and compared to the carrying value as a potential impairment indicator. Solvency II methodology is a widely recognised, regulatory framework based on market value principles. For prudence, a discount factor is applied to the Solvency II Own Funds valuation to align with market experience where M&A transactions have tended to be at a discount to Own Funds, the factor used at 31 December 2025 was 0.81.

Previously, EcV methodology was used, which assesses the future cash flows on a best-estimate basis, discounted at a risk-free rate, to measure the future profitability of the business. Using Solvency II Own Funds is better aligned with market practices and it offers enhanced comparability and transparency. Using Solvency II Own Funds in place of EcV has not changed the outcome of the impairment assessments.

Where discounted Own Funds does not exceed the carrying value of the investment in subsidiary, the value in use is calculated based on dividend projections set out in the Group's business plan approved by the Board. The dividend projections reflect the emergence of surplus from in-force business on a Solvency II basis, and does not include the impact of acquisitions which have been announced.

The value in use was calculated for the investment in Countrywide Assured. The value in use calculation used a discount rate of 9.45% and a terminal growth rate of -10.4% was applied as the subsidiary is closed to new business. Cash flows for the value in use were restricted to cash flows up to the point where retained earnings becomes nil as further dividends would not be legally permissible.

The impairment assessment showed that as at the year-end date, there was a deficit (31 December 2024: £4.0m) against the carrying value of the investment in subsidiary value and hence the carrying value was impaired by £28.2m (31 December 2024: impaired by £4.0m). Impairments impact the Parent Company Income Statement and Statement of Financial Position but no impact to the Group consolidated financial statements.

The value in use calculation for Countrywide Assured is sensitive to the terminal growth rate applied to the dividend cash flows. A 1% decrease in the terminal growth rate of projections to -11.4% would lead to a reduction in the recoverable amount by £1.3m. The terminal growth rate would need to reduce by 4.3% to -14.7% to result in a materially different impairment value of £38.4m.

(k) Persistency

Best estimate assumptions about policyholder behaviour, such as surrenders and lapses, used in estimating future cash flows are developed for homogeneous product types and groups of policyholders at a local entity level. Assumptions are generally based on a combination of the local entity's recent experience and future expectations. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Surrenders and lapses depend on the product and policy duration in force. Note B2 provides more information on lapse rates and the sensitivity of the Income Statement and Statement of Financial Position to changes in persistency assumptions.

Key sources of estimation and uncertainty

(l) Mortality/Longevity/Morbidity

Best estimate assumptions about mortality, longevity and morbidity used in estimating future cash flows are developed for homogeneous product types and groups of policyholders at a local entity level. Assumptions are generally based on a combination of national data, standard industry tables, the local entity's recent experience and also future expectations. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts. Note B2 provides more information on mortality rates used and the sensitivity of the Income Statement and Consolidated Statement of Financial Position to changes in mortality and morbidity assumptions.

(m) Future expenses

Best-estimate assumptions regarding expenses used in the estimation of future cash flows are set at a level that reflects the Group's expectations as to future expenditure based on each entity's cost base and annual budgeting process along with longer-term expectations as to how the business will run off net of any new business. Transition costs and major project expenses are reviewed on a case-by-case basis as to whether they should be treated as non-attributable. Costs which are borne centrally for groupwide projects have been considered non-attributable. Expenses pertaining to investment costs on assets backing liabilities where no investment related service is provided to policyholders, generally term assurance and annuities, are also excluded. Note B2 provides more information on the sensitivity of the Income Statement and Statement of Financial Position to changes in future expense assumptions.

SECTION B – RISK AND CAPITAL MANAGEMENT

B1 Risk Management Framework

The Chesnara Board of Directors has overall responsibility for the adequacy of the design and implementation of the Group's Risk Management Framework and its consistent application across divisions. The Group and its divisions operate within a defined risk strategy and supporting Risk Appetite Framework. Risk preferences are approved by the Board of Directors and the risk position of the business is monitored against these preferences.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to risk limits. The risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities whilst the Board of Directors approves the review, updates and attests to adherence to these policies at least annually

Risk is managed at local entity level where the business is transacted, based on the principles and policies established at Group level. The Chesnara Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Group. It is assisted in its oversight role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Chesnara Audit & Risk Committee.

The Group issues insurance contracts and investment contracts. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities.

B2 Underwriting risk

General

Underwriting risk consists of insurance risk, persistency risk (together demographic experience risk) and expense risk:

- **Insurance risk:** the risk transferred from the policyholder to the Group, other than financial risk. Insurance risk arises from uncertainty regarding the occurrence, timing and amount of future claims.
 - **Persistency (or lapse) risk:** the risk that a policyholder will cancel a contract, increase or reduce premiums, withdraw deposits or annuitise a contract earlier or later than expected.
 - **Expense risk:** the risk of unexpected increases in the administrative costs of servicing contracts.
- The Group is exposed to different aspects of insurance risk for life insurance policies issued:
- Mortality risk – the risk of losses arising from death of life insurance policyholders being earlier than expected
 - Morbidity risk – the risk of medical claims arising from the diagnosis of illness being higher than expected
 - Longevity risk – the risk of losses due to policyholders living longer than expected

The Group's management of insurance risk is a critical aspect of its business. The primary insurance activity carried out by the Group comprises the assumption of the risk of loss from persons that are directly subject to the risk. As such, the Group is exposed to the uncertainty surrounding the timing and severity of claims under the related contracts. The principal risk is that the frequency or severity of claims is greater than expected.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. Insured events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. It is noted that the annuity policies give exposure to longevity risk, which provides a partial natural hedge to the exposure to mortality risk.

The Group manages its insurance risk through adoption of underwriting strategies, the aim of which is to avoid undue concentration of risk, approval procedures for new products, pricing guidelines and adoption of reinsurance strategies, the aim of which is to reinforce the underwriting strategy by avoiding the retention of undue concentration of risk.

Notwithstanding that the Group pursues common overarching objectives and employs similar techniques in managing these risks, the range of product characteristics and the differing market and regulatory environments of the UK, Swedish and Dutch businesses are such that insurance risk is managed separately for the separate operating segments and concentration of insurance risk is mitigated. The UK segment consists of largely closed legacy books of business that are in run-off, the single premium onshore bond which is open to new business is valued under IFRS 9. The Dutch business contains a number of books which are closed and also writes new business under the brand name Scildon. The Swedish segment, Movestic, also writes new business however this predominantly comprises of investment contracts valued under IFRS 9.

Accordingly, the information which follows (and also the quantitative disclosures in Section F of the notes to the financial statements) differentiates these segments and sets out for each the key risks arising from insurance contracts and how those risks are measured and managed.

(a) UK business

The main insurance contract portfolios within the UK and the associated risks that have a material effect on the amount, timing and uncertainty of future cash flows arising from the insurance contracts issued are as follows:

(i) Immediate annuities

Immediate annuities provide regular income payments generally during the outstanding life of the policyholder, and in some cases that of a surviving spouse or partner. In certain cases, payments may be guaranteed for a minimum period. These contracts expose the business to longevity risk.

(ii) Term assurances and other non-linked

The principal insurance risk for these portfolios is mortality risk with some morbidity risk arising from critical illness benefits. The policies generally provide fixed and guaranteed benefits and have fixed future premiums.

(iii) Unit-linked/Index-linked/With-profits – GMM

The contracts in these portfolios are with-profits or unit-linked pensions and savings products which, due to the presence of in the money guarantees or the charges applied, did not meet the criteria for measurement under VFA. The with-profits policies comprise a guaranteed sum assured payable on death or at maturity, to which may be added a discretionary terminal bonus. The unit-linked policies include guarantees in excess of the unit fund. The principal insurance risk for these contracts is mortality risk however some contracts also contain morbidity risk.

(iv) Unit-linked/Index-linked/With-profits – VFA

These portfolios contain unit-linked pensions, endowments and whole of life contracts and a small number of with-profits policies. The contracts passed the criteria for measurement under VFA. The principal insurance risk for these contracts is mortality risk however some contracts also contain morbidity risk.

Management of insurance risks

The risk at outset of a contract is managed through the pricing basis. Thereafter the risks associated with these products are managed by reinsurance and, in some cases, by the ability to charge the policyholder for the mortality benefits provided.

For unit-linked contracts there is exposure to insurance risk only insofar as the value of the unit-linked fund is lower than the guaranteed minimum death benefit.

The with-profits business which is measured using the VFA is reinsured to ReAssure Limited and hence the only risk retained for this business is the risk of default by the reinsurer and some expense risk.

The following table shows the breakdown of insurance and reinsurance contract values by major product type for contracts in the UK:

31 December Type of contracts	2025			2024		
	Gross £m	Reinsurance £m	Total £m	Gross £m	Reinsurance £m	Total £m
Immediate annuities	96.8	(41.5)	55.3	102.0	(43.9)	58.1
Term assurance and other non-linked	89.0	(60.7)	28.3	86.7	(61.1)	25.6
Unit-linked/Index-linked/With-profits – GMM	222.8	(0.4)	222.4	202.4	(0.3)	202.1
Unit-linked/Index-linked/With-profits – VFA	897.8	(50.4)	847.4	915.6	(47.2)	868.4
Total	1,306.4	(153.0)	1,153.4	1,306.7	(152.5)	1,154.2

Concentration of insurance risk

The UK does not underwrite group insurance covers which tends to naturally limit geographic concentrations. Exposures to material insurance risks, on individual cases, are avoided through the use of quota share and surplus reinsurance and retained sums assured on any one life are generally under £250,000.

Mortality assumptions

A base mortality table is selected which is most appropriate for each type of contract taking into account historical experience and where appropriate, reinsurers rates. The mortality rates reflected in these tables are periodically adjusted, allowing for emerging experience. The mortality assumptions used on the blocks of business most sensitive to changes in mortality assumptions are disclosed below.

Term assurance ex-Protection Life, Life Business: 65% TMN00 select (2024: 65%) and 65% TFN00 select (non-smokers) (2024: 65%), 65% TMS00 select (2024: 65%) and 65% TFS00 select (smokers) (2024: 65%).

Annuitant mortality (CA): 104% PMA08 table (2024: 104%) and 119% PFA08 table (2024: 104%), with 100% CMI_2024 improvements (2024: 100% CMI_2023 improvements) with a 1.5% long-term convergence rate from 31 December 2025 (2024: 1.5%).

Annuitant mortality (CASLP conventional annuities): 105% PMA08 table (2024: 120%) and 105% PFA08 table (2024: 120%), with 100% CMI_2024 improvements (2024: 100% CMI_2023 improvements) with a 1.5% long-term convergence rate from 31 December 2025 (2024: 1.5%).

Other underwriting risks on insurance contracts*Expense risk*

The UK business outsources the majority of operational activities to third party administrators in order to reduce the expense inefficiencies that would arise with fixed and semi-fixed costs on a reducing policy base, although this is mitigated by acquisitions of business. There are, however, risks associated with the use of outsourcing. In particular, there will be a need for periodic renegotiations of the terms of the outsourcing arrangements as the existing agreements expire, the outcome of which could potentially impact ongoing maintenance expenses and involve transition costs. There is also a risk that, at some point in the future, third party administrators could default on their obligations. The UK business monitors the financial soundness of third-party administrators and has retained step-in rights on the more significant of these agreements. There are also contractual arrangements in place which provide for financial penalties in the event of default by the administration service provider.

In 2023, the UK business entered into a long-term strategic partnership with SS&C Technologies. As the division works to migrate its books of business to SS&C, potential delays to the migration process, especially due to new acquisitions, are a source of expense risk as this affects maintenance expenses and transition costs.

Persistency risk

Persistency risk is the risk that the policyholder cancels the contract or discontinues paying new premiums into the contract, thereby exposing the UK business to the risk of a reduction in profits. Persistency experience is actively monitored to allow early identification of trends. In addition, reinsurance is in place to limit the impact arising from a mass lapse event on the long-term contracts.

(b) Swedish business

The Movestic business is focused predominantly on unit-linked savings and pensions in the local Swedish market. IFRS 17 requires that contracts are separated according to the benefits selected. The majority of the contracts in Movestic are classified as investment contracts, with no significant insurance risk, and are therefore measured under IFRS 9, however some of the savings benefits do, however, fall within the scope of IFRS 17. In addition, there is some short-term protection business, measured under PAA.

(i) Unit-linked/Index-linked/With-profits – VFA

The insurance benefits within scope of IFRS 17 are unit-linked pension savings contracts where the policyholder has selected to receive a payment on survival to a specified date but there are no payments to beneficiaries on death before this date, with invested amounts instead becoming the property of Movestic. To compensate the insured for this risk, Movestic allocates inheritance gains on a monthly basis to surviving policyholders such that the gains broadly match the long-term average values retained due to death. At the individual beneficiary level there is insurance risk as significant additional amounts are paid to the beneficiary on survival compared to receiving no payment on death.

SECTION B – RISK AND CAPITAL MANAGEMENT

B2 Underwriting risk (continued)

(b) Swedish business (continued)

(ii) Short-term protection

These portfolios primarily include insurance contracts providing:

- Life cover on an individual or group contract basis
- Accident and sickness cover for group contracts
- Income protection benefits separated from group pension schemes
- Waiver of premium separated from group pension schemes

The principal risk for the life cover is mortality risk and the principal risk for the remaining products is morbidity risk. The above are 1-year contracts as Movestic has the practical ability to re-price all benefits within 1 year.

Management of insurance risks

For linked contracts the investment risk is borne by the policyholder and there is limited exposure to insurance risk. In addition, the allocation of inheritance gains are reviewed regularly and are subject to change in order that the inheritance gains allocated broadly equals the amount paid to Movestic on death, thereby reducing the risk to Movestic.

For the contracts measured under the PAA the key risks are managed through appropriate product design and pricing of the policies to ensure that the potential cost to Movestic of these events (and associated expenses of underwriting and administration) are reflected in the price charged to the policyholder. These contracts are either 1-year contracts or Movestic has the practical ability to re-price all benefits within 1 year, which allows Movestic to manage its risk exposure. In addition, risk is further mitigated by the use of reinsurance.

The following table shows the breakdown of insurance and reinsurance contract values by major product type for contracts in Sweden:

31 December Type of contracts	Gross £m	2025 Reinsurance £m	Total £m	Gross £m	2024 Reinsurance £m	Total £m
Long-term with direct participating features	161.7	–	161.7	142.1	–	142.1
Short-term protection	31.3	(11.6)	19.7	32.0	(12.4)	19.6
Total	193.0	(11.6)	181.4	174.1	(12.4)	161.7

Concentration of insurance risk

Regarding benefits assured for individual contracts, the combined effect of reinsurance and the fact that the vast majority of the total benefit assured relates to numerous small value contracts limits the level of concentration risk. The use of reinsurance means that exposures to material insurance risks on individual cases are avoided, with 96.9% of the business having retained sums assured of less than £250,000.

In respect of group contracts, the business is exposed to multiple employees of the same organisation being involved in a single loss event. Movestic forecasts that its maximum loss would be of the order of SEK 667m (approximately £53.8m) gross of reinsurance (2024: SEK 666m, approximately £48.1m) and SEK 33m (approximately £2.7m) after reinsurance. (2024: SEK 33m, approximately £2.4m).

Mortality assumptions

These are not material for the long-term Swedish contracts as the inheritance gains allocated by Movestic to the surviving policyholders are such that they broadly match the long-term average of the amounts retained on death. Mortality assumptions are not material to the protection products due to the short-term nature of these contracts.

Other underwriting risks on insurance contracts

Expense risk

Expense risk is the risk that expenses are higher than expected hence leading to a reduction in profits. Expenses are actively monitored and managed to reduce this risk.

Persistency risk

Persistency risk is the risk that the policyholder cancels the contract or discontinues paying new premiums into the contract, thereby exposing the Swedish business to the risk of a reduction in profits. Persistency experience is actively monitored to allow early identification of trends. In addition, reinsurance is in place to limit the impact arising from a mass lapse event on the long-term contracts.

(c) Dutch business

This is comprised of the formerly separate businesses, Waard and Scildon, which merged in July 2025 and now trade under the brand name Scildon. Scildon contains a mixture of unit-linked and traditional savings contracts with life cover, term assurance, annuities and group pension business.

(i) Immediate annuities

Immediate annuities provide regular income payments for either the outstanding lifetime of the policyholder and in some cases the outstanding lifetime of a surviving spouse or partner or for the fixed term chosen by the policyholder. Payments are guaranteed for a minimum period. These contracts expose the business to longevity risk.

(ii) Term assurance and other non-linked

Scildon mainly writes term life contracts, sold as a regular premium policy. The current mass market product has no surrender value or profit sharing. The most significant factors that could increase risk are epidemics and changes in lifestyle leading to higher mortality.

There are also older traditional policies with-profit sharing conditions (before 2011) that allow for a surrender value at lapse or profit sharing at maturity. There are also endowment, savings and funeral plans in run-off. These are split into separate portfolios reflecting the principal risks of mortality or longevity.

(iii) Unit-linked/Index-linked/With-profits – GMM

Scildon writes unit-linked and index-linked business, with most policies paying out 0%, 90% or 110% of the unit-value at death of the policyholder and 100% at maturity. When the death benefit is greater than 100% of the unit fund value the principal risk is mortality and if the death benefit is less than 100% of the unit fund value the principal risk is longevity. These are allocated to two portfolios as only policies allocating the majority of premiums to unit-linked holdings passed the criteria of the VFA eligibility test.

There is mortgage savings business which contain mortality risk.

(iv) Unit-linked/Index-linked/With-profits – VFA

As noted above, Scildon contains unit-linked and index-linked savings contracts, for which the criteria for measurement under VFA are met.

The group pension contracts are also unit-linked in nature and pass the VFA eligibility criteria. The principal risk for these contracts is mortality risk.

Management of insurance risks

A notable portion of the division is closed to new business and is in run-off and hence no significant underwriting occurs. To manage risk on this, the division entered into an excess of loss & catastrophe (life) and quota share (health) reinsurance agreement to mitigate the risk in excess of risk appetite for mortality, disability and unemployment.

Term assurances are the main new business product type where underwriting occurs.

For linked contracts the investment risk is borne by the policyholder, therefore there is exposure to insurance risk only insofar as the value of the unit-linked fund is lower than any guaranteed benefits.

Quota share reinsurance agreements are in place with a maximum retention per policy, to mitigate the risk in excess of risk appetite for mortality at the moment of underwriting. Catastrophe reinsurance is in place to mitigate the loss arising from a catastrophe risk event.

The following table shows the breakdown of insurance and reinsurance contract values by major product type for contracts in Scildon:

31 December Type of contracts	Gross £m	2025 Reinsurance £m	Total £m	Gross £m	2024 Reinsurance £m	Total £m
Immediate annuities	219.2	–	219.2	143.1	–	143.1
Term assurance and other non-linked	295.6	7.1	302.7	161.7	14.6	176.3
Unit-linked/Index-linked/With-profits – GMM	704.9	–	704.9	242.2	–	242.2
Unit-linked/Index-linked/With-profits – VFA	1,221.6	–	1,221.6	1,349.1	–	1,349.1
Total	2,441.3	7.1	2,448.4	1,896.1	14.6	1,910.7

Concentration of insurance risk

Scildon does write group pensions contracts with an excess of loss limit of €200,000 per life, hence concentration risk is limited. Regarding benefits assured for individual contracts, the combined effect of reinsurance and the fact that the vast majority of the total benefit assured relates to numerous small value contracts, limit the level of concentration risk.

Mortality assumptions

The assumptions differ by product type, and there are also different assumptions applied within each product type depending on when the contract was written. The unit-linked contracts are the largest product group and an example of the mortality tables used are AG2024. For annuities, an example of the mortality tables applied are the ES-L2 AG2024.

Persistency and expense risk

To mitigate the expense risk, management actively monitor the expenses incurred to keep costs to an appropriate level. Persistency levels are moderate however they are actively monitored to allow early identification of trends. In addition, expense risk was further mitigated by the integration of the Waard and Scildon businesses, as referred to in the risk management section of the Strategic Report.

(d) Sensitivity analysis

The following tables show the impact to the CSM, profit or loss after tax and shareholders' equity if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. The analysis has been prepared for a change in the stated variable, with all other assumptions remaining constant and presents the impact both before and after reinsurance.

31 December 2025 Variation in/arising from	CSM gross £m	CSM net £m	Profit or loss gross £m	Profit or loss net £m	Equity gross £m	Equity net £m
Mortality and morbidity combined – 10% increase	(26.3)	(9.2)	(32.1)	(13.3)	(32.1)	(13.3)
Expenses – 10% increase	(10.2)	(10.3)	(6.2)	(6.2)	(6.2)	(6.2)
Lapse – 10% decrease	(0.7)	(3.2)	0.1	1.5	0.1	1.5

31 December 2024 Variation in/arising from	CSM gross £m	CSM net £m	Profit or loss gross £m	Profit or loss net £m	Equity gross £m	Equity net £m
Mortality and morbidity combined – 10% increase	(35.6)	(11.0)	(17.9)	(11.6)	(17.9)	(11.6)
Expenses – 10% increase	(10.5)	(11.0)	(5.2)	(4.9)	(5.2)	(4.9)
Lapse – 10% decrease	(1.0)	(2.3)	(0.3)	0.3	(0.3)	0.3

The sensitivities to mortality and morbidity (critical illness) rates shown above are calculated on the assumption that there would be no consequential change in rates to policyholders. In practice, Group policy is to pass costs onto policyholders where it is contractually permitted and where it considers that the impact of the change is significant and subject to treating customers fairly.

A 10% increase in mortality and morbidity rates in 2025 is expected to result in a higher fall in profits compared to 2024 due to the introduction of a new protection portfolio following the Part VII of a portfolio acquired in previous years in the UK. This portfolio is well protected with reinsurance and the impact on profits after reinsurance is much lower. There is also a greater fall in Scildon, which has the highest exposure to mortality risks, as it has a lower CSM in 2025. This means that the CSM would absorb less of the impact of the stress.

The impact of a 10% increase in expenses is relatively stable compared to 2024. This is because the strengthening of expense assumptions in the UK and increased number of portfolios in loss component is offset by the positive impact of the expense assumption updates in the Netherlands.

The impact of a 10% decrease in lapses on profit has become positive on both a gross and net basis. This is primarily driven by Argenta Savings Mortgages, where prior assumption changes (lower costs on savings mortgages) have impacted how the sensitivity reacts on the cohort movements.

SECTION B – RISK AND CAPITAL MANAGEMENT

B3 Financial risk

General

The Group is exposed to a range of financial risks, principally through its insurance contracts, financial assets, including assets representing shareholder assets, financial liabilities, including investment contracts and borrowings, and its reinsurance assets. These risks are described at a high level in the risk management section of the Annual Report and Accounts under 'PR1 – Market and Liquidity Risk'.

In particular, the key financial risk is that, in the long term, proceeds from financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts and borrowings. The most important components of this financial risk are market risk (interest rate risk, equity and property price risk and foreign currency exchange risk), liquidity risk and credit risk (including the risk of reinsurer default).

The risks related to insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising are set out in Note B2.

The Group provides two types of investment contract: unit-linked savings and unit-linked pensions predominantly written in the UK and Sweden.

- (i) Unit-linked savings are single or regular premium contracts, with the premiums invested in a pooled investment fund, where the policyholder's investment is represented by units or trust accounts where the policyholder decides where to invest. On certain contracts there is a small additional benefit payable on death which is deemed not to transfer significant insurance risk to the business for these contracts. The benefits payable at maturity or surrender of the contracts are the underlying value of the investment in the unit-linked funds or trust accounts, less surrender charges where applicable.
- (ii) Unit-linked pensions are single or regular premium contracts with features similar to unit-linked savings contracts. Benefits are payable on transfer, retirement or death.

(a) Market risk

(i) Management of market risk

The Group businesses manage their market risks within Asset Liability Matching (ALM) frameworks that have been developed to achieve long-term investment returns at least equal to their obligations under insurance and investment contracts, with minimal risk. Within the ALM frameworks the businesses produce quarterly reports at legal entity and asset and liability class level, which are circulated to the businesses' key management. The principal technique of the ALM frameworks is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders, with separate portfolios of assets being maintained for linked and non-linked liabilities.

For non-unit-linked business, the Group's objective is to match the timing and nature of cash flows from insurance and investment contract liabilities with the timing of cash flows from assets subject to identical or similar risks. By matching the cash flows of liabilities with those of suitable assets, market risk is managed effectively, whilst liquidity risk is minimised. These processes to manage the risks, which the Group has not changed from previous periods, ensure that the Group is able to meet its obligations under its contractual liabilities as they fall due.

Unit-linked and index-linked insurance contracts and investment contracts

The Group matches the financial liabilities relating to these contracts with units in the financial assets of the funds to which the value of the liabilities is linked, such that the policyholders bear the principal market risk (being interest rate, equity price and foreign currency risks) and credit risk. Accordingly, this approach results in the Group having no significant direct market or credit risk on these contracts. Its primary exposure to market risk is the risk of volatility in asset-related fees due to the impact of interest rate, equity price and foreign exchange rate movements on the fair value of the assets held in the linked funds, on which asset-related fees are based.

There is residual exposure to market risk on certain unit-linked contracts where the Group provides to policyholders guarantees as to fund performance or additional benefits which are not dependent on fund performance. This exposure is mitigated to the extent that the Group matches the obligations with suitable financial assets external to the unit-linked funds, such that the residual exposure is not considered to be material.

With-profits contracts

Some non-linked insurance contracts within the UK businesses include discretionary participation features in the form of with-profits policies. For the CA business, where the policyholder benefits comprise a discretionary annual bonus and a discretionary terminal bonus, the with-profits business is wholly reinsured to ReAssure Limited and hence there is no market risk for this class of business on a net basis.

For the CA (S&P) business, the primary investment objective of the with-profits policyholder funds is that the guaranteed minimum benefits of the with-profits policyholders should be met entirely from the policyholder funds.

The secondary investment objective is, where possible, to provide a surplus in excess of the guaranteed minimum benefits. The entire surplus in the policyholder fund accrues to the with-profits policyholders. Any deficit in the policyholder fund is ultimately borne by shareholders. Therefore, the Group has a significant exposure to market risk in relation to with-profits business should the with-profits policyholder assets be unable to fully meet the cost of guarantees. To achieve the investment objectives, the funds may invest in a range of asset classes including property, equities, fixed interest securities, convertibles, cash and derivatives, both in UK and overseas.

Other insurance contracts

Other non-linked contracts include contracts which pay guaranteed benefits on insured events, the terms being fixed at the inception of the contract. Exposure to market price risk is minimised by generally investing in fixed-interest debt securities, while interest rate risk is generally managed by closely matching contracts written with financial assets of suitable nature, yield, duration and currency. To the extent that the Group is unable to fully match its interest rate risk, it makes provision in respect of assumed shortfalls on guaranteed returns to policyholders as part of the present value of future cash flows of the contracts.

Shareholder funds

Shareholder funds at both Group, Parent Company and operating subsidiary level, in accordance with corporate objectives and, in some instances, in accordance with local statutory solvency requirements, are invested in order to protect capital and to minimise market and credit risk. Accordingly, they are generally invested in assets of a shorter-term liquid nature, which gives rise to the risk of lower returns on these investments due to changes in short-term interest rates.

The tables below show the impact of movements in per annum market rates of interest on the CSM, profit or loss after tax and on shareholder equity as at the year-end dates. We believe these interest rate risk variables, to which the Group results are sensitive, represent the ones that might reasonably occur in the future.

31 December 2025 Variation in/arising from 100 basis points in market rate of interest	Increase CSM £m	Decrease CSM £m	Increase Profit or loss £m	Decrease Profit or loss £m	Increase Shareholder equity £m	Decrease Shareholder equity £m
Insurance and reinsurance contracts	0.6	(0.5)	58.4	(69.2)	58.4	(69.2)
Financial instruments	–	–	(70.4)	80.1	(70.4)	80.1
Total	0.6	(0.5)	(12.0)	10.9	(12.0)	10.9

31 December 2024 Variation in/arising from 100 basis points in market rate of interest	Increase CSM £m	Decrease CSM £m	Increase Profit or loss £m	Decrease Profit or loss £m	Increase Shareholder equity £m	Decrease Shareholder equity £m
Insurance and reinsurance contracts	1.0	(1.7)	71.3	(82.1)	71.3	(82.1)
Financial instruments	–	–	(79.4)	91.2	(79.4)	91.2
Total	1.0	(1.7)	(8.1)	9.1	(8.1)	9.1

The Group's exposure to interest rate risk principally comes from non-linked liabilities and the assets backing them. The change in exposure from 2024 to 2025 is primarily driven by the Netherlands where changes to interest rate curves and a change in the mix of assets resulted in greater sensitivity to the interest rate. The Group's only material interest-bearing liability is in respect of the Tier 2 debt for which the interest rate is fixed and therefore no material exposure. The Tier 1 notes issued in the year, classified as equity, have discretionary interest which may be cancelled for any reason without default, penalty, or accumulation. Therefore, there is no exposure to interest rate risk.

(ii) Interest rate risk

As discussed in the management of market risk section the Group is exposed to interest rate risks in regard to the assets backing non-linked contracts, such assets being primarily in the form of interest-bearing debt securities. The exposure is managed by closely matching contracts written with financial assets of suitable nature, yield, duration and currency.

(iii) Equity price risk

As discussed in the management of market risk section, the Group is exposed to equity and property price risks in regard to the asset-related fees from the assets backing its unit-linked and index-linked insurance contracts and investment contracts and also in regard to policyholder guarantees for these contracts. The exposure is mitigated somewhat by investing in suitable financial assets outside of the unit-linked and index-linked funds.

The Group is also exposed to equity and property price risks in regard to the UK with-profits products. The exposure is mitigated by limiting these investments to back the surplus in the relevant funds and not the guaranteed minimum benefits.

SECTION B – RISK AND CAPITAL MANAGEMENT

B3 Financial risk (continued)

(a) Market risk (continued)

(iii) Equity price risk (continued)

The tables below show the impact of movements in equity and property values on the CSM, profit or loss after tax and on shareholder equity as at the year-end date. We believe these equity and property risk variables, to which the Group results are sensitive, are appropriate for the current year and represent the ones that might reasonably occur in the future.

31 December 2025 Variation in/arising from 10% in equity and property price	Increase CSM £m	Decrease CSM £m	Increase Profit or loss £m	Decrease Profit or loss £m	Increase Shareholder equity £m	Decrease Shareholder equity £m
Insurance and reinsurance contracts	6.0	(4.8)	(136.4)	136.3	(136.4)	136.3
Financial instruments	–	–	140.3	(140.4)	140.3	(140.4)
Total	6.0	(4.8)	3.9	(4.1)	3.9	(4.1)

31 December 2024 Variation in/arising from 10% in equity and property price	Increase CSM £m	Decrease CSM £m	Increase Profit or loss £m	Decrease Profit or loss £m	Increase Shareholder equity £m	Decrease Shareholder equity £m
Insurance and reinsurance contracts	5.8	(5.8)	(149.5)	149.6	(149.5)	149.6
Financial instruments	–	–	154.7	(154.8)	154.7	(154.8)
Total	5.8	(5.8)	5.2	(5.2)	5.2	(5.2)

A fall in equity and property values reduces policyholder fund values and so reduces the value of charge income. Thus, the profit and loss impact of a 10% decrease in equity and property values is negative. This impact is relatively stable compared to 2024.

(iv) Currency risk

Currency risk is the risk that the fair value or future cash flows of an asset or liability will change as a result of movements in foreign exchange rates. The Group's exposure to currency risk is minimised to the extent that the risk on investments denominated in foreign currencies which back unit-linked investment and insurance contracts is borne by policyholders. It is, however, exposed to currency risk through:

- (i) its investment in Movestic, the assets and liabilities of which are principally denominated in Swedish krona; and
- (ii) its investment in Scildon, the assets and liabilities of which are principally denominated in euros.

The Group's currency risk through its ownership of Movestic and Scildon is reflected in:

- (i) foreign exchange translation differences arising on the translation into sterling and consolidation of Movestic and Scildon's financial statements; and
- (ii) the impact of adverse exchange rate movements on cash flows between Chesnara plc and its foreign subsidiaries: in the short term these relate to cash flows from Movestic and Scildon to Chesnara by way of dividend payments. The risk on cash flows is reduced by:
 - (a) the foreign currency hedge held by Chesnara plc which mitigates against adverse exchange rate impacts whilst also providing a dampening effect to a favourable currency movement, and;
 - (b) by closely monitoring exchange rate movements and buying forward foreign exchange contracts, where deemed appropriate.

Each business unit settles its material transactions in its functional currency, as such the Group's exposure to currency risk is limited.

The following table sets out the Group's material exposure to assets and liabilities denominated in foreign currencies, expressed in sterling, at the respective year-end date. This exposure reflects the translation risk faced by the Group as currency fluctuations can have significant impact on the results of the Group:

31 December	2025 £m	2024 £m
Swedish krona		
Assets	6,791.4	5,259.1
Liabilities	(6,687.8)	(5,177.7)
Net assets	103.6	81.4
Euro		
Assets	2,737.0	2,887.5
Liabilities	(2,526.6)	(2,710.0)
Net assets	210.4	177.5

The tables below show the impact of movements in foreign currency exchange rates on profit before tax for the year under review and on shareholder equity as at the year-end date. We believe these currency risk variables, to which the Group results are sensitive, are appropriate for the current year and represent the ones that are most reasonably possible to occur in the future.

31 December 2025 Variation in/arising from 10% in SEK: sterling exchange rate	Favourable CSM £m	Adverse CSM £m	Favourable Profit or loss £m	Adverse Profit or loss £m	Favourable Shareholder equity £m	Adverse Shareholder equity £m
Insurance and reinsurance contracts	0.9	(0.7)	0.5	(0.4)	(20.2)	16.5
Financial instruments	–	–	0.1	8.0	30.5	(18.9)
Total	0.9	(0.7)	0.6	7.6	10.3	(2.4)

31 December 2025 Variation in/arising from 10% in EUR: sterling exchange rate	Favourable CSM £m	Adverse CSM £m	Favourable Profit or loss £m	Adverse Profit or loss £m	Favourable Shareholder equity £m	Adverse Shareholder equity £m
Insurance and reinsurance contracts	13.8	(11.3)	1.6	(1.3)	(272.1)	222.6
Financial instruments	–	–	1.4	27.2	295.4	(220.5)
Total	13.8	(11.3)	3.0	25.9	23.3	2.1

31 December 2024 Variation in/arising from 10% in SEK: sterling exchange rate	Favourable CSM £m	Adverse CSM £m	Favourable Profit or loss £m	Adverse Profit or loss £m	Favourable Shareholder equity £m	Adverse Shareholder equity £m
Insurance and reinsurance contracts	0.8	(0.7)	0.6	(0.5)	(18.0)	14.7
Financial instruments	–	–	(6.9)	7.8	21.5	(16.0)
Total	0.8	(0.7)	(6.3)	7.3	3.5	(1.3)

31 December 2024 Variation in/arising from 10% in EUR: sterling exchange rate	Favourable CSM £m	Adverse CSM £m	Favourable Profit or loss £m	Adverse Profit or loss £m	Favourable Shareholder equity £m	Adverse Shareholder equity £m
Insurance and reinsurance contracts	15.4	(12.6)	(0.3)	0.2	(292.0)	238.9
Financial instruments	–	–	(13.1)	19.4	301.4	(240.1)
Total	15.4	(12.6)	(13.4)	19.6	9.4	(1.2)

(b) Credit risk

(i) Management of credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Counterparty risk with respect to debt securities and cash deposits;
- The mortgage loan portfolio held by Scildon with respect to the interest and capital repayments due from the borrowers;
- Reinsurers' share of insurance liabilities;
- Amounts deposited with reinsurers in relation to investment contracts;
- Amounts due from reinsurers in respect of claims already paid; and
- Other short-term receivables.

SECTION B – RISK AND CAPITAL MANAGEMENT

B3 Financial risk (continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

In addition, there will be some exposures to individual policyholders, on amounts due on insurance contracts. These are tightly controlled, with contracts being terminated or benefits amended if amounts owed are outstanding for more than a specified period of time, so that there is no significant risk to the results of the businesses.

The Group businesses structure the levels of credit risk they accept by placing limits on their exposure to a single counterparty, or group of counterparties. Such risks are subject to at least an annual review, while watch lists are maintained for exposures requiring additional review.

Although the businesses hold a significant proportion of their financial assets in debt securities and cash deposits the risk of default on these is mitigated to the extent that any losses arising in respect of unit-linked assets backing the insurance and investment contracts which the businesses

issue, would effectively be passed on to policyholders and investors through the unit-linked funds backing the insurance and investment contracts.

The Group defines default as situation where a borrower or counterparty fails to meet the terms of a financial obligation. This definition aligns with conventional use of the term.

Reinsurance is used to manage insurance risk in the businesses. This does not, however, discharge the businesses' liability as primary insurers. If a reinsurer fails to pay a claim for any reason, the businesses remain liable for the payment to the policyholder. The Group limits its exposure to reinsurance counterparties with a credit rating lower than BBB- and the creditworthiness of reinsurance exposures is regularly monitored as part of the Group's Risk Framework. There is also a significant amount of funded reinsurance in respect of annuity business that is reinsured to Monument Re, where the assets backing the reinsured liabilities continue to be held on the Group's Statement of Financial Position as part of a funds withheld arrangement.

(ii) Exposure to credit risk

The following table presents the assets of the Group which are subject to credit risk and a reconciliation to the Statement of Financial Position carrying amount for each item, this amount representing the maximum credit risk exposure:

31 December	Policyholder linked £m	2025 Amount subject to credit risk £m	Balance sheet carrying value £m	Policyholder linked £m	2024 Amount subject to credit risk £m	Balance sheet carrying value £m
Reinsurance contract assets	–	168.0	168.0	–	169.9	169.9
Amounts deposited with reinsurers	–	35.0	35.0	–	34.3	34.3
Holdings in collective investment schemes	8,524.0	864.4	9,388.4	8,333.3	328.3	8,661.6
Debt securities at fair value through profit or loss	16.0	1,039.4	1,055.4	15.1	1,075.8	1,090.9
Policyholders' funds held by the Group	2,939.3	–	2,939.3	1,825.8	–	1,825.8
Mortgage loan portfolio	356.9	–	356.9	346.9	–	346.9
Derivative financial instruments	0.1	0.8	0.9	0.1	–	0.1
Other assets	18.1	40.7	58.8	26.9	41.8	68.7
Cash and cash equivalents	102.4	42.9	145.3	83.1	54.9	138.0
Total	11,956.8	2,191.2	14,148.0	10,631.2	1,705.0	12,336.2

The amounts presented above as policyholder linked represent unit-linked assets where there is a corresponding liability meaning that the risk is borne predominantly by the holders of unit-linked insurance and investment contracts.

(iii) Credit quality analysis

The creditworthiness of major reinsurers is considered on an annual basis by reviewing their financial strength.

The exposure to credit risk of the Group's assets is summarised as:

Credit rating As at 31 December 2025	AAA £m	AA £m	A £m	BBB £m	Below BBB £m	Unrated £m	Total £m
Reinsurance contract assets	–	130.6	–	–	–	37.4	168.0
Amounts deposited with reinsurers	–	35.0	–	–	–	–	35.0
Debt securities at fair value through profit or loss	167.7	252.8	448.7	165.5	1.6	19.1	1,055.4
Policyholders' funds held by the Group	–	233.7	810.2	383.5	402.4	1,109.5	2,939.3
Mortgage loan portfolio	–	–	5.5	–	–	351.4	356.9
Derivative financial instruments	–	–	0.4	0.4	–	0.1	0.9
Other assets	0.6	0.4	0.4	0.2	–	57.2	58.8
Cash and cash equivalents	0.7	1.7	96.1	46.5	–	0.3	145.3
Total	169.0	654.2	1,361.3	596.1	404.0	1,575.0	4,759.6

Credit rating As at 31 December 2024	AAA £m	AA £m	A £m	BBB £m	Below BBB £m	Unrated £m	Total £m
Reinsurance contract assets	–	122.9	–	–	–	47.0	169.9
Amounts deposited with reinsurers	–	32.5	–	–	–	1.8	34.3
Debt securities at fair value through profit or loss	215.8	337.0	367.9	157.2	0.8	12.2	1,090.9
Policyholders' funds held by the Group	–	136.8	411.6	293.2	984.2	–	1,825.8
Mortgage loan portfolio	–	–	10.2	–	–	336.7	346.9
Derivative financial instruments	–	–	–	–	–	0.1	0.1
Other assets	0.6	0.4	0.4	0.2	–	67.1	68.7
Cash and cash equivalents	–	3.4	73.0	39.8	–	21.8	138.0
Total	216.4	633.0	863.1	490.4	985.0	486.7	3,674.6

Credit ratings have not been disclosed in the above tables for holdings in unconsolidated collective investment schemes and investments in associates totalling £9,377.9m (31 December 2024: £8,661.6m). The credit quality of the underlying debt securities within these vehicles is managed by the investment managers in line with agreed investment guidelines.

Included within reinsurers' share of insurance contract liabilities and amounts deposited with reinsurers (in respect of investment contracts) above, is a total exposure of £77.5m as at 31 December 2025 (31 December 2024: £73.4m) to ReAssure, which has been included within the 'AA' rating category.

Monument Re makes up £41.3m of the unrated exposure to reinsurers' share of insurance contract liabilities as at 31 December 2025 (31 December 2024: £43.8m). Exposure is limited through the use of a funds withheld arrangement under which the reinsurer has deposited collateral to CA in respect of the value of expected future reinsured claim payments.

The 'Other assets' in the credit risk rating table are not held at fair value or managed on a fair value basis. These assets generally consist of short-term receivables and are not considered to have a low credit rating as at 31 December 2025.

(iv) Concentration of credit risk

Debt securities As at 31 December 2025	Policyholder linked £m	Policyholder with-profit £m	Non-linked/ shareholder £m	Total £m
Austria	–	–	18.6	18.6
Belgium	–	–	32.3	32.3
France	0.6	2.0	182.8	185.4
Germany	–	0.4	62.3	62.7
Italy	–	–	18.1	18.1
Ireland	–	–	13.4	13.4
Netherlands	–	2.7	202.9	205.6
Poland	–	–	0.4	0.4
Portugal	–	–	0.8	0.8
Spain	–	0.5	35.5	36.0
UK	14.2	29.7	167.6	211.5
Other	0.9	12.9	129.2	143.0
Europe	15.7	48.2	863.9	927.8
USA	0.3	3.6	99.0	102.9
Other	–	1.6	4.6	6.2
North America	0.3	5.2	103.6	109.1
Australia	–	–	10.9	10.9
Other	–	–	7.6	7.6
Asia Pacific	–	–	18.5	18.5
Total	16.0	53.4	986.0	1,055.4

Debt securities As at 31 December 2024	Policyholder linked £m	Policyholder with-profit £m	Non-linked/ shareholder £m	Total £m
Austria	–	–	17.5	17.5
Belgium	–	–	32.1	32.1
France	0.6	2.7	219.5	222.8
Germany	–	0.4	90.9	91.3
Italy	–	–	15.9	15.9
Ireland	–	–	13.1	13.1
Netherlands	–	2.5	179.7	182.2
Poland	–	–	0.4	0.4
Portugal	–	–	0.3	0.3
Spain	–	0.5	38.8	39.3
UK	12.0	26.0	169.1	207.1
Other	2.1	11.2	152.5	165.8
Europe	14.7	43.3	929.8	987.8
USA	0.3	3.2	82.4	85.9
Other	–	1.5	1.1	2.6
North America	0.3	4.7	83.5	88.5
Australia	–	–	7.9	7.9
Other	–	–	6.7	6.7
Asia Pacific	–	–	14.6	14.6
Total	15.0	48.0	1,027.9	1,090.9

There are no direct holdings in debt securities within Russia or Ukraine.

SECTION B – RISK AND CAPITAL MANAGEMENT

B3 Financial risk (continued)

(c) Liquidity risk

(i) Management of liquidity risk

Liquidity risk is the risk that adequate liquid funds are not available to settle liabilities as they fall due and is managed by forecasting cash requirements and by adjusting investment management strategies to meet those requirements. Liquidity risk is generally mitigated by holding sufficient investments which are readily marketable in sufficiently short timeframes to allow the settlement of liabilities as they fall due. Where liabilities are backed by less marketable assets, for example investment properties, there are provisions in contractual terms which allow deferral of redemptions in times of adverse market conditions. The Group's substantial holdings of money market assets also serve to reduce liquidity risk.

(ii) Maturity analysis

The tables below present a maturity analysis of the Group's liabilities. The insurance and reinsurance contracts are presented on a discounted basis. Financial liabilities are presented on an undiscounted basis.

31 December 2025 Carrying values and cash flows arising from:	Carrying value £m	<1 yr £m	1-2 yrs £m	Contractual cash flows					Total £m
				2-3 yrs £m	3-4 yrs £m	4-5 yrs £m	5-10 yrs £m	>10 yrs £m	
Insurance contract liabilities	3,940.7	477.9	315.1	270.2	263.4	256.0	820.5	1,318.9	3,722.0
Reinsurance contract liabilities	10.5	3.7	3.4	3.0	2.8	2.6	12.3	20.0	47.8
Total insurance and reinsurance contract liabilities (discounted)	3,951.2	481.6	318.5	273.2	266.2	258.6	832.8	1,338.9	3,769.8
Investment contract liabilities	6,717.0	6,464.1	5.3	4.0	4.6	4.8	–	–	6,482.8
Liabilities relating to policyholder's fund held by the Group	2,938.5	2,938.50	–	–	–	–	11.5	12.8	2,962.8
Lease contract liabilities	1.7	0.9	0.7	0.2	–	–	–	–	1.8
Borrowings	203.0	1.3	–	–	–	–	201.1	–	202.4
Derivative financial instruments	0.1	0.1	–	–	–	–	–	–	0.1
Other current liabilities	129.5	119.4	–	–	–	–	–	–	119.4
Bank overdrafts	0.6	0.6	–	–	–	–	–	–	0.6
Total financial liabilities (undiscounted)	9,990.4	9,524.9	6.0	4.2	4.6	4.8	212.6	12.8	9,769.9
Total	13,941.6	10,006.5	324.5	277.4	270.8	263.4	1,045.4	1,351.7	13,539.7

31 December 2024 Carrying values and cash flows arising from:	Carrying value £m	<1 yr £m	1-2 yrs £m	Contractual cash flows					Total £m
				2-3 yrs £m	3-4 yrs £m	4-5 yrs £m	5-10 yrs £m	>10 yrs £m	
Insurance contract liabilities	4,099.1	704.4	301.8	264.3	245.6	249.9	813.0	1,322.1	3,901.1
Reinsurance contract liabilities	16.6	3.5	3.6	3.3	3.0	2.8	14.7	22.2	53.1
Total insurance and reinsurance contract liabilities (discounted)	4,115.7	707.9	305.4	267.6	248.6	252.7	827.7	1,344.3	3,954.2
Investment contract liabilities	6,116.7	6,070.3	4.6	5.4	4.4	5.0	21.2	5.8	6,116.7
Liabilities relating to policyholder's fund held by the Group	1,825.5	1,825.5	–	–	–	–	–	–	1,825.5
Lease contract liabilities	0.6	0.6	–	–	–	–	–	–	0.6
Borrowings	204.8	1.4	0.5	0.2	0.2	0.2	201.6	–	204.1
Derivative financial instruments	0.6	0.6	–	–	–	–	–	–	0.6
Other current liabilities	129.7	116.8	–	–	–	–	–	–	116.8
Bank overdrafts	0.8	0.8	–	–	–	–	–	–	0.8
Total financial liabilities (undiscounted)	8,278.7	8,016.0	5.1	5.6	4.6	5.2	222.8	5.8	8,265.1
Total	12,394.4	8,723.9	310.5	273.2	253.2	257.9	1,050.5	1,350.1	12,219.3

The values reported for insurance contract liabilities and reinsurance contract liabilities exclude the risk adjustment and contractual service margin as these are not considered to be financial liabilities subject to liquidity risk. The carrying values in the table above are Statement of Financial Position values.

The maturity analysis for unit-linked investment contracts presents all the liabilities as due in the earliest period in the table because they are repayable or transferable on demand, with no notice period.

The table that follows shows the amounts from insurance contract assets and liabilities that are payable on demand. In most cases the non-distinct investment component is considered to be appropriate as a proxy for the amount payable on demand. As per the maturity analysis table, the amounts presented exclude the risk adjustment and contractual service margin. The carrying amount is the full Statement of Financial Position value.

31 December Type of contracts	2025 Payable on demand £m	2025 Carrying amount £m	2024 Payable on demand £m	2024 Carrying amount £m
Immediate annuities	3.1	316.0	2.7	306.4
Term assurance and other non-linked	104.3	384.6	130.1	385.9
Unit-linked/Index-linked/With-profits – GMM	810.0	927.7	822.2	908.1
Unit-linked/Index-linked/With-profits – VFA	2,174.0	2,281.1	2,161.5	2,464.9
Short-term protection	28.3	31.3	29.1	32.0
Total	3,119.7	3,940.7	3,145.6	4,097.3

B4 Capital management

(a) Regulatory context

Solvency II

On 31 December 2024 the PRA's restatement of Solvency II assimilated law came into force. Throughout the document we refer to the new regime as Solvency II, in line with the name of the prudential regime in PRA policy material.

The Group is required to comply with the 'Solvency II' regime. Solvency II includes rules over the quantity and quality of capital (known as 'Own Funds') that insurance companies and groups need in order to meet the required level of capital (known as the 'Solvency Capital Requirement'). The Group operates exclusively within the UK and the EU and as a result, the Solvency II regime is applied to the Group and all regulated insurance companies within the Group in the financial year.

The Solvency II regime has specific rules regarding how Own Funds are recognised and valued. In a number of cases, the IFRS and Solvency II value of an asset and liability are the same, but in some cases there are differences. In particular, liabilities for insurance and investment contracts are valued differently, with insurance contracts valued according to IFRS 17 and therefore including a contractual service margin and investment contracts valued as per unit value under IFRS 9. In addition, Solvency II has differing treatments for certain intangible assets. A high-level reconciliation between the IFRS net assets and Solvency II Own Funds of the Group and its subsidiaries has been provided in section (c)(ii) of this Note.

Regarding the Solvency Capital Requirement (SCR) of the Group and its subsidiaries, the Group has elected to use the 'standard formula' approach for its calculation, which means we are applying the formulae as included in the Solvency II framework. The calculations within the standard formula have been designed such that, on the basis that an insurance company holds Own Funds that are at least equal to its SCR, it will be able to withstand a 1 in 200 year event. An alternative would have been to use an 'internal model' but this was not deemed appropriate for the size and complexity of the Group.

The UK Treasury and EIOPA have both undertaken a review of Solvency II rules implementation. In the UK this resulted in a reduction in the Risk Margin from 31 December 2023 and similar is expected for the overseas entities from the EIOPA review.

Company law

As well as complying with the Solvency II regime, each company within the Group is required to comply with relevant company law capital and distribution rules.

(b) Objectives, policies and processes for managing capital

(i) Objectives

To manage compliance with the externally imposed capital requirements, the Group and its subsidiaries have established capital management policies in place. The objectives of these policies are:

- to ensure that capital is managed in a way that is consistent with the business strategy of the Group and its subsidiaries, in that they:
 - promote fair customer outcomes through protecting policyholders;
 - provide protection to shareholders through ensuring that the business is adequately protected against stress events; and
 - provide a framework to support the decision making process for returns to shareholders via dividends.
- to ensure that capital of the Group and its subsidiaries is managed in accordance with the Board's risk appetite, in particular each Board's aversion for Own Funds to fall below the SCR.

(ii) Policies

In light of the objectives for the Group's and its subsidiaries' capital management policies, the following quantitative limits for managing Own Funds are applied across the Group:

Region	UK	Movestic	Scildon	Group
Dividend paying limit: Own Funds stated as % of SCR	120%	120%	185%	140%
Management actions limit: Own Funds stated as % of SCR	110%	110%	175%	110%

Dividend paying limit: This is the point at which a dividend would cease to be paid, until at such time the solvency position was restored above this point. This limit is set by the relevant Board in each division with reference to its respective risk appetite, as articulated in each division's Capital Management Policy.

Management actions limit: This is the point at which, should Own Funds fall below this level, additional management actions would be considered to restore Own Funds back above this level. In essence this represents an internal 'ladder of intervention limit' that is set by the Group and divisional Boards.

To put the above table and definitions in context, and taking Group as an example, this means that the Group will not pay a dividend should the payment of the dividend take the Group Own Funds to below 140% of its SCR. Should Own Funds fall below 110% of SCR, additional management actions will be taken.

SECTION B – RISK AND CAPITAL MANAGEMENT

B4 Capital management (continued)

(b) Objectives, policies and processes for managing capital (continued)

(iii) Process for management of capital

The following key processes and procedures are in place across the Group to manage adherence to the capital management policies in place:

- *Internal solvency reporting:* A number of internal reports are produced that focus on the solvency position of the Group/Company. These include the Own Risk & Solvency Assessment (ORSA) Report, a quarterly actuarial report and a quarterly finance report. All of these are presented to and approved by the Board.
- *Production of projections:* On at least an annual basis, solvency projections are produced for the Group and its subsidiaries. These projections are included in both the business plans and the ORSA Report and show how management anticipates the solvency position to develop over time. The projections process includes assessing the impact of a number of different stress scenarios to ensure that the sensitivities of the business are understood. Both the ORSA and the business plans are presented to and approved by the Board.
- *Regular review of internal limits in place:* On at least an annual basis, the limits described in section (b)(ii) of this Note are reviewed and assessed, having regard to the developments of the business and any other changes that may have affected the Group's/divisions' risk appetite.

(c) Quantitative analysis

(i) Group solvency position

The unaudited solvency position of the Group and its divisions at 31 December 2025, and at 31 December 2024, has been shown in the tables below. They present a view of the solvency position which may differ to the position of the individual insurance company(ies) within that division.

31 December 2025 (unaudited) Region	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Own Funds (pre dividends)	140.5	207.0	262.7	282.9	893.1
Proposed dividend	(22.5)	(5.6)	(30.6)	24.5	(34.2)
Own Funds (post dividends)	118.0	201.4	232.1	307.4	858.9
SCR	90.9	141.7	99.2	2.2	334.0
Solvency surplus	27.1	59.7	132.9	n/a	524.9
Solvency ratio	130%	142%	234%	n/a	257%
Dividend paying limit (% of SCR)	120%	120%	185%	n/a	140%
Dividend paying limit (£)	109.1	170.0	183.5	n/a	467.6
Surplus over dividend paying limit	8.9	31.4	48.6	n/a	391.3

– *Recovery management protocol:* A protocol for management actions has been designed which, in effect, represents an internally set 'ladder of intervention'. The protocol includes items such as solvency monitoring frequency, what level of escalations are required and what management actions need to be considered.

– *Monthly solvency monitoring:* Full solvency calculations are performed on a quarterly basis. For intra-quarter months, a monthly solvency estimate is produced. Where full estimation routines are not practical intra-valuation solvency can be monitored through trigger monitoring and sensitivity analysis. In addition to the Group level indicators, the Chesnara Board will remain close to any indications of divisional solvency movements by means of divisional MI and quarterly business reviews. On at least a monthly basis, specific key risk indicators are monitored against pre-defined trigger points. The trigger points are set having regard for the sensitivity of the Group to certain scenarios. Trigger points and the list of risk indicators being monitored are assessed at least annually.

(iv) Compliance during year

The Group, and all insurance companies within the Group, held Own Funds above their respective Solvency Capital Requirements at all times during the year.

31 December 2024 (unaudited) Region	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Own Funds (pre dividends)	175.4	186.0	228.1	76.7	666.2
Proposed dividend	(45.0)	(2.5)	(6.6)	30.6	(23.5)
Own Funds (post dividends)	130.4	183.5	221.5	107.3	642.7
SCR	96.5	121.9	93.5	4.0	315.9
Solvency surplus	33.9	61.6	128.0	n/a	326.8
Solvency ratio	135%	151%	237%	n/a	203%
Dividend paying limit (% of SCR)	120%	120%	185%	n/a	140%
Dividend paying limit (£)	115.8	146.3	172.9	n/a	442.2
Surplus over dividend paying limit	14.6	37.2	48.6	n/a	200.4

(ii) Reconciliation between Solvency II Own Funds and IFRS net assets (unaudited)

The tables below show the key differences between the Solvency II Own Funds reported in section (c)(i) of this Note and the Group's IFRS net assets.

31 December 2025 (unaudited) Region	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Solvency II Own Funds (post dividends)	118.0	201.4	232.1	307.4	858.9
Add Back: Ring-fenced fund surplus restrictions	5.7	–	–	7.8	13.5
Add Back: Intangible assets	16.4	72.5	–	–	88.9
Add Back: Tier 2 debt and restriction	–	–	5.8	(167.1)	161.3
Add Back: Foreseeable dividends	22.5	5.6	30.6	(24.5)	34.2
Add Back: Difference in valuation of technical provisions	(62.7)	(178.0)	(100.9)	46.8	(294.8)
Add Back: Difference in deferred tax	0.1	–	20.0	(11.8)	8.3
Add Back: Other valuation differences	(9.1)	2.1	22.8	(0.2)	15.6
IFRS net assets	90.9	103.6	210.4	158.4	563.3

31 December 2024 (unaudited) Region	UK £m	Sweden £m	Netherlands £m	Other Group and consolidation adjustments £m	Group £m
Solvency II Own Funds (post dividends)	130.4	183.5	221.5	107.3	642.7
Add Back: Ring-fenced fund surplus restrictions	1.9	–	–	–	1.9
Add Back: Intangible assets	20.4	66.8	–	–	87.2
Add Back: Tier 2 debt and restriction	–	–	16.4	(184.8)	(168.4)
Add Back: Foreseeable dividends	45.0	2.5	6.6	(30.6)	23.5
Add Back: Difference in valuation of technical provisions	(66.8)	(162.1)	(93.6)	34.5	(288.0)
Add Back: Difference in deferred tax	(3.2)	–	23.7	(8.4)	12.1
Add Back: Other valuation differences	(1.1)	1.2	3.1	0.2	3.4
IFRS net assets	126.6	91.9	177.7	(81.8)	314.4

Further information on how the Group uses Solvency II, and metrics derived from Solvency II, as Alternative Performance Measures can be found in the additional information section of the Annual Report and Accounts on pages 250 to 257.

SECTION C – SEGMENTAL INFORMATION

C1 Composition of operating segments

The Group considers that it has no product or distribution-based business segments. It reports segmental information on the same basis as reported internally to the chief operating decision maker, which is the Board of Directors of Chesnara plc.

The segments of the Group as at 31 December 2025 comprise:

UK: This segment comprises the UK's life insurance and pensions business, Countrywide Assured plc (CA), the Group's principal UK operating subsidiary.

The segment has grown through acquisitions and includes the unit-linked bond and pension business of Canada Life Limited which was acquired in 2024. The Part VII transfer of the onshore individual protection business completed in February 2025. The majority of the assets and liabilities of CASLP were transferred to CA in 2023 under a Part VII business transfer. CASLP was dissolved on 14 January 2025.

Sweden: This segment comprises the Group's Swedish life and pensions business, Movestic Livförsäkring AB (Movestic) and its subsidiary company Movestic Fonder AB (investment fund management company). Movestic is open to new business and primarily comprises unit-linked pension business and also providing some life and health product offerings.

Netherlands: This is comprised of the formerly separate businesses, Waard and Scildon, which merged in July 2025 and now trade under the brand name Scildon.

This combined segment comprises the Group's Dutch life insurance business, with a portfolio of long-term savings, protection business and some non-life business. It is open to new business and sells protection, individual savings and group pension contracts via a broker-led distribution model.

As the operating segments have been revised following the integration of our Dutch businesses, the prior year comparatives have been restated to maintain comparability.

Other Group activities: The functions performed by the Parent Company, Chesnara plc, are defined under the operating segment analysis as 'other Group activities'. Also included therein are consolidation and elimination adjustments.

The accounting policies of the segments are the same as those for the Group as a whole. Any transactions between the business segments are on normal commercial terms in normal market conditions. The Group evaluates the performance of operating segments on the basis of the profit before tax attributable to shareholders of the reporting segments and the Group as a whole. There were no changes to the measurement basis for segment profit during the year ended 31 December 2025.

C2 Segmental performance and net assets

(a) Segmental Income Statement for the year ended 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Insurance revenue	78.8	10.7	137.5	–	227.0
Insurance service expense	(81.2)	(4.8)	(122.1)	–	(208.1)
Net expenses from reinsurance contracts held	5.3	(1.3)	(1.0)	–	3.0
Segmental insurance service result	2.9	4.6	14.4	–	21.9
Net investment return	421.0	129.1	105.8	(6.7)	649.2
Net finance (expenses)/income from insurance contracts issued	(119.3)	(6.2)	(80.1)	–	(205.6)
Net finance expenses from reinsurance contracts held	12.5	0.1	1.6	–	14.2
Net change in investment contract liabilities	(284.9)	(59.4)	(0.9)	–	(345.2)
Change in liabilities relating to policyholders' funds held by the Group	–	(62.4)	–	–	(62.4)
Segmental investment result	29.3	1.2	26.4	(6.7)	50.2
Fee, commission and other operating income	40.4	73.7	0.1	–	114.2
Segmental revenue, net of investment result	72.6	79.5	40.9	(6.7)	186.3
Other operating expenses	(35.9)	(64.7)	(7.9)	(33.9)	(142.4)
Financing costs	(0.1)	(0.3)	–	(11.0)	(11.4)
Profit/(loss) before tax and consolidation adjustments	36.6	14.5	33.0	(51.6)	32.5
Other operating expenses: Amortisation and impairment of intangible assets	(3.5)	(10.2)	–	–	(13.7)
Segmental income less expenses	33.1	4.3	33.0	(51.6)	18.8
(Loss)/profit before tax	33.1	4.3	33.0	(51.6)	18.8
Income tax credit/(charge)	(24.0)	(0.2)	(5.7)	0.7	(29.2)
(Loss)/profit after tax	9.1	4.1	27.3	(50.9)	(10.4)

(b) Segmental Statement of Financial Position as at 31 December 2025

	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	Total £m
Total assets	4,673.4	6,791.4	2,737.0	374.2	14,576.0
Total liabilities	(4,582.5)	(6,687.8)	(2,526.6)	(215.8)	(14,012.7)
Net assets	90.9	103.6	210.4	158.4	563.3

(c) Segmental Income Statement for the year ended 31 December 2024

	UK £m	Sweden £m	Netherlands (restated) £m	Other Group activities £m	Total £m
Insurance revenue	71.3	10.2	180.4	–	261.9
Insurance service expense	(64.9)	(2.6)	(176.6)	–	(244.1)
Net expenses from reinsurance contracts held	(0.9)	(1.8)	(6.5)	–	(9.2)
Segmental insurance service result	5.5	5.8	(2.7)	–	8.6
Net investment return	380.7	666.6	229.5	9.3	1,286.1
Net finance (expenses)/income from insurance contracts issued	(98.4)	(23.6)	(212.8)	–	(334.8)
Net finance expenses from reinsurance contracts held	3.1	0.3	(0.8)	–	2.6
Net change in investment contract liabilities	(260.0)	(479.6)	(0.8)	–	(740.4)
Change in liabilities relating to policyholders' funds held by the Group	–	(160.8)	–	–	(160.8)
Segmental investment result	25.4	2.9	15.1	9.3	52.7
Fee, commission and other operating income	37.4	65.5	0.3	1.0	104.2
Segmental revenue, net of investment result	68.3	74.2	12.7	10.3	165.5
Other operating expenses	(39.7)	(54.9)	(7.6)	(22.0)	(124.2)
Financing costs	(0.2)	(0.4)	–	(10.5)	(11.1)
Profit/(loss) before tax and consolidation adjustments	28.4	18.9	5.1	(22.2)	30.2
Other operating expenses: Amortisation and impairment of intangible assets	(0.1)	(9.3)	–	–	(9.4)
Segmental income less expenses	28.3	9.6	5.1	(22.2)	20.8
(Loss)/profit before tax	28.3	9.6	5.1	(22.2)	20.8
Income tax credit/(charge)	(17.0)	(0.5)	(1.2)	1.8	(16.9)
(Loss)/profit after tax	11.3	9.1	3.9	(20.4)	3.9

(d) Segmental Statement of Financial Position as at 31 December 2024

	UK £m	Sweden £m	Netherlands (restated) £m	Other Group activities £m	Total £m
Total assets	4,473.8	5,269.7	2,887.6	124.0	12,755.1
Total liabilities	(4,347.2)	(5,177.8)	(2,709.9)	(205.8)	(12,440.7)
Net assets	126.6	91.9	177.7	(81.8)	314.4

SECTION D – PERFORMANCE IN THE YEAR

D1 Insurance result

Year ended 31 December 2025	UK	Sweden	Netherlands	Total
Insurance revenue	£m	£m	£m	£m
Contracts not measured under the PAA:				
Amounts relating to changes in the liability for remaining coverage:				
Expected incurred claims and other directly attributable expenses	72.5	0.3	114.3	187.1
Change in risk adjustment for non-financial risk for the risk expired	2.2	0.1	2.8	5.1
CSM recognised for the services provided	4.1	0.5	17.1	21.7
Insurance acquisition cash flows recovery	–	–	3.3	3.3
Insurance revenue for contracts not measured under the PAA	78.8	0.9	137.5	217.2
Insurance revenue for contracts measured under the PAA	–	9.8	–	9.8
Total insurance revenue	78.8	10.7	137.5	227.0
Insurance service expenses				
Incurred claims and other directly attributable expenses	(74.1)	(9.5)	(78.7)	(162.3)
Changes that relate to past service – changes in the FCF relating to the LIC	–	4.7	–	4.7
Losses on onerous contracts and reversals of those losses	(7.1)	–	(40.1)	(47.2)
Insurance acquisition cash flows amortisation	–	–	(3.3)	(3.3)
Total insurance service expenses	(81.2)	(4.8)	(122.1)	(208.1)
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA				
Amounts relating to changes in the remaining coverage:				
Expected amount recoverable for claims and other insurance service expenses	(26.6)	–	(24.9)	(51.5)
Change in risk adjustment for non-financial risk for the risk expired	(0.9)	–	(1.0)	(1.9)
CSM recognised for the services received	0.2	–	(3.0)	(2.8)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA	(27.3)	–	(28.9)	(56.2)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts measured under the PAA	–	(1.9)	–	(1.9)
Amounts recoverable for incurred claims and other incurred insurance service expenses	30.5	2.1	28.0	60.6
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	–	(1.5)	–	(1.5)
Recoveries of loss on recognition of onerous underlying contracts	–	–	1.2	1.2
Recoveries of losses on onerous underlying contracts and reversals of such losses	2.1	–	(0.7)	1.4
Effect of changes in the risk of reinsurers' non-performance	–	–	(0.6)	(0.6)
Total net expenses from reinsurance contracts held	5.3	(1.3)	(1.0)	3.0
Total insurance service result	2.9	4.6	4.4	21.9

Year ended 31 December 2024	UK £m	Sweden £m	Netherlands (restated) £m	Total £m
Insurance revenue				
Contracts not measured under the PAA:				
Amounts relating to changes in the liability for remaining coverage:				
Expected incurred claims and other directly attributable expenses	65.6	0.3	155.8	221.7
Change in risk adjustment for non-financial risk for the risk expired	1.8	0.1	3.0	4.9
CSM recognised for the services provided	3.9	0.5	18.0	22.4
Insurance acquisition cash flows recovery	–	–	3.6	3.6
Insurance revenue for contracts not measured under the PAA	71.3	0.9	180.4	252.6
Insurance revenue for contracts measured under the PAA	–	9.3	–	9.3
Total insurance revenue	71.3	10.2	180.4	261.9
Insurance service expenses				
Incurred claims and other directly attributable expenses	(60.5)	(8.9)	(137.4)	(206.8)
Changes that relate to past service – changes in the FCF relating to the LIC	–	6.3	–	6.3
Losses on onerous contracts and reversals of those losses	(4.4)	–	(35.6)	(40.0)
Insurance acquisition cash flows amortisation	–	–	(3.6)	(3.6)
Total insurance service expenses	(64.9)	(2.6)	(176.6)	(244.1)
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA				
Amounts relating to changes in the remaining coverage:				
Expected amount recoverable for claims and other insurance service expenses	(22.9)	–	(23.0)	(45.9)
Change in risk adjustment for non-financial risk for the risk expired	(0.6)	–	(1.0)	(1.6)
CSM recognised for the services received	(0.4)	–	(3.1)	(3.5)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts not measured under the PAA	(23.9)	–	(27.1)	(51.0)
Reinsurance expenses (allocation of reinsurance premiums paid) – contracts measured under the PAA	–	(1.3)	–	(1.3)
Amounts recoverable for incurred claims and other incurred insurance service expenses	23.0	2.0	21.4	46.4
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	–	(2.5)	–	(2.5)
Recoveries of loss on recognition of onerous underlying contracts	–	–	0.5	0.5
Recoveries of losses on onerous underlying contracts and reversals of such losses	–	–	(1.3)	(1.3)
Total net expenses from reinsurance contracts held	(0.9)	(1.8)	(6.5)	(9.2)
Total insurance service result	5.5	5.8	(2.7)	8.6

SECTION D – PERFORMANCE IN THE YEAR

D2 Investment result

In the tables that follow the investment return on surplus shareholder assets is included in the insurance contracts column.

Year ended 31 December 2025 Net investment return	UK £m	Insurance contracts Sweden £m	Netherlands £m	Investment contracts (without DPFs) £m	Other Group activities £m	Total £m
Interest revenue from financial assets not measured at FVTPL	–	–	0.2	–	–	0.2
Net gains on financial investments mandatorily measured as FVTPL	112.6	6.7	83.4	344.3	(13.2)	533.8
Net gains on financial investments designated as FVTPL	14.1	0.6	22.3	62.4	6.4	105.8
Net gains from fair value adjustments to investment properties	9.4	–	–	–	–	9.4
Total net investment return	136.1	7.3	105.9	406.7	(6.8)	649.2
Finance income/(expenses) from insurance contracts issued						
Change in fair value of underlying assets of contracts measured under the VFA	(93.1)	(5.8)	(80.7)	–	–	179.6
Interest accreted	(15.9)	(0.7)	(32.8)	–	–	(49.4)
Effect of changes in interest rates and other financial assumptions	(8.8)	0.2	34.9	–	–	26.3
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(1.6)	–	(1.3)	–	–	(2.9)
Total finance income from insurance contracts issued	(119.4)	(6.3)	(79.9)	–	–	(205.6)
Finance income from reinsurance contracts held						
Interest accreted	14.5	0.3	(0.6)	–	–	14.2
Effect of changes in interest rates and other financial assumptions	0.2	(0.1)	1.6	–	–	1.7
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(2.1)	–	0.4	–	–	(1.7)
Total finance expenses from reinsurance contracts held	12.6	0.2	1.4	–	–	14.2
Net insurance finance expenses	(106.8)	(6.1)	(78.5)	–	–	(191.4)
Net gains/losses on investment contract liabilities	–	–	–	(345.2)	–	(345.2)
Net gains/losses on liabilities relating to policyholder funds held by the Group	–	–	–	(62.4)	–	(62.4)
Net investment result	29.3	1.2	27.4	(0.9)	(6.8)	50.2

Net fair value gains and losses in respect of holdings in collective investment schemes are included in the line that is most appropriate taking into account the nature of the underlying investments.

Year ended 31 December 2024 Net Investment return	UK £m	Insurance contracts Sweden £m	Netherlands (restated) £m	Investment contracts (without DPFs) £m	Chesnara plc £m	Total £m
Interest revenue from financial assets not measured at FVTPL	–	0.5	0.7	–	–	1.2
Net gains on financial investments mandatorily measured as FVTPL	90.2	25.6	185.3	739.6	7.5	1,048.2
Net gains on financial investments designated as FVTPL	16.6	0.1	43.7	160.8	1.8	223.0
Net gains from fair value adjustments to investment properties	13.9	–	(0.2)	–	–	13.7
Total net investment return	120.7	26.2	229.5	900.4	9.3	1,286.1
Finance income/(expenses) from insurance contracts issued						
Change in fair value of underlying assets of contracts measured under the VFA	(99.8)	(22.8)	(176.4)	–	–	(299.0)
Interest accreted	(19.5)	(1.0)	(49.8)	–	–	(70.3)
Effect of changes in interest rates and other financial assumptions	20.2	0.2	9.3	–	–	29.7
Effect of changes in fulfilment cash flows at current rates when CSM is – unlocked at locked in rates	0.5	–	4.3	–	–	4.8
Total finance income from insurance contracts issued	(98.6)	(23.6)	(212.6)	–	–	(334.8)
Finance income from reinsurance contracts held						
Interest accreted	8.6	0.4	(1.1)	–	–	7.9
Effect of changes in interest rates and other financial assumptions	(4.6)	(0.1)	(0.1)	–	–	(4.8)
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked in rates	(0.9)	–	0.4	–	–	(0.5)
Total finance expenses from reinsurance contracts held	3.1	0.3	(0.8)	–	–	2.6
Net insurance finance expenses	(95.5)	(23.3)	(213.4)	–	–	(332.2)
Net gains/losses on investment contract liabilities	–	–	–	(740.4)	–	(740.4)
Net gains/losses on liabilities relating to policyholder funds held by the Group	–	–	–	(160.8)	–	(160.8)
Net investment result	25.2	2.9	16.1	(0.8)	9.3	52.7

D3 Fees, commission and other operating income

Year ended 31 December	2025 £m	2024 £m
Policy-based fees	0.7	2.9
Fund management-based fees recognised under IFRS 15	49.5	44.1
Change in deferred income – gross	0.2	0.2
Commission income from investment contracts	23.1	22.4
Fee income from investment managers	1.5	1.3
Charges to policyholder funds for yield tax	38.3	30.8
Other types of operating income	0.9	2.5
Total fee, commission and other operating income	114.2	104.2

Fund management-based fees recognised under IFRS 15 have been disaggregated based on the geographical region as follows:

Year ended 31 December	2025 £m	2024 £m
UK	39.0	33.9
Sweden	10.5	10.2
Total fund management-based fees recognised under IFRS 15	49.5	44.1

SECTION D – PERFORMANCE IN THE YEAR

D4 Expenses by nature

Year ended 31 December 2025					
	Note	Insurance acquisition cash flows £m	Other attributable expenses £m	Other operating expenses £m	Total £m
Administrative expenses					
Personnel-related costs	11	2.1	13.0	32.9	48.0
Investment management fees		–	1.8	1.5	3.3
Costs paid to third-party administrators		–	8.5	3.6	12.1
Other goods and services		3.6	15.3	24.5	43.4
Depreciation charge on property and equipment		0.1	0.5	0.6	1.2
Depreciation of right-of-use assets		–	–	0.6	0.6
Amortisation charge on software assets		–	–	2.6	2.6
Sub-total		5.8	39.1	66.3	111.2
Commission, new business and renewal costs					
Insurance contracts		–	1.8	–	1.8
Investment contracts		–	–	37.0	37.0
Sub-total		–	1.8	37.0	38.8
Amortisation and Impairment of intangible assets					
Amortisation of acquired value of in-force business		–	–	4.6	4.6
Impairment of acquired value of in-force business		–	–	0.4	0.4
Deferred acquisition costs		–	–	8.7	8.7
Sub-total		–	–	13.7	13.7
Other expenses					
Payment of yield tax relating to policyholders funds		–	–	38.3	38.3
Other		–	2.2	0.8	3.0
Sub-total		–	2.2	39.1	41.3
Total		5.8	43.1	156.1	205.0

Expenses classed as ‘insurance acquisition cash flows’ in the table above are offset against the CSM on initial recognition. The ‘other attributable expenses’ are reported in the ‘Insurance service expense’ line in the Income Statement.

Year ended 31 December 2024					
	Note	Insurance acquisition cash flows £m	Other attributable expenses £m	Other operating expenses £m	Total £m
Administrative expenses					
Personnel-related costs	11	2.7	13.6	26.8	43.1
Investment management fees		–	2.4	1.3	3.7
Costs paid to third-party administrators		–	10.6	2.4	13.0
Other goods and services		4.0	14.0	23.4	41.4
Depreciation charge on property and equipment		0.1	0.5	0.3	0.9
Depreciation of right-of-use assets		–	–	0.8	0.8
Amortisation charge on software assets		–	–	2.7	2.7
Sub-total		6.8	41.1	57.7	105.6
Commission, new business and renewal costs					
Insurance contracts		–	3.8	–	3.8
Investment contracts		–	–	32.6	32.6
Sub-total		–	3.8	32.6	36.4
Amortisation and Impairment of intangible assets					
Acquired value of in-force business		–	–	4.8	4.8
Deferred acquisition costs		–	–	7.7	7.7
Sub-total		–	–	12.5	12.5
Other expenses					
Payment of yield tax relating to policyholders funds		–	–	30.8	30.8
Other		–	2.2	–	2.2
Sub-total		–	2.2	30.8	33.0
Total		6.8	47.1	133.6	187.5

Included in other goods and services above are the following amounts payable to the auditor and its associates, exclusive of VAT.

Year ended 31 December	2025 £m	2024 £m
Fees payable to the Company's auditor for the audit of the Company's financial statements	0.8	0.7
Fees payable to the Company's auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation*	2.5	2.4
Audit-related assurance services**	0.5	0.2
Non-audit services***	1.3	–
Total	5.1	3.3

*Includes £1.0m (2024: £1.0m) audit fees in respect of the audit of overseas subsidiaries in the year performed by EY.

**Includes £0.2m (2024: £0.2m) relating to the annual CASS audit of CASFS Limited and £0.3m relating to the audit of regulatory returns, which was performed for the first time in the UK this year.

***The non-audit services in 2025 were in relation to reporting accounting work on the rights issue prospectus for £1.2m, and the balance related to an accounting opinion and a comfort letter on the restricted Tier 1 bond.

SECTION D – PERFORMANCE IN THE YEAR

D5 Financing costs

Year ended 31 December	2025 £m	2024 £m
Interest expense on bank borrowings	0.1	1.0
Interest expense on financial reinsurance	0.2	0.4
Interest expense on Tier 2 debt	9.8	9.7
Other interest	1.3	–
Total financing costs	11.4	11.1

Interest expense on bank borrowings and Tier 2 debt is calculated using the effective interest rate method and is the total interest expense for financial liabilities that are not designated at fair value through profit or loss.

D6 Income tax

Year ended 31 December	2025 £m	2024 £m
Current tax		
Current year expense	(2.4)	(1.3)
Adjustment to prior years	0.9	0.6
Net expense	(1.5)	(0.7)
Deferred tax		
Origination and reversal of temporary differences	(27.7)	(18.3)
Adjustment to prior years	–	2.1
Total income tax (expense)/credit	(29.2)	(16.9)

Reconciliation of effective tax rate on profit before tax Year ended 31 December	2025 £m	2024 £m
Profit/(loss) before tax	18.8	20.8
Income tax using the domestic corporation tax rates applicable to profits in the country concerned (2025: 25.4% (2024: 23.2%))	(4.8)	(4.8)
Non-taxable profit on acquisition of subsidiary	–	1.2
Non-taxable income in relation to unit-linked business	1.0	(0.2)
Permanent differences	(3.5)	0.1
Effect of UK tax bases on insurance profits	(19.8)	(15.8)
Offset of franked investment income	1.0	2.6
Variation in rate of tax on amortisation of acquired in-force value	1.3	1.5
Unrecognised tax recoverable	(0.4)	0.8
Effect of deferred tax not recognised	(1.0)	(4.8)
Non-deductible expenses	(3.1)	0.1
Under/(over) provided in prior years	0.1	(0.5)
Other	–	2.9
Total income tax credit/(expense)	(29.2)	(16.9)

The average corporation tax rate is calculated by taking a weighted average of the rates applicable to Group entities in the UK (25%), the Netherlands (25.8%) and Sweden (20.6%). The average is weighted based on the accounting profit before tax in each jurisdiction in the year.

The principal reconciling items between the tax charge and the UK corporation tax rate relate to policyholder tax under the UK I–E regime, differences between accounting and tax treatment of insurance-contract related balances (including acquired value in force (AVIF) and IFRS 17 adjustments), the impact of unrecognised tax losses where relevant, and the application of statutory tax rates in Sweden and the Netherlands.

SECTION E – ASSETS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E1 Intangible assets

Year ended 31 December 2025	AVIF £m	AVCR £m	Software assets £m	Total £m
Cost:				
Balance at 1 January	112.3	2.3	30.8	145.4
Additions	–	–	2.1	2.1
Disposals	–	–	(9.4)	(9.4)
Foreign exchange translation difference	–	–	3.3	3.3
Balance at 31 December	112.3	2.3	26.8	141.4
Amortisation and impairment losses:				
Balance at 1 January	81.8	2.1	22.7	106.6
Amortisation for the year	4.6	–	2.6	7.2
Disposals	–	–	(8.7)	(8.7)
Impairment for the year	0.4	–	–	0.4
Foreign exchange translation difference	(1.3)	–	1.9	0.6
Balance at 31 December	85.5	2.1	18.5	106.1
Carrying amounts:				
At 1 January	30.5	0.2	8.1	38.8
At 31 December	26.8	0.2	8.3	35.3

Year ended 31 December 2024	AVIF £m	AVCR £m	Software assets £m	Total £m
Cost:				
Balance at 1 January	112.3	2.3	31.0	145.6
Additions	–	–	2.2	2.2
Foreign exchange translation difference	–	–	(2.4)	(2.4)
Balance at 31 December	112.3	2.3	30.8	145.4
Amortisation and impairment losses:				
Balance at 1 January	76.1	2.1	21.7	99.9
Amortisation for the year	4.7	–	2.7	7.4
Foreign exchange translation difference	1.0	–	(1.7)	(0.7)
Balance at 31 December	81.8	2.1	22.7	106.6
Carrying amounts:				
At 1 January	36.2	0.2	9.3	45.7
At 31 December	30.5	0.2	8.1	38.8

All amounts within intangible assets are non-current.

Section A5 (i) provides further details of the significant judgements applied and the sensitivities to those judgements in respect of the AVIF assets held in regard to CASLP within the UK segment of £16.3m (31 December 2024: £19.8m) and also in Movestic of £10.5m (31 December 2024: £10.7m).

The acquired value of customer relationships (AVCR) asset and the software assets are held in respect of Movestic.

The amortisation charged to the Consolidated Statement of Comprehensive Income is recognised in other operating expenses (see Note D4).

Deferred acquisition costs

Year ended 31 December	2025 £m	2024 £m
Balance at 1 January	48.4	50.6
Additions	8.9	9.2
Amortisation charged to income	(8.7)	(7.7)
Foreign exchange translation difference	5.5	(3.7)
Balance at 31 December	54.1	48.4
Current	54.1	6.3
Non-current	46.8	42.1
Total	54.1	48.4

The amortisation charged to income is recognised in other operating expenses (see Note D4).

SECTION E – ASSETS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E2 Property and equipment

31 December	2025 £m	2024 £m
Cost:		
Balance at 1 January	19.6	20.6
Additions	1.8	0.8
Disposals	(2.8)	(1.7)
Revaluation	–	0.7
Foreign exchange translation difference	1.0	(0.8)
Balance at 31 December	19.6	19.6
Amortisation and impairment losses:		
Balance at 1 January	11.8	12.2
Depreciation charge for the year	1.2	1.7
Disposals	(1.5)	(1.7)
Foreign exchange translation difference	0.5	(0.4)
Balance at 31 December	12.0	11.8
Carrying amounts at 31 December	7.6	7.9

Property and equipment includes office buildings, computer equipment, vehicles and furniture and fixtures. No type of property and equipment is material.

E3 Investment properties

31 December	2025 £m	2024 £m
Balance at 1 January	91.7	88.1
Additions	2.7	3.4
Disposals	(9.0)	(7.9)
Revaluation	5.6	8.1
Balance at 31 December	91.0	91.7

Investment properties were bought for investment purposes in line with the investment strategy of the Group. Detail on the property types and the frequency of valuations is provide in Note A4(k). There is no observable input and therefore they are classed as Level 3 in the fair value hierarchy, see Note E4(b).

The revaluation is disclosed within net investment return (see Note D2). Expenses incurred in the operation and maintenance of investment properties are disclosed in other operating expenses (see Note D4).

Rental income from investment properties was £6.4m for the year (2024: £6.9m). Operating expenses incurred on investment properties was £0.1m for the year (2024: £0.6m).

E4 Financial investments

(a) Financial investments by classification

The carrying amounts of the financial investments and other financial assets and liabilities held by the Group at the year-end date are as follows:

31 December 2025	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	208.2	208.2
Holdings in collective investment schemes	–	–	9,388.4	9,388.4
Debt securities – government bonds	–	420.3	–	420.3
Debt securities – other	–	635.1	–	635.1
Policyholder funds held by the Group	–	2,939.3	–	2,939.3
Mortgage loan portfolio	–	356.9	–	356.9
Total	–	4,351.6	9,596.6	13,948.2
Derivatives and other financial assets				
Amounts deposited with reinsurers	–	35.0	–	35.0
Derivative financial instruments	–	–	0.9	0.9
Other assets	58.8	–	–	58.8
Cash and cash equivalents	–	145.3	–	145.3
Total financial investments and financial assets	58.8	180.3	0.9	240.0
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,717.0	–	6,717.0
Liabilities relating to policyholder funds held by the Group	–	2,938.5	–	2,938.5
Derivative financial instruments	–	–	0.1	0.1
Borrowings	203.0	–	–	203.0
Other current liabilities	129.5	–	–	129.5
Total financial liabilities	332.5	9,655.5	0.1	9,988.1

31 December 2024	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Equity securities	–	–	191.5	191.5
Holdings in collective investment schemes	–	–	8,661.6	8,661.6
Debt securities – government bonds	–	446.1	–	446.1
Debt securities – other	–	634.7	10.1	644.8
Policyholder funds held by the Group	–	1,825.8	–	1,825.8
Mortgage loan portfolio	–	346.9	–	346.9
Total	–	3,253.5	8,863.2	12,116.7
Derivatives and other financial assets				
Amounts deposited with reinsurers	–	34.3	–	34.3
Derivative financial instruments	–	–	0.1	0.1
Other assets	68.7	–	–	68.7
Cash and cash equivalents	–	138.0	–	138.0
Total financial investments and financial assets	68.7	3,425.8	8,863.3	12,357.8
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,116.7	–	6,116.7
Liabilities relating to policyholder funds held by the Group	–	1,825.5	–	1,825.5
Derivative financial instruments	–	–	0.6	0.6
Borrowings	204.8	–	–	204.8
Other current liabilities	129.7	–	–	129.7
Total financial liabilities	334.5	7,942.2	0.6	8,277.3

(b) Financial investment fair values

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. The following tables show the determination of fair value according to a three-level valuation hierarchy. Fair values are generally determined at prices quoted in active markets (Level 1). However, where such information is not available, the Group applies valuation techniques to measure such instruments. These valuation techniques make use of market-observable data for all significant inputs where possible (Level 2), but in some cases it may be necessary to estimate using data other than market-observable data within a valuation model for significant inputs (Level 3).

Fair value measurement at 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	91.0	91.0
Financial assets				
Equities – Listed	208.0	0.1	0.1	208.2
Holdings in collective investment schemes	9,176.7	35.6	176.1	9,388.4
Debt securities – government bonds	420.3	–	–	420.3
Debt securities – other debt securities	635.1	–	–	635.1
Policyholders' funds held by the Group	2,864.8	–	74.5	2,939.3
Mortgage loan portfolio	–	356.9	–	356.9
Amounts deposited with reinsurers	–	35.0	–	35.0
Derivative financial instruments	–	0.9	–	0.9
Total	13,304.9	428.5	341.7	14,075.1
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,717.0	–	6,717.0
Liabilities related to policyholders' funds held by the Group	–	2,938.5	–	2,938.5
Derivative financial instruments	–	0.1	–	0.1
Total	–	9,655.6	–	9,655.6

Fair value measurement at 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment properties	–	–	91.7	91.7
Financial assets				
Equities – Listed	191.5	–	–	191.5
Holdings in collective investment schemes	8,454.1	38.9	168.6	8,661.6
Debt securities – government bonds	446.1	–	–	446.1
Debt securities – other debt securities	644.8	–	–	644.8
Policyholders' funds held by the Group	1,781.6	–	44.2	1,825.8
Mortgage loan portfolio	–	346.9	–	346.9
Amounts deposited with reinsurers	–	34.3	–	34.3
Derivative financial instruments	–	0.1	–	0.1
Total	11,518.1	420.2	304.5	12,242.8
Financial liabilities				
Investment contracts at fair value through profit or loss	–	6,116.7	–	6,116.7
Liabilities related to policyholders' funds held by the Group	–	1,825.5	–	1,825.5
Derivative financial instruments	–	0.6	–	0.6
Total	–	7,942.8	–	7,942.8

SECTION E – ASSETS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E4 Financial investments (continued)

(b) Financial investment fair values (continued)

Investment properties

The investment properties are valued by external chartered surveyors using industry standard techniques based on guidance from the Royal Institute of Chartered Surveyors. The valuation methodology includes an assessment of general market conditions and sector level transactions and takes account of expectations of occupancy rates, rental income and growth. Properties undergo individual scrutiny using cash flow analysis to factor in the timing of rental reviews, capital expenditure, lease incentives, dilapidation and operating expenses; these reviews utilise both observable and unobservable inputs.

Holdings in collective investment schemes

The holdings classified as Level 3 £176.1m (Dec 2024: £168.6m) relate to Scildon, and represent investments held in a mortgage fund. These are classified as Level 3 as the fair value is derived from valuation techniques that include inputs that are not based on observable market data.

Policyholder funds held by the Group

There is also a small holding of assets classified as Level 3 £74.5m (Dec 2024: £44.2m) from our Movestic operation which are unlisted. The valuation of the vast majority of these assets is based on unobservable prices from trading on the over-the-counter market.

Debt securities

The debt securities classified as Level 2 at 2024 and 2025 are traded in active markets with less depth or wider bid-ask spreads. This does not meet the classification as Level 1 inputs. The fair values of debt securities not traded in active markets are determined using broker quotes or valuation techniques with observable market inputs. Financial instruments valued using broker quotes are classified at Level 2, only where there is a sufficient range of available quotes.

These assets were valued using counterparty or broker quotes and are periodically validated against third-party models.

Derivative financial instruments

The derivatives financial instruments include a foreign currency hedge related to the Group. The hedge was renewed in December 2025, from which point a hedging relationship was designated. The foreign currency hedge is being used as a net investment hedge to manage the impact of foreign exchange movements between sterling and both the euro and Swedish krona.

It includes collars which consists of two hedges:

- one hedge to protect against the downside (sterling strengthening) (starting at strike A), and one to remove the upside (weakening) (strike B); with the strikes of these coordinated to result in no upfront premium.
- the second hedge (strike B) creates a liquidity requirement when it bites.

The capped collar comes with an additional leg which creates value and liquidity when exchange rates move beyond a certain point (strike C).

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the collar. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise if the amount of the investment in the foreign subsidiary was to become lower than the nominal amount of the collar.

The net investment hedges were assessed to be highly effective at 31 December 2025 and a net unrealised loss of £0.1m has been recorded in the translation reserve.

The group’s currency risk management strategy is outlined in the risk management section of the financial statements, under the ‘Investment and Liquidity Risk’ section. Applications of the strategy and tools used to manage the currency translation risk are covered in the financial risk disclosure Note B3(a)(iv). The hedge creates an uncertainty around future cash flows through collateral posted for the derivative, which fluctuates in line with fluctuations in the derivative liability and creates an uncertain, uncapped liquidity requirement when it bites.

31 December 2025 Net investment in foreign operations				
	Notional amount £m	Carrying amount £m	Change in fair value used for measuring ineffectiveness for the year £m	Change in fair value of hedged item £m
Hedging instrument included in derivative financial instruments in the Statement of Financial Position				
Uncapped collar	424.6	(0.1)	(0.1)	–
Hedged item				
Net investment in foreign subsidiaries	–	–	–	1.9

There are no comparatives as the hedging relationship was designated in December 2025.

Within derivative financial instruments is a financial reinsurance embedded derivative related to our Movestic operation. The Group has entered into a reinsurance contract with a third party that has a section that is deemed to transfer significant insurance risk and a section that is deemed not to transfer significant insurance risk. The element of the contract that does not transfer significant insurance risk has two components and has been accounted for as a financial liability at amortised cost and an embedded derivative asset at fair value.

The embedded derivative represents an option to repay the amounts due under the contract early at a discount to the amortised cost, with its fair value being determined by reference to market interest rate at the year-end date. It is, accordingly, determined at Level 2 in the three-level fair value determination hierarchy. Further detail can be found in Note E5.

Investment contract liabilities

The investment contract liabilities in Level 2 of the valuation hierarchy represent the fair value of linked and non-linked liabilities valued using established actuarial techniques utilising market observable data for all significant inputs, such as investment yields.

Significant unobservable inputs in Level 3 instruments valuations

The Level 3 instruments held in the Group are in relation to investments held in an Aegon managed Dutch Mortgage Fund that contains mortgage-backed assets in the Netherlands. The fair value of the mortgage fund is determined by the fund manager on a monthly basis using an in-house valuation model. The valuation model relies on a number of unobservable inputs, the most significant being the assumed conditional prepayment rate, the discount rate and the impairment rate, all of which are applied to the anticipated modelled cash flows to derive the fair value of the underlying asset.

The assumed Conditional Prepayment Rate (CPR) is used to calculate the projected prepayment cash flow per individual loan and reflects the anticipated early repayment of mortgage balances. The CPR is based on four variables:

- Contract age – The CPR for newly originated mortgage loans will initially be low, after which it increases for a couple of years to its maximum expected value, and subsequently diminishes over time.
- Interest rate differential – The difference between the contractual rates and current interest rates are positively correlated with prepayments. When contractual rates are higher than interest rates of newly originated mortgages, we observe more prepayments and the vice versa.
- Previous partial repayments – Borrowers who made a partial prepayment in the past, are more likely to do so in the future.
- Burnout effect – Borrowers who have not made a prepayment in the past, while their option to prepay was in the money, are less likely to prepay in the future.

The projected prepayment cash flows per loan are then combined to derive an average expected lifetime CPR, which is then applied to the outstanding balance of the fund. The CPR used in the valuation of the fund as at 31 December 2025 was 3.9% (31 December 2024: 3.7%).

The expected projected cash flows for each mortgage within the loan portfolio are discounted using rates that are derived using a matrix involving the following three parameters:

- The remaining fixed rate term of the mortgage
- Indexed Loan to Value (LTV) of each mortgage
- Current (Aegon) mortgage rates

At 31 December 2025 this resulted in discounting the cash flows in each mortgage using a range from 3.81% to 4.70% (31 December 2024: 4.06% to 4.26%).

An impairment percentage is applied to those loan cash flows which are in arrears, to reflect the chance of the loan actually going into default. For those loans which are 1, 2 or 3 months in arrears, an impairment percentage is applied to reflect the chance of default. This percentage ranges from 0.60% for 1 month in arrears to 13.70% for loans which are 3 months in arrears (31 December 2024: 0.60% for 1 month in arrears to 13.70% for loans which are 3 months in arrears). Loans which are in default receive a 100% reduction in value.

The value of the fund has the potential to decrease or increase over time. This can be as a consequence of a periodic reassessment of the conditional prepayment rate and/or the discount rate used in the valuation model.

A 1 percent increase in the discount rate would reduce the value of the asset by £15.1m (31 December 2024: £15.3m).

A 1 percent decrease in the discount rate would increase the value of the asset by £17.3m (31 December 2024: £17.5m).

Reconciliation of Level 3 fair value measurements of financial instruments Level 3 movement

31 December 2025	Investment properties £m	Holdings in collective investment schemes £m	Policyholder funds held by Group £m	Total £m
At start of period	91.7	168.6	44.3	304.6
Total gains and losses recognised in the Income Statement	5.6	(2.0)	(12.6)	(9.0)
Purchases	2.7	–	42.6	45.3
Settlements	(9.0)	–	(6.1)	(15.1)
Exchange rate adjustment	–	9.5	6.3	15.8
At the end of period	91.0	176.1	74.5	341.6

31 December 2024	Investment properties £m	Holdings in collective investment schemes £m	Policyholder funds held by Group £m	Total £m
At start of period	88.1	142.5	42.4	273.0
Total gains and losses recognised in the Income Statement	8.1	33.5	1.9	43.5
Purchases	3.4	–	17.0	20.4
Settlements	(7.9)	–	(13.9)	(21.8)
Exchange rate adjustment	–	(7.4)	(3.2)	(10.6)
At the end of period	91.7	168.6	44.2	304.5

SECTION E – ASSETS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

E4 Financial investments (continued)

(b) Financial investment fair values (continued)

31 December	Carrying amount		Fair value	
	2025 £m	2024 £m	2025 £m	2024 £m
Financial liabilities				
Borrowings	201.1	200.8	185.8	166.1
Amounts due in relation to financial reinsurance	1.0	2.4	1.0	2.3
Term finance	0.9	1.6	0.9	1.6
Total	203.0	204.8	187.7	170.0

The fair value of the Tier 2 debt is calculated using quoted prices in active markets and they are classified as Level 1 in the fair value hierarchy. The amount due in relation to financial reinsurance is fair valued with reference to market interest rates at the year-end date and is classed as Level 2 in the fair value hierarchy.

There were no transfers between Levels 1, 2 and 3 during the year. The Group holds no Level 3 liabilities as at the year-end date.

E5 Derivative financial instruments

A currency hedge is held in the Parent Company in order to manage the exposure to foreign exchange movements between sterling and both the euro and Swedish krona. The currency hedge is classed as Level 2 (2024: Level 2) in the three-level fair value determination hierarchy set out in Note E4(b). There is also a foreign currency hedge in the UK segment to manage exposure from the value-in-force of unit-linked contracts.

There are also derivatives held within the unit-linked and with-profits funds, except for an option to repay a financial reinsurance contract early, which comprises an embedded derivative.

31 December	2025		2024	
	Asset £m	Liability £m	Asset £m	Liability £m
Exchange-traded futures	0.4	–	–	(0.3)
Foreign currency hedge	0.4	(0.1)	–	(0.3)
Financial reinsurance embedded derivative	0.1	–	0.1	–
Total	0.9	(0.1)	0.1	(0.6)
Current	0.9	(0.1)	0.1	(0.6)
Non-current	–	–	–	–
Total	0.9	(0.1)	0.1	(0.6)

Derivatives within unit-linked funds

As part of its investment management strategy, the Group purchases derivative financial instruments as part of its investment portfolio for unit-linked investment funds, which match the liabilities arising on its unit-linked insurance and investment business.

A variety of equity futures are part of the portfolio matching the unit-linked investment and insurance liabilities. Derivatives are used to facilitate more efficient portfolio management allowing changes in investment strategy to be reflected by futures transactions rather than a high volume of transactions in the underlying assets.

All the contracts in the unit-linked funds are exchange-traded futures, with their fair value being the bid price at the year-end date. They are, accordingly, determined at Level 1 in the three-level fair value determination hierarchy set out in Note E4(b).

Exchange-traded futures (by geographical investment market) 31 December	2025		2024	
	Asset £m	Liability £m	Asset £m	Liability £m
USA	0.4	–	–	(0.2)
Total	0.4	–	–	(0.2)

Derivatives within CA (S&P with-profits funds)

As part of its investment management strategy, CA enters into a limited range of derivative instruments to manage its exposure to various risks.

CA uses equity index futures in order to economically hedge equity market risk in the with-profit funds' investments.

The change in fair value of the futures contracts is intended to offset the change in fair value of the underlying equities being hedged. CA settles the market value of the futures contracts on a daily basis by paying or receiving a variation margin. The futures contracts are not discounted as this daily settlement is equal to the change in fair value of the futures. As a result, there is no additional fair value to recognise in relation to these derivatives on the Statement of Financial Position at the year end.

CA also purchases exchange rate futures to mitigate exchange rate risk within its with-profits funds.

These contracts are exchange-traded contracts in active markets with their fair value being the bid price at the year end. They are, accordingly, determined at Level 1 in the three-level fair value determination hierarchy set out in Note E4(b).

E6 Other assets

31 December	2025 £m	2024 £m
Receivables arising from investment contracts		
Reinsurers share of accrued policyholder claims	1.3	1.9
Receivables from policyholders	5.4	6.3
Commission receivables	0.1	0.1
Sub-total	6.8	8.3
Other receivables		
Accrued interest income	12.2	10.2
Receivables from fund management companies	3.3	3.4
Prepayments	15.2	12.5
Income tax balances	7.0	21.1
Derivative collateral	1.7	–
Other	12.6	13.1
Sub-total	52.0	60.3
Total	58.8	68.7
Current	56.2	66.5
Non-current	2.6	2.1
Total	58.8	68.6

E7 Cash and cash equivalents

31 December	2025 £m	2024 £m
Bank and cash balances	134.4	127.4
Call deposits due after 1 month	10.9	10.6
Total cash and cash equivalents	145.3	138.0
Bank overdrafts	(0.6)	(0.8)
Cash and cash equivalents in the statement of cash flows	144.7	137.2

Deposits are subject to a combination of fixed and variable interest rates, with an average maturity of 95 days (2024: 95 days).

Included in cash and cash equivalents held by the Group are balances totalling £87.5m (2024: £69.7m) held in unit-linked policyholders' funds.

The following tables show the changes in liabilities arising from financing activities in the year. These liabilities are measured at amortised cost.

31 December	1 Jan 2025 £m	Financing cash flows (i) £m	Foreign exchange translation differences £m	Other changes (ii) £m	31 Dec 2025 £m
Tier 2 debt	200.8	(4.8)	4.9	0.2	201.1
Financial reinsurance	2.3	(1.6)	0.2	0.1	1.0
Lease liabilities	1.6	–	–	(0.7)	0.9
Total	204.7	(6.4)	5.1	(0.4)	203.0

31 December	1 Jan 2024 £m	Financing cash flows (i) £m	Foreign exchange translation differences £m	Other changes (ii) £m	31 Dec 2024 £m
Tier 2 debt	200.6	(9.5)	–	9.7	200.8
Financial reinsurance	5.3	(2.6)	(0.7)	0.4	2.4
Lease liabilities	1.2	(0.3)	(0.3)	–	0.6
Total	207.1	(12.4)	(1.0)	10.1	203.8

(i) The cash flows from bank loans and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include interest accruals.

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F1 Insurance and reinsurance contracts

The following notes provide a quantitative analysis of the insurance and reinsurance contract assets and liabilities and are disaggregated by the IFRS 8 Operating segments. This disaggregation has been chosen for the following notes because it is management's view that together with the information in the underwriting risk section, it provides the most relevant information for assessing the effect that contracts within the scope of IFRS 17 have on the entity's financial performance and position.

(a) Composition of the Statement of Financial Position

The following tables show the breakdown of the insurance and reinsurance contract assets and liabilities for each of the operating segments within Chesnara. Note B2 provides details for the values of insurance and reinsurance contracts for the broad product groups within each segment.

As the operating segments have been revised following the integration of our Dutch businesses, the prior year comparatives have been restated to maintain comparability.

31 December 2025	UK £m	Sweden £m	Netherlands £m	Total £m
Insurance contracts				
Insurance contract liabilities	1,306.4	193.0	2,441.3	3,940.7
Insurance contract assets	–	–	–	–
Net insurance contract liabilities	1,306.4	193.0	2,441.3	3,940.7
Reinsurance contracts				
Reinsurance contract assets	155.0	11.6	1.4	168.0
Reinsurance contract liabilities	(2.0)	–	(8.5)	(10.5)
Net reinsurance contract assets	153.0	11.6	(7.1)	157.5

	Current £m	Non-current £m	Total £m
Insurance contract liabilities	523.4	3,417.3	3,940.7
Insurance contract assets	–	–	–
Reinsurance contract assets	30.2	137.8	168.0
Reinsurance contract liabilities	(3.2)	13.7	10.5

31 December 2024	UK £m	Sweden £m	Netherlands (restated) £m	Total £m
Insurance contracts				
Insurance contract liabilities	1,308.5	174.1	2,616.5	4,099.1
Insurance contract assets	(1.8)	–	–	(1.8)
Net insurance contract liabilities	1,306.7	174.1	2,616.5	4,097.3
Reinsurance contracts				
Reinsurance contract assets	154.8	12.4	2.7	169.9
Reinsurance contract liabilities	(2.0)	–	(14.6)	(16.6)
Net reinsurance contract assets	152.8	12.4	(11.9)	153.3

	Current £m	Non-current £m	Total £m
Insurance contract liabilities	730.5	3,368.6	4,099.1
Insurance contract assets	(1.8)	–	(1.8)
Reinsurance contract assets	29.9	140.0	169.9
Reinsurance contract liabilities	0.5	(17.1)	(16.6)

(b) Fair value of underlying items

The following table shows the fair value of the underlying items of the Group's direct participating contracts for each reporting segment.

	UK £m	Sweden £m	Netherlands £m	Total £m
Fair value of underlying items as at 31 December 2025	848.1	161.7	1,198.9	2,208.7
Fair value of underlying items as at 31 December 2024 (restated)	711.0	142.4	1,377.7	2,231.1

Composition of underlying items

The majority of the fair value of underlying items across the Group are held in collective investment schemes. A small proportion is held in equities, debt securities and in cash and deposits.

F2 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – UK**(a) Insurance contract balances – analysis by remaining coverage and incurred claims**

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component £m	Loss component £m	for incurred claims £m	£m
Insurance contract liabilities as at 1 January 2025	1,237.6	15.1	54.0	1,306.7
Changes in the Income Statement				
Insurance revenue				
Contracts measured under the fair value approach	(51.4)	–	–	(51.4)
Contracts measured under the full retrospective approach	(27.4)	–	–	(27.4)
Insurance revenue total	(78.8)	–	–	(78.8)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(2.7)	76.7	74.0
Losses and reversals of losses on onerous contracts	–	7.2	–	7.2
Insurance service expense total	–	4.5	76.7	81.2
Insurance service result	(78.8)	4.5	76.7	2.4
Net finance expenses from insurance contracts	119.2	0.1	–	119.3
Total amounts recognised in comprehensive income	40.4	4.6	76.7	121.7
Investment components	(112.2)	–	112.2	–
Cash flows				
Premiums received	51.7	–	0.9	52.6
Claims and other directly attributable expenses paid	–	–	(174.6)	(174.6)
Acquisitions	–	–	–	–
Total cash flows	51.7	–	(173.7)	(122.0)
Insurance contract liabilities as at 31 December 2025	1,217.5	19.7	69.2	1,306.4

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F2 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – UK (continued)

(a) Insurance contract balances – analysis by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component £m	Loss component £m	£m	£m
Insurance contract liabilities as at 1 January 2024	1,301.1	12.4	65.6	1,379.1
Changes in the Income Statement				
Insurance revenue				
Contracts measured under the fair value approach	(58.1)	–	–	(58.1)
Contracts measured under the full retrospective approach	(13.2)	–	–	(13.2)
Insurance revenue total	(71.3)	–	–	(71.3)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(1.8)	62.3	60.5
Losses and reversals of losses on onerous contracts	–	4.4	–	4.4
Insurance service expense total	–	2.6	62.3	64.9
Insurance service result	(71.3)	2.6	62.3	(6.4)
Net finance expenses from insurance contracts	98.5	0.1	–	98.6
Total amounts recognised in comprehensive income	27.2	2.7	62.3	92.2
Investment components	(135.7)	–	135.7	–
Cash flows				
Premiums received	35.3	–	–	35.3
Claims and other directly attributable expenses paid	–	–	(197.7)	(197.7)
Acquisitions	9.7	–	(11.9)	(2.2)
Total cash flows	45.0	–	(209.6)	(164.6)
Insurance contract liabilities as at 31 December 2024	1,237.6	15.1	54.0	1,306.7

There is no PAA business in the UK segment. Note A5(a) sets out the fair value methodology applied at transition that has been applied for the CA contracts in the UK.

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Insurance contract liabilities as at 1 January 2025	1,265.2	7.0	1.3	33.2	1,306.7
Changes that relate to current service					
CSM recognised for services provided	–	–	(2.4)	(3.0)	(5.4)
Change in risk adjustment for non-financial risk for risk expired	–	(2.2)	–	–	(2.2)
Experience adjustments	3.8	(0.9)	–	–	2.9
Total changes that relate to current service	3.8	(3.1)	(2.4)	(3.0)	(4.7)
Changes that relate to future service					
Contracts initially recognised in the period	(10.2)	2.7	7.5	–	–
Changes in estimates that adjust the CSM	0.3	0.5	(5.3)	4.5	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	7.0	0.1	–	–	7.1
Total changes that relate to future service	(2.9)	3.3	2.2	4.5	7.1
Insurance service result	0.9	0.2	(0.2)	1.5	2.4
Net finance expenses from insurance contracts	117.8	0.4	0.4	0.7	119.3
Total amounts recognised in comprehensive income	118.7	0.6	0.2	2.2	121.7
Cash flows					
Premiums received	51.7	–	–	–	51.7
Claims and other directly attributable expenses paid	(174.6)	0.9	–	–	(173.7)
Acquisitions	–	–	–	–	–
Total cash flows	(122.9)	0.9	–	–	(122.0)
Insurance contract liabilities as at 31 December 2025	1,261.0	8.5	1.5	35.4	1,306.4

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F2 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – UK (continued)

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA (continued)

	Present value of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Insurance contract liabilities as at 1 January 2024	1,340.9	12.5	3.2	22.5	1,379.1
Changes that relate to current service					
CSM recognised for services provided	–	–	(0.1)	(3.8)	(3.9)
Change in risk adjustment for non-financial risk for risk expired	–	(1.8)	–	–	(1.8)
Experience adjustments	(5.0)	–	–	–	(5.0)
Total changes that relate to current service	(5.0)	(1.8)	(0.1)	(3.8)	(10.7)
Changes that relate to future service					
Contracts initially recognised in the period	(0.8)	0.1	0.7	–	–
Changes in estimates that adjust the CSM	(6.2)	(4.9)	(2.8)	13.9	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	4.3	–	–	–	4.3
Total changes that relate to future service	(2.7)	(4.8)	(2.1)	13.9	4.3
Insurance service result	(7.7)	(6.6)	(2.2)	10.1	(6.4)
Net finance expenses from insurance contracts	96.6	1.1	0.3	0.6	98.6
Total amounts recognised in comprehensive income	88.9	(5.5)	(1.9)	10.7	92.2
Cash flows					
Premiums received	35.3	–	–	–	35.3
Claims and other directly attributable expenses paid	(197.7)	–	–	–	(197.7)
Acquisitions	(2.2)	–	–	–	(2.2)
Total cash flows	(164.6)	–	–	–	(164.6)
Insurance contract liabilities as at 31 December 2024	1,265.2	7.0	1.3	33.2	1,306.7

The contracts initially recognised in the period relate to the acquisition of the unit-linked bond and pension portfolio from Canada Life.

(c) Reinsurance contract balances – analysis by remaining coverage and incurred claims

	Assets for remaining coverage £m	Loss- recovery component £m	Assets for incurred claims £m	Total £m
Reinsurance contract assets as at 1 January 2025	138.6	–	14.2	152.8
Reinsurance expenses – allocation of reinsurance premiums paid	(27.2)	–	–	(27.2)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other directly attributable expenses	–	–	30.4	30.4
Changes in the loss-recovery component	–	2.1	–	2.1
Net (expenses)/income from reinsurance contracts held	(27.2)	2.1	30.4	5.3
Net finance expenses from reinsurance contracts	12.6	–	–	12.6
Total amounts recognised in comprehensive income	(14.6)	2.1	30.4	17.9
Investment components	(4.0)	–	4.0	–
Cash flows				
Premiums paid	9.9	–	–	9.9
Recoveries from reinsurance contracts held	–	–	(27.6)	(27.6)
Total cash flows	9.9	–	(27.6)	(17.7)
Reinsurance contract assets as at 31 December 2025	129.9	2.1	21.0	153.0

	Assets for remaining coverage £m	Assets for incurred claims £m	Total £m
Reinsurance contract assets as at 1 January 2024	150.8	13.8	164.6
Reinsurance expenses – allocation of reinsurance premiums paid	(23.9)	–	(23.9)
Amounts recoverable from reinsurers			
Recoveries of incurred claims and other directly attributable expenses	–	23.0	23.0
Changes in the loss-recovery component	–	–	–
Net (expenses)/income from reinsurance contracts held	(23.9)	23.0	(0.9)
Net finance expenses from reinsurance contracts	3.1	–	3.1
Total amounts recognised in comprehensive income	(20.8)	23.0	2.2
Investment components	(2.8)	2.8	–
Cash flows			
Premiums paid	11.4	–	11.4
Recoveries from reinsurance contracts held	–	(25.4)	(25.4)
Total cash flows	11.4	(25.4)	(14.0)
Reinsurance contract assets as at 31 December 2024	138.6	14.2	152.8

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F2 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – UK (continued)

(d) Reinsurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Reinsurance contract assets as at 1 January 2025	145.5	2.4	0.4	4.5	152.8
Changes that relate to current service					
CSM recognised for services received	–	–	0.4	(0.1)	0.3
Change in risk adjustment for non-financial risk for risk expired	–	(0.9)	–	–	(0.9)
Experience adjustments	3.8	–	–	–	3.8
Total changes that relate to current service	3.8	(0.9)	0.4	(0.1)	3.2
Changes that relate to future service					
Changes in estimates that adjust the CSM	9.1	(0.6)	(12.4)	(1.4)	(5.3)
CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	0.9	–	0.9
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	0.1	–	5.2	1.2	6.5
Total changes that relate to future service	9.2	(0.6)	(6.3)	(0.2)	2.1
Net (expense)/income from reinsurance contracts held	13.0	(1.5)	(5.9)	(0.3)	5.3
Net finance income from reinsurance contracts held	12.2	0.4	–	–	12.6
Total amounts recognised in comprehensive income	25.2	(1.1)	(5.9)	(0.3)	17.9
Cash flows					
Premiums paid	9.9	–	–	–	9.9
Recoveries from reinsurance contracts held	(27.6)	–	–	–	(27.6)
Total cash flows	(17.7)	–	–	–	(17.7)
Reinsurance contract assets as at 31 December 2025	153.0	1.3	(5.5)	4.2	153.0

	Present value of future cash flows £m	Risk adjustment £m	CSM (new contracts and contracts measured under FRA) £m	CSM (contracts measured under FVA) £m	Total £m
Reinsurance contract assets as at 1 January 2024	155.6	3.0	0.4	5.6	164.6
Changes that relate to current service					
CSM recognised for services received	–	–	–	(0.3)	(0.3)
Change in risk adjustment for non-financial risk for risk expired	–	(0.6)	–	–	(0.6)
Experience adjustments	0.1	–	–	–	0.1
Total changes that relate to current service	0.1	(0.6)	–	(0.3)	(0.8)
Changes that relate to future service					
Changes in estimates that adjust the CSM	0.8	–	–	(0.9)	(0.1)
Total changes that relate to future service	0.8	–	–	(0.9)	(0.1)
Net (expense)/income from reinsurance contracts held	0.9	(0.6)	–	(1.2)	(0.9)
Net finance income from reinsurance contracts held	3.0	–	–	0.1	3.1
Total amounts recognised in comprehensive income	3.9	(0.6)	–	(1.1)	2.2
Cash flows					
Premiums paid	11.3	–	–	–	11.3
Recoveries from reinsurance contracts held	(25.3)	–	–	–	(25.3)
Total cash flows	(14.0)	–	–	–	(14.0)
Reinsurance contract assets as at 31 December 2024	145.5	2.4	0.4	4.5	152.8

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F2 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – UK (continued)

(e) Insurance contracts recognised in the period

	2025 £m	2024 £m
Estimates of the present value of future cash inflows	(93.9)	(12.5)
Estimates of the present value of future cash outflows		
Claims and other insurance service expenses payable	–	11.7
Insurance acquisition cash flows	83.7	–
Total estimates of the present value of net future cash inflows/(outflows)	83.7	11.7
Risk adjustment for non-financial risk	2.7	0.1
CSM	7.5	0.7
Losses recognised on initial recognition	–	–

Insurance contracts recognised in the period relate to the acquisition of the unit-linked bond and pension business from Canada Life in the current year and the term assurance portfolio from Canada Life in the prior year. None of the acquired portfolios were onerous at initial recognition.

(f) Reinsurance contracts recognised in the period

There are no material new insurance contracts recognised in the period for the UK.

	2025 £m	2024 £m
Estimates of the present value of future cash inflows	63.4	–
Estimates of the present value of future cash outflows	(66.1)	–
Risk adjustment for non-financial risk	2.0	–
CSM	0.7	–
Total value of reinsurance contracts recognised in the period	–	–

(g) Expected recognition of CSM

In the tables that follow the CSM accrues interest at the locked-in rate for GMM portfolios and at current rates for VFA portfolios from the year-end date and is then amortised based on the coverage units of the contract groups to give the timeline of the expected recognition.

31 December 2025	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	2.7	0.1
Later than one year and not later than two years	1.9	0.1
Later than two years and not later than three years	1.9	–
Later than three years and not later than four years	1.8	–
Later than four years and not later than five years	1.7	–
Later than five years and not later than ten years	7.2	(0.1)
Later than ten years	19.8	0.7
Total	37.0	0.8

31 December 2024	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	3.5	(0.3)
Later than one year and not later than two years	2.5	(0.3)
Later than two years and not later than three years	2.2	(0.3)
Later than three years and not later than four years	2.0	(0.3)
Later than four years and not later than five years	1.8	(0.3)
Later than five years and not later than ten years	6.6	(1.3)
Later than ten years	16.0	(1.9)
Total	34.6	(4.7)

F3 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Sweden**(a) Insurance contract balances – analysis by remaining coverage and incurred claims**

	Liabilities for incurred claims				
	Liabilities for remaining coverage £m	For contracts not under PAA £m	Contracts under PAA		Total £m
			PV of future cash flows £m	Risk adjustment £m	
Insurance contract liabilities as at 1 January 2025	144.0	(0.1)	28.5	1.7	174.1
Changes in the Income Statement					
Insurance revenue					
Contracts measured under the fair value approach	(10.7)	–	–	–	(10.7)
Contracts measured under the full retrospective approach	–	–	–	–	–
Insurance revenue total	(10.7)	–	–	–	(10.7)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	0.7	8.7	0.1	9.5
Adjustments to liabilities for incurred claims	–	–	(4.5)	(0.2)	(4.7)
Insurance service expense total	–	0.7	4.2	(0.1)	4.8
Insurance service result	(10.7)	0.7	4.2	(0.1)	(5.9)
Net finance expenses from insurance contracts	5.9	–	0.4	–	6.3
Effect of movements in exchange rates	16.8	–	3.2	–	20.0
Total amounts recognised in comprehensive income	12.0	0.7	7.8	(0.1)	20.4
Investment components	(7.6)	7.6	–	–	
Cash flows					
Premiums received	15.4	–	–	–	15.4
Claims and other directly attributable expenses paid	–	(8.2)	(8.7)	–	(16.9)
Total cash flows	15.4	(8.2)	(8.7)	–	(1.5)
Insurance contract liabilities as at 31 December 2025	163.8	–	27.6	1.6	193.0

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F3 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Sweden (continued)

(a) Insurance contract balances – analysis by remaining coverage and incurred claims (continued)

	Liabilities for incurred claims				Total £m
	Liabilities for remaining coverage £m	For contracts not under PAA £m	PV of future cash flows £m	Risk adjustment £m	
Insurance contract liabilities as at 1 January 2024	133.5	–	37.1	1.2	171.8
Changes in the Income Statement					
Insurance revenue					
Contracts measured under the fair value approach	(0.9)	–	–	–	(0.9)
Contracts measured under the full retrospective approach	(9.3)	–	–	–	(9.3)
Insurance revenue total	(10.2)	–	–	–	(10.2)
Insurance service expenses					
Incurred claims and other directly attributable expenses	–	0.6	8.2	0.1	8.9
Adjustments to liabilities for incurred claims	–	–	(6.0)	(0.3)	(6.3)
Insurance service expense total	–	0.6	2.2	(0.2)	2.6
Insurance service result	(10.2)	0.6	2.2	(0.2)	(7.6)
Net finance expenses from insurance contracts	22.8	–	–	0.8	23.6
Effect of movements in exchange rates	(10.1)	–	(2.5)	(0.1)	(12.7)
Total amounts recognised in comprehensive income	2.5	0.6	(0.3)	0.5	3.3
Investment components	(9.4)	9.4	–	–	–
Cash flows					
Premiums received	17.4	–	–	–	17.4
Claims and other directly attributable expenses paid	–	(10.1)	(8.3)	–	(18.4)
Total cash flows	17.4	(10.1)	(8.3)	–	(1.0)
Insurance contract liabilities as at 31 December 2024	144.0	(0.1)	28.5	1.7	174.1

The fair value approach was applied to all insurance contracts not measured under PAA in Sweden at transition. Note A5 provides further details relating to fair value methodology applied for contracts in Sweden.

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Insurance contract liabilities as at 1 January 2025	133.4	1.1	7.6	142.1
Changes that relate to current service				
CSM recognised for services provided	–	–	(0.5)	(0.5)
Change in risk adjustment for non-financial risk for risk expired	–	(0.1)	–	(0.1)
Experience adjustments	0.4	–	–	0.4
Total changes that relate to current service	0.4	(0.1)	(0.5)	(0.2)
Changes that relate to future service				
Changes in estimates that adjust the CSM	–	–	–	–
Total changes that relate to future service	–	–	–	–
Insurance service result	0.4	(0.1)	(0.5)	(0.2)
Net finance expenses from insurance contracts	5.6	–	0.2	5.8
Effect of movements in exchange rates	15.7	0.1	0.9	16.7
Total amounts recognised in comprehensive income	21.7	–	0.6	22.3
Cash flows				
Premiums received	5.5	–	–	5.5
Claims and other directly attributable expenses paid	(8.3)	–	–	(8.3)
Total cash flows	(2.8)	–	–	(2.8)
Insurance contract liabilities as at 31 December 2025	152.3	1.1	8.2	161.6

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F3 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Sweden (continued)

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Insurance contract liabilities as at 1 January 2024	125.4	1.1	5.0	131.5
Changes that relate to current service				
CSM recognised for services provided	–	–	(0.5)	(0.5)
Change in risk adjustment for non-financial risk for risk expired	–	(0.1)	–	(0.1)
Experience adjustments	0.3	–	–	0.3
Total changes that relate to current service	0.3	(0.1)	(0.5)	(0.3)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(3.4)	0.2	3.3	0.1
Total changes that relate to future service	(3.4)	0.2	3.3	0.1
Insurance service result	(3.1)	0.1	2.8	(0.2)
Net finance expenses from insurance contracts	22.6	–	0.2	22.8
Effect of movements in exchange rates	(9.5)	(0.1)	(0.4)	(10.0)
Total amounts recognised in comprehensive income	10.0	–	2.6	12.6
Cash flows				
Premiums received	8.1	–	–	8.1
Claims and other directly attributable expenses paid	(10.1)	–	–	(10.1)
Total cash flows	(2.0)	–	–	(2.0)
Insurance contract liabilities as at 31 December 2024	133.4	1.1	7.6	142.1

(c) Reinsurance contract balances – analysis by remaining coverage and incurred claims

	Contracts under PAA			Total £m
	Assets for remaining coverage £m	Assets for incurred claims PV of future cash flows £m	Risk adjustment £m	
Reinsurance contract assets as at 1 January 2025	0.7	11.6	0.1	12.4
Reinsurance expenses – allocation of reinsurance	(1.9)	–	–	(1.9)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other directly attributable expenses	–	2.3	–	2.3
Changes in the expected recoveries for past claims	–	(1.4)	–	(1.4)
Net (expenses)/income from reinsurance contracts held	(1.9)	0.9	–	(1.0)
Net finance expenses from reinsurance contracts	–	0.2	–	0.2
Effect of movements in exchange rates	0.1	1.3	–	1.4
Total amounts recognised in comprehensive income	(1.8)	2.4	–	0.6
Cash flows				
Premiums paid net of ceding commission	1.3	–	–	1.3
Recoveries from reinsurance contracts held	–	(2.7)	–	(2.7)
Total cash flows	1.3	(2.7)	–	(1.4)
Reinsurance contract assets as at 31 December 2025	0.2	11.3	0.1	11.6

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F3 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Sweden (continued)

(c) Reinsurance contract balances – analysis by remaining coverage and incurred claims (continued)

	Contracts under PAA			
	Assets for remaining coverage £m	PV of future cash flows £m	Risk adjustment £m	Total £m
Reinsurance contract assets as at 1 January 2024	(0.6)	14.9	0.2	14.5
Reinsurance expenses – allocation of reinsurance	(1.3)	–	–	(1.3)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other directly attributable expenses	–	1.9	–	1.9
Changes in the expected recoveries for past claims	–	(2.3)	(0.1)	(2.4)
Net (expenses)/income from reinsurance contracts held	(1.3)	(0.4)	(0.1)	(1.8)
Net finance expenses from reinsurance contracts	–	0.3	–	0.3
Effect of movements in exchange rates	–	(1.0)	–	(1.0)
Total amounts recognised in comprehensive income	(1.3)	(1.1)	(0.1)	(2.5)
Cash flows				
Premiums paid net of ceding commission	2.6	–	–	2.6
Recoveries from reinsurance contracts held	–	(2.2)	–	(2.2)
Total cash flows	2.6	(2.2)	–	0.4
Reinsurance contract assets as at 31 December 2024	0.7	11.6	0.1	12.4

(d) Reinsurance contract balances – analysis by measurement component – contracts not measured under PAA

All Sweden reinsurance is measured as PAA, therefore no table is presented for analysis of reinsurance contracts by measurement component.

(e) Insurance contracts recognised in the period

There are no material new insurance contracts recognised in the period for Sweden.

(f) Reinsurance contracts recognised in the period

There are no material new reinsurance contracts recognised in the period for Sweden.

(g) Expected recognition of CSM

In the tables that follow the CSM accrues interest at the locked-in rate for GMM portfolios and at current rates for VFA portfolios from the year-end date and is then amortised based on the coverage units of the contract groups to give the timeline of the expected recognition.

31 December 2025	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	0.4	–
Later than one year and not later than two years	0.4	–
Later than two years and not later than three years	0.3	–
Later than three years and not later than four years	0.3	–
Later than four years and not later than five years	0.3	–
Later than five years and not later than ten years	1.5	–
Later than ten years	4.9	–
Total	8.1	–

31 December 2024	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	0.3	–
Later than one year and not later than two years	0.3	–
Later than two years and not later than three years	0.3	–
Later than three years and not later than four years	0.3	–
Later than four years and not later than five years	0.3	–
Later than five years and not later than ten years	1.4	–
Later than ten years	4.6	–
Total	7.5	–

F4 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Netherlands**(a) Insurance contract balances – analysis by remaining coverage and incurred claims**

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component £m	Loss component £m	for incurred claims £m	£m
Insurance contract liabilities as at 1 January 2025	2,484.9	87.1	44.5	2,616.5
Changes in the Income Statement				
Insurance revenue total	(137.5)	–	–	(137.5)
Insurance service expenses				
Incurring claims and other directly attributable expenses	–	(78.4)	157.1	78.7
Losses and reversals of losses on onerous contracts	–	40.1	–	40.1
Amortisation of insurance acquisition cash flows	3.3	–	–	3.3
Insurance service expense total	3.3	(38.3)	157.1	122.1
Insurance service result	(134.2)	(38.3)	157.1	(15.4)
Net finance expenses from insurance contracts	79.3	0.6	–	79.9
Effect of movements in exchange rates	134.8	4.2	2.6	141.6
Total amounts recognised in comprehensive income	79.9	(33.5)	159.7	206.1
Investment components	(467.8)	–	177.4	(290.4)
Cash flows				
Premiums received	245.2	–	–	245.2
Claims and other directly attributable expenses paid	–	–	(330.3)	(330.3)
Insurance acquisition cash flows	(5.8)	–	–	(5.8)
Total cash flows	239.4	–	(330.3)	(90.9)
Insurance contract liabilities as at 31 December 2025	2,336.4	53.6	51.3	2,441.3

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F4 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Netherlands (continued)

(a) Insurance contract balances – analysis by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component £m	Loss component £m	for incurred claims £m	£m
Insurance contract liabilities as at 1 January 2024	2,523.5	77.0	47.7	2,648.2
Changes in the Income Statement	(180.4)	–	–	(180.4)
Insurance revenue total	(180.4)	–	–	(180.4)
Insurance service expenses				
Incurred claims and other directly attributable expenses	–	(22.2)	159.5	137.3
Losses and reversals of losses on onerous contracts	–	35.6	–	35.6
Amortisation of insurance acquisition cash flows	3.7	–	–	3.7
Insurance service expense total	3.7	13.4	159.5	176.6
Insurance service result	(176.7)	13.4	159.5	(3.8)
Net finance expenses from insurance contracts	212.0	0.6	–	212.6
Effect of movements in exchange rates	(118.7)	(3.9)	(2.2)	(124.8)
Total amounts recognised in comprehensive income	(83.4)	10.1	157.3	84.0
Investment components	(187.6)	–	187.6	–
Cash flows				
Premiums received	239.2	–	–	239.2
Claims and other directly attributable expenses paid	–	–	(348.1)	(348.1)
Insurance acquisition cash flows	(6.8)	–	–	(6.8)
Total cash flows	232.4	–	(348.1)	(115.7)
Insurance contract liabilities as at 31 December 2024	2,484.9	87.1	44.5	2,616.5

For the Netherlands, the full retrospective approach at transition has been applied to all insurance contracts.

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Insurance contract liabilities as at 1 January 2025	2,427.9	22.0	166.6	2,616.5
Changes that relate to current service				
CSM recognised for services provided	–	–	(17.1)	(17.1)
Change in risk adjustment for non-financial risk for risk expired	–	(2.9)	–	(2.9)
Experience adjustments	(35.5)	–	–	(35.5)
Total changes that relate to current service	(35.5)	(2.9)	(17.1)	(55.5)
Changes that relate to future service				
Contracts initially recognised in the period	(7.6)	2.4	10.5	5.3
Changes in estimates that adjust the CSM	17.6	(1.4)	(16.2)	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	35.0	(0.2)	–	34.8
Total changes that relate to future service	45.0	0.8	(5.7)	40.1
Insurance service result	9.5	(2.1)	(22.8)	(15.4)
Net finance expenses from insurance contracts	77.1	(0.6)	3.4	79.9
Effect of movements in exchange rates	131.4	1.2	9.0	141.6
Total amounts recognised in comprehensive income	218.0	(1.5)	(10.4)	206.1
Disposals	(290.4)	–	–	(290.4)
Cash flows				
Premiums received	245.2	–	–	245.2
Claims and other directly attributable expenses paid	(330.3)	–	–	(330.3)
Insurance acquisition cash flows	(5.8)	–	–	(5.8)
Total cash flows	(90.9)	–	–	(90.9)
Insurance contract liabilities as at 31 December 2025	2,264.6	20.5	156.2	2,441.3

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F4 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Netherlands (continued)

(b) Insurance contract balances – analysis by measurement component – contracts not measured under PAA

(Restated)	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Insurance contract liabilities as at 1 January 2024	2,452.3	38.1	157.8	2,648.2
Changes that relate to current service				
CSM recognised for services provided	–	–	(18.0)	(18.0)
Change in risk adjustment for non-financial risk for risk expired	–	(3.0)	–	(3.0)
Experience adjustments	(18.3)	–	–	(18.3)
Total changes that relate to current service	(18.3)	(3.0)	(18.0)	(39.3)
Changes that relate to future service				
Contracts initially recognised in the period	(7.7)	1.6	8.8	2.7
Changes in estimates that adjust the CSM	(8.0)	(14.0)	22.0	–
Changes in estimates that result in losses or reversals of losses on onerous underlying contracts	33.8	(1.0)	–	32.8
Total changes that relate to future service	18.1	(13.4)	30.8	35.5
Insurance service result	(0.2)	(16.4)	12.8	(3.8)
Net finance expenses from insurance contracts	207.2	1.7	3.7	212.6
Effect of movements in exchange rates	(115.7)	(1.4)	(7.7)	(124.8)
Total amounts recognised in comprehensive income	91.3	(16.1)	8.8	84.0
Cash flows				
Premiums received	239.2	–	–	239.2
Claims and other directly attributable expenses paid	(348.1)	–	–	(348.1)
Insurance acquisition cash flows	(6.8)	–	–	(6.8)
Total cash flows	(115.7)	–	–	(115.7)
Insurance contract liabilities as at 31 December 2024	2,427.9	22.0	166.6	2,616.5

(c) Reinsurance contract balances – analysis by remaining coverage and incurred claims

	Assets for remaining coverage Excluding loss-recovery component £m	Loss- recovery component £m	Assets for incurred claims £m	Total £m
Reinsurance contract assets as at 1 January 2025	(18.7)	5.1	1.7	(11.9)
Reinsurance expenses – allocation of reinsurance premiums paid	(28.9)	–	–	(28.9)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other directly attributable expenses	–	–	28.0	28.0
Income on initial recognition of onerous underlying contracts	–	1.2	–	1.2
Changes in the loss-recovery component	–	(0.7)	–	(0.7)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	–	(0.6)	–	(0.6)
Net (expenses)/income from reinsurance contracts held	(28.9)	(0.1)	28.0	(1.0)
Net finance expenses from reinsurance contracts	1.4	–	–	1.4
Effect of movements in exchange rates	(1.0)	0.3	0.2	(0.5)
Total amounts recognised in comprehensive income	(28.5)	0.2	28.2	(0.1)
Cash flows				
Premiums paid	28.8	–	–	28.8
Recoveries from reinsurance contracts held	–	–	(23.9)	(23.9)
Total cash flows	28.8	–	(23.9)	4.9
Reinsurance contract assets as at 31 December 2025	(18.4)	5.3	6.0	(7.1)

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F4 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Netherlands (continued)

(c) Reinsurance contract balances – analysis by remaining coverage and incurred claims (continued)

(Restated)	Assets for remaining coverage		Assets for incurred claims £m	Total £m
	Excluding loss-recovery component £m	Loss- recovery component £m		
Reinsurance contract assets as at 1 January 2024	(26.2)	6.2	9.5	(10.5)
Reinsurance expenses – allocation of reinsurance premiums paid	(27.1)	–	–	(27.1)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other directly attributable expenses	–	–	21.4	21.4
Changes in the loss-recovery component	–	(0.8)	–	(0.8)
Net (expenses)/income from reinsurance contracts held	(27.1)	(0.8)	21.4	(6.5)
Net finance expenses from reinsurance contracts	(0.8)	–	–	(0.8)
Effect of movements in exchange rates	1.1	(0.3)	(0.3)	0.5
Total amounts recognised in comprehensive income	(26.8)	(1.1)	21.1	(6.8)
Cash flows				
Premiums paid	34.3	–	–	34.3
Recoveries from reinsurance contracts held	–	–	(28.9)	(28.9)
Total cash flows	34.3	–	(28.9)	5.4
Reinsurance contract assets as at 31 December 2024	(18.7)	5.1	1.7	(11.9)

For Scildon, the full retrospective approach at transition has been applied to all reinsurance contracts.

(d) Reinsurance contract balances – analysis by measurement component – contracts not measured under PAA

	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Reinsurance contract assets as at 1 January 2025	(47.9)	7.8	28.2	(11.9)
Changes that relate to current service				
CSM recognised for services received	–	–	(3.0)	(3.0)
Change in risk adjustment for non-financial risk for risk expired	–	(1.0)	–	(1.0)
Experience adjustments	3.4	–	–	3.4
Total changes that relate to current service	3.4	(1.0)	(3.0)	(0.6)
Changes that relate to future service				
Contracts initially recognised in the period	(2.6)	0.5	2.0	(0.1)
Changes in estimates that adjust the CSM	(3.1)	(0.2)	3.3	–
CSM adjustment for income on initial recognition of onerous underlying contracts	–	–	0.4	0.4
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	(0.7)	(0.7)
Total changes that relate to future service	(5.7)	0.3	5.0	(0.4)
Net (expense)/income from reinsurance contracts held	(2.3)	(0.7)	2.0	(1.0)
Net finance income from reinsurance contracts held	1.1	(0.1)	0.4	1.4
Effect of movements in exchange rates	(2.6)	0.4	1.7	(0.5)
Total amounts recognised in comprehensive income	(3.8)	(0.4)	4.1	(0.1)
Cash flows				
Premiums paid	28.8	–	–	28.8
Recoveries from reinsurance contracts held	(23.9)	–	–	(23.9)
Total cash flows	4.9	–	–	4.9
Reinsurance contract assets as at 31 December 2025	(46.8)	7.4	32.3	(7.1)

SECTION F – INSURANCE AND REINSURANCE CONTRACTS

F4 Insurance and reinsurance contracts – quantitative analysis of recognised amounts – Netherlands (continued)

(d) Reinsurance contract balances – analysis by measurement component – contracts not measured under PAA (continued)

(Restated)	Present value of future cash flows £m	Risk adjustment £m	CSM £m	Total £m
Reinsurance contract assets as at 1 January 2024	(48.7)	12.2	26.0	(10.5)
Changes that relate to current service				
CSM recognised for services received	–	–	(3.1)	(3.1)
Change in risk adjustment for non-financial risk for risk expired	–	(1.0)	–	(1.0)
Experience adjustments	(1.5)	–	–	(1.5)
Total changes that relate to current service	(1.5)	(1.0)	(3.1)	(5.6)
Changes that relate to future service				
Contracts initially recognised in the period	(2.4)	0.6	1.9	0.1
Changes in estimates that adjust the CSM	(1.1)	(4.1)	3.7	(1.5)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	0.5	0.5
Total changes that relate to future service	(3.5)	(3.5)	6.1	(0.9)
Net (expense)/income from reinsurance contracts held	(5.0)	(4.5)	3.0	(6.5)
Net finance income from reinsurance contracts held	(1.8)	0.6	0.4	(0.8)
Effect of movements in exchange rates	2.2	(0.5)	(1.2)	0.5
Total amounts recognised in comprehensive income	(4.6)	(4.4)	2.2	(6.8)
Cash flows				
Premiums paid	34.3	–	–	34.3
Recoveries from reinsurance contracts held	(28.9)	–	–	(28.9)
Total cash flows	5.4	–	–	5.4
Reinsurance contract assets as at 31 December 2024	(47.9)	7.8	28.2	(11.9)

(e) Insurance contracts recognised in the period

Year Ended 31 December 2025	Non-onerous contracts £m	Onerous contracts £m	Total £m
Estimates of the present value of future cash inflows	(131.2)	(70.8)	(202.0)
Estimates of the present value of future cash outflows			
Claims and other insurance service expenses payable	117.7	73.6	191.3
Insurance acquisition cash flows	1.7	1.5	3.2
Total estimates of the present value of future cash outflows	119.4	75.1	194.5
Risk adjustment for non-financial risk	1.3	1.1	2.4
CSM	10.5	–	10.5
Losses recognised on initial recognition	–	5.4	5.4

Year Ended 31 December 2024 (restated)	Non-onerous contracts £m	Onerous contracts £m	Total £m
Estimates of the present value of future cash inflows	(92.5)	(40.1)	(132.6)
Estimates of the present value of future cash outflows			
Claims and other insurance service expenses payable	1.2	1.0	2.2
Insurance acquisition cash flows	81.6	41.2	122.8
Total estimates of the present value of future cash outflows	82.8	42.2	125.0
Risk adjustment for non-financial risk	1.0	0.6	1.6
CSM	8.7	–	8.7
Losses recognised on initial recognition	–	2.7	2.7

All insurance contracts above are in respect of new business written.

(f) Reinsurance contracts recognised in the period

	2025 £m	2024 (restated) £m
Estimates of the present value of future cash inflows	11.0	11.2
Estimates of the present value of future cash outflows	(13.5)	(13.6)
Risk adjustment for non-financial risk	0.5	0.5
CSM	2.0	1.9
Total value of reinsurance contracts recognised in the period	–	–

All reinsurance contracts above are in respect of new business written and all contract groups were originally in a net cost position.

(g) Expected recognition of CSM

In the tables that follow the CSM accrues interest at the locked-in rate for GMM portfolios and at current rates for VFA portfolios from the year-end date and is then amortised based on the coverage units of the contract groups to give the timeline of the expected recognition.

31 December 2025	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	12.8	(3.4)
Later than one year and not later than two years	11.6	(2.0)
Later than two years and not later than three years	10.6	(2.7)
Later than three years and not later than four years	9.8	(2.5)
Later than four years and not later than five years	8.9	(2.3)
Later than five years and not later than ten years	34.5	(8.9)
Later than ten years	68.2	(10.6)
Total	156.4	(32.4)

31 December 2024 (restated)	Insurance contracts £m	Reinsurance contracts £m
Not later than one year	13.5	(3.0)
Later than one year and not later than two years	12.3	(2.0)
Later than two years and not later than three years	11.4	(2.3)
Later than three years and not later than four years	10.4	(2.2)
Later than four years and not later than five years	9.6	(2.0)
Later than five years and not later than ten years	36.7	(7.9)
Later than ten years	72.7	(9.0)
Total	166.6	(28.4)

SECTION G – LIABILITIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

G1 Other provisions

	2025 £m	2024 £m
Balance at 1 January	20.3	23.2
Charge in the year	2.7	0.7
Amounts utilised during the year	(2.0)	(3.0)
Foreign exchange translation difference	0.7	(0.6)
Balance at 31 December	21.7	20.3

The other provisions balance includes the following significant items:

(i) Liabilities acquired as part of the Conservatrix acquisition

The contracts acquired in the acquisition of Conservatrix include £10.4m as at 31 December 2025 (31 December 2024: £12.5m) of liabilities relating to obligations to former employees of Conservatrix under a now closed defined benefit pension scheme. The liabilities are valued under IAS 19.

The pension scheme is closed to new entrants with no further benefits accruing and as such the exposure for Scildon is limited to the longevity risk of the contracts. Scildon is regulated by De Nederlandsche Bank (DNB) and the Netherlands Authority for financial markets. As such, there is no requirement to hold plan assets against these liabilities, instead the liabilities are assessed as part of the SII requirements and as a result of this assessment there are considered to be sufficient general account assets to meet the obligation related to these pension policies.

£0.2m of this is expected to be settled within 1 year of the Statement of Financial Position date and expected cash outflows are stable over the next 5 years.

(ii) Provision established for the costs associated with outsourced UK administration services During 2023, Chesnara initiated a Transition and Transformation (T&T) programme in respect of its UK business. This programme continues to operate and includes activities related to the restructure of the administration outsourcing arrangements for the UK business including the migration of most of the policies onto a new platform architecture with SS&C. The economic benefits of these costs are expected to materialise in subsequent years from the reduced costs applied under SS&C.

An ongoing assessment of the proposed costs at 31 December 2025 has been conducted in accordance with the requirements of IAS 37 and as a result of this assessment a provision of £2.6m is held in the balance sheet (31 December 2024: £2.9m), being those where the plan involves contractual obligations.

There are also provisions at the year end relating to claims over the mis-selling of contracts in the UK of £2.1m (31 December 2024: £1.9m) which are expected to be settled over 15 years from the Statement of Financial Position date.

G2 Borrowings

Group 31 December	2025 £m	2024 £m
Tier 2 debt	201.1	200.8
Amount due in relation to financial reinsurance	1.0	2.4
Term finance	0.9	1.6
Total	203.0	204.8
Current	0.8	1.4
Non-current	202.2	203.4
Total	203.0	204.8

The fair value of amounts due in relation to Tier 2 debt at 31 December 2025 was £185.5m (31 December 2024: £166.1m).

The fair value of amounts due in relation to financial reinsurance at 31 December 2024 was £1.0m (31 December 2024: £2.3m).

Term finance comprises capital amounts outstanding on mortgage bonds taken out over properties held in the unit-linked policyholder funds in the UK. The mortgage over each such property is negotiated separately, varies in term from 5 to 20 years, and bears interest at fixed or floating rates that are agreed at the time of inception of the mortgage. The fair value of the term finance is not materially different to the carrying value shown above.

G3 Deferred tax assets and liabilities

Deferred tax assets and liabilities comprise:

31 December	2025		2024 (restated)	
	Asset £m	Liability £m	Asset £m	Liability £m
Net deferred tax liabilities:				
UK and other Group activities	–	(48.0)	1.6	(24.7)
Sweden	0.1	(0.3)	–	–
Netherlands	31.7	–	37.3	–
Total	31.8	(48.3)	38.9	(24.7)
Current	–	–	–	–
Non-current	31.8	(48.3)	38.9	(24.7)
Total	31.8	(48.3)	38.9	(24.7)

(a) Group recognised deferred tax assets and liabilities

31 December	2024 Assets/ (liabilities) £m	Credit/ (charge) in year £m	Recognised through equity £m	Foreign exchange translation difference £m	2025 Assets/ (liabilities) £m
Insurance-related and intangibles	(36.5)	2.7	(0.8)	(0.1)	(34.7)
Investments and valuation differences	15.5	(13.4)	0.1	(0.4)	1.8
Tax losses and deductible temporary differences	34.2	(14.7)	(1.5)	(0.1)	17.9
Other temporary differences	1.0	(2.3)	0.1	(0.3)	(1.5)
Total	14.2	(27.7)	(2.1)	(0.9)	(16.5)

31 December	2023 Assets/ (liabilities) £m	Credit/ (charge) in year £m	Recognised through equity £m	Foreign exchange translation difference £m	2024 Assets/ (liabilities) £m
Insurance-related and intangibles	(39.1)	1.1	–	1.5	(36.5)
Investments and valuation differences	5.8	11.4	–	(1.7)	15.5
Tax losses and deductible temporary differences	35.0	(2.1)	1.3	–	34.2
Other temporary differences	28.6	(26.6)	0.5	(1.5)	1.0
Total	30.3	(16.2)	1.8	(1.7)	14.2

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases. Deferred tax is measured using enacted or substantively enacted tax rates expected to apply when the temporary differences reverse. Deferred tax assets in excess of existing taxable temporary differences are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Evidence used to support such recognition includes management approved forecasts of future profits and actuarial projections.

The Group's deferred tax position is primarily driven by:

- Insurance-related and intangible balances, principally AVIF and other insurance-contract measurement differences in the UK;
- Tax losses and other deductible temporary differences, primarily in the Netherlands, including the recognition of deferred tax assets where recovery against future taxable profits is considered probable; and
- Investment valuation and timing differences, reflecting differences between accounting recognition of investment returns and the timing of taxation under the UK I-E basis.

Other temporary differences are not individually material to the overall deferred tax position.

The deferred tax (charge)/credit to the Consolidated Statement of Comprehensive Income for the year is classified as follows:

Year ended 31 December	2025 £m	2024 £m
Income tax (charge)/credit	(27.7)	(16.2)

The Group has unrelieved tax losses carried forward of £78m as at 31 December 2025. No deferred tax asset has been recognised in respect of these as it is not probable that there will be suitable taxable profits emerging in future periods against which to relieve them.

SECTION G – LIABILITIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

G4 Other current liabilities

31 December	2025 £m	2024 £m
Reinsurance payables		
Payables in respect of investment contracts	0.3	0.6
Liabilities for assets withheld	36.8	40.0
Reinsurers share of deferred acquisition costs and claims deposits	0.1	0.1
Sub-total	37.2	40.7
Payables related to investment contracts		
Accrued claims	22.2	21.0
Policyholder liabilities	2.5	3.7
Sub-total	24.4	24.7
Other payables		
Accrued expenses	23.0	13.4
VAT	0.2	0.3
Employee tax	2.5	2.3
Other	21.9	21.8
Sub-total	47.6	37.8
Income taxes	20.0	26.5
Total	129.5	129.7
Current	115.7	74.5
Non-current	13.8	55.2
Total	129.5	129.7

The carrying value of other payables is a reasonable approximation of fair value.

SECTION H – SHAREHOLDER EQUITY

H1 Share capital and share premium

Group 31 December	2025 Number of shares issued	Share capital £m	2024 Number of shares issued	Share capital £m
Share capital	230,899,448	11.5	150,991,019	7.5
		Share premium £m		Share premium £m
		270.9		142.5
		Merger reserve £m		Merger reserve £m
		36.3		36.3

The number of shares in issue at the year-end date included 365,705 shares held in treasury (31 December 2024: nil) with a value of £1.0m (31 December 2024: nil). Treasury shares relate to shares held by the Employee Benefit Trust.

The number of shares in issue increased due to a fully underwritten rights issue on the basis of 10 new ordinary shares for every 19 existing ordinary shares.

The merger reserve is for presentation purposes only in order to show the correct share capital of Chesnara plc following the reverse acquisition in 2004.

H2 Other reserves

Group 31 December	2025 £m	2024 £m
Capital redemption reserve	0.1	0.1
Foreign exchange translation reserve	11.1	(9.4)
Other items of comprehensive income	3.0	0.9
Balance at 31 December	14.2	(8.4)

The foreign exchange translation reserve represents the cumulative impact of exchange differences arising on translation of the financial results of overseas subsidiaries to sterling, with these exchange differences reported as other comprehensive income within each reporting period. The movement in the year is due to the strengthening of sterling against the euro and Swedish krona.

The foreign exchange translation reserve includes £0.1m for the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge. The hedging relationship was designated in December 2025.

H3 Retained earnings

Group Year ended 31 December	2025 £m	2024 £m
Retained earnings attributable to equity holders of the Parent Company comprise:		
Balance at 1 January	136.5	167.0
Profit/(loss) for the year	(10.4)	3.9
Share-based payment	(0.5)	2.1
Dividends		
Final approved and paid for 2023	–	(23.5)
Interim approved and paid for 2024	–	(13.0)
Final approved and paid for 2024	(24.3)	–
Interim approved and paid for 2025	(17.7)	–
Balance at 31 December	83.6	136.5

A final dividend of 14.80p per share in respect of the year ended 31 December 2025 payable on 20 May 2026 to equity shareholders of the Parent Company registered at the close of business on 7 April 2026, the dividend record date, was approved by the directors after the year-end date. The resulting total final dividend of £34.2m has not been provided for in these financial statements and there are no income tax consequences.

The interim dividend in respect of 2025, approved and paid in 2025, was paid at the rate of 7.70p per share to equity shareholders of the Parent Company registered at the close of business on 5 September 2025, the dividend record date.

The interim dividend in respect of 2024, approved and paid in 2024, was paid at the rate of 8.61p per share. The final dividend in respect of 2024, approved and paid in 2025, was paid at the rate of 16.08p per share so that the total dividend paid to the equity shareholders of the Parent Company in respect of the year ended 31 December 2024 was made at the rate of 24.69p per share.

The following summarises dividends per share in respect of the year ended 31 December 2025 and 31 December 2024:

Year ended 31 December	2025 P	2024 P
Interim – approved and paid	7.70	8.61
Final – proposed/paid	14.80	16.08
Total	22.50	24.69

H4 Tier 1 Notes

On 30 July 2025, the Group announced the successful pricing of £150m Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (Tier 1 Notes).

The Tier 1 Notes have been recognised as equity because the terms of the Tier 1 Notes are aligned with the definition of equity. There is no fixed redemption date, the notes are not redeemable at the option of the noteholders and interest payments are at the full discretion of the Group. Under the terms of the RT1, the instruments are contingent convertible and may be converted into ordinary shares upon the occurrence of specified trigger events linked to the Solvency II capital position, in accordance with the contractual terms. Following any such conversion there would be no reinstatement of any part of the principal amount of, or interest on, the Tier 1 Notes at any time.

The coupons on the instruments will be recognised as distributions on the date of payment and charged directly to the consolidated statement of changes in equity. If an interest payment is not made, it is cancelled and it shall not accumulate or be payable at any time thereafter.

The Tier 1 Notes are listed on the Official List of Euronext Dublin and trade on the Global Exchange Market of Euronext Dublin and have a rating of BBB-, as published by Fitch Ratings Limited. They have an initial coupon of 8.5%, with the earliest date for redemption of the Notes being 1 August 2030.

SECTION I – ADDITIONAL DISCLOSURES

I1 Employee benefit expense, including directors

Year ended 31 December	UK £m	Sweden £m	Netherlands £m	Other Group activities £m	2025 £m	2024 £m
Wages and salaries	7.5	8.5	12.4	9.0	37.4	32.1
Social security costs	0.9	3.2	1.5	1.0	6.6	6.2
Pension costs-defined contribution plans	0.5	3.5	1.6	0.4	6.0	4.8
Total	8.9	15.2	15.5	10.4	50.0	43.1
Monthly average number of employees						
Company					86	82
Subsidiaries					260	273
Total					346	355

Directors

The Directors' Remuneration Report and Note I2 provides detail of compensation to directors of the Company.

UK

UK-based employees are all employed by Chesnara plc.

At the end of May 2005, the Group allowed eligible employees to enter a pension scheme known as the Chesnara plc Stakeholder Scheme, on a basis where employer contributions are made to the Scheme at the same rate as would be payable had their membership of their predecessor scheme continued, provided that employee contributions also continued to be made at the same rate. The employee may opt to request the Company to pay employer contributions into a personal pension plan, in which instance, employer contributions will be made on the same terms as for the Chesnara plc Stakeholder Scheme.

The Group has, for the period covered by these financial statements, only made contributions to defined contribution plans to provide pension benefits for employees upon retirement and, otherwise, has no residual obligation or commitments in respect of any defined benefit scheme.

The Group has established frameworks for approved and unapproved discretionary share option plans which may, at the discretion of the Remuneration Committee, be utilised for granting options to executive directors and to other Group employees. Options have been granted to executive directors in the period, in relation to the share-based payment components of the new executive incentive schemes that was introduced under the 2014 terms. Further details can be found in the Directors' Remuneration Report section and in Note I2 – Share-based payments.

Netherlands

Scildon had a defined benefit plan which was closed and transferred into a defined contribution pension plan during 2019. The defined benefit pension scheme was administered by Stichting Pensionfonds Legal & General Nederland. The Company had agreed to contribute to the premium for the unconditional part of the pension. The Company paid a contribution to the Scheme and subsequently had no further financial obligations with respect to this part of the Scheme. During 2019, a new defined contribution pension scheme was established for the benefit of Scildon

employees. As a result of the Conservatrix acquisition, the Group assumed the obligations under a defined benefit pension scheme for a small number of former Conservatrix employees. This scheme is closed to new entrants with no further benefits accruing and as such the exposure for the Group is limited to the longevity risk of the contracts. The benefits to be paid to the former employees are no longer impacted by indexation and it is not expected that this plan will have a material impact on future cash flows. The liability is valued under IAS 19 and reported under 'Other provisions' in the Statement of Financial Position.

Sweden

The Swedish business participates in a combined defined benefit and defined contribution scheme operated by Försäkringsbranschens Pensionskassa, 'FPK' (the Scheme) issues an audited annual report (under Swedish law-limited IFRS) each year. The Scheme is a multi-employer scheme with participants including other Swedish insurance companies not related to the Group. The Scheme provides, for those born in 1971 or earlier, benefits to employees which are linked to their final salary and to the amount of time working for companies which are members of the Scheme. For those employees born in 1972 or later, the Scheme operates on a defined contribution basis. Assets and liabilities are held on a pooled basis and are not allocated by the Trustee to any individual company. Consequently, reliable information is not available to account for the Scheme as a defined benefit scheme and therefore, in accordance with IAS 19 Employee Benefits, the Scheme is accounted for as a defined contribution scheme. Contributions to the Scheme are based on the funding recommendations of the independent qualified actuary: the contributions paid to the Scheme subsequent to the acquisition of the Swedish business on 23 July 2009 and up to 31 December 2024, totalled £6.4m (SEK 79.0m).

During 2025 further contributions of £0.4m were made (2024: £0.4m).

The employers within the Scheme are collectively responsible for the funding of the Scheme as a whole and therefore in the event that other employers exit from the Scheme, remaining employers would be responsible for the ongoing funding. The collective nature of the Scheme results in all participating entities sharing the actuarial risk associated with the Scheme.

12 Share-based payments

The Group issues equity-settled share-based payments to the executive directors and members of the senior management team based on the 2023 terms. Equity settled share-based payments are measured at fair value at the date of the grant, and expensed on a straight-line over the vesting period, based on the Group's estimate of shares that will eventually vest. The bonus scheme consists of two components:

- (a) Short-Term Incentive Scheme (STIS)
- (b) Long-Term Incentive Plan (LTIP)

The STIS is based upon a 1 year performance period measured against Cash Generation, EcV Earnings and strategic Group objectives. In relation to 2025, upon meeting the necessary performance targets, the Company granted an award in the form of a right to receive a cash amount of up to 100% of the gross salary. In the event that the gross cash payment due is greater than £20,000, a mandatory 35% of the cash award will be deferred into shares with a vesting period of 3 years. Therefore the award will be 65% settled in cash and 35% settled by a share option award, which cannot be exercised for 3 years.

Under the LTIP, options are granted with a vesting period of 3 years. These awards are subject to performance conditions tied to the Company's financial performance in respect of growth in EcV, Commercial Cash Generation and Total Shareholder Return (TSR).

For schemes with market performance criteria, the number of options expected to invest is adjusted only for expectations of leavers prior to vesting. Fair value of the options is measured by use of the Monte Carlo model at the issuing date.

The LTIP targets of EcV growth and Commercial Cash Generation are non-market performance conditions and the number of options expected to vest is recalculated at each year-end date based on expectations of performance against target. The movement in cumulative expense since the previous year-end date is recognised in the Income Statement, with a corresponding entry in reserves.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before options vest and is deemed to be a 'Bad Leaver'.

(a) Awards made under the Short-Term Incentive Scheme (STIS)

Details of the short-term incentive awards are as follows:

Short-Term Incentive Scheme (STIS)	2025 £m	2024 £m
Awards made in year:		
Amount paid as cash bonus through the Income Statement (65%)	0.6	0.6
Amount deferred into shares for 3 years and subject to forfeiture (35%)	0.3	0.3
Total bonus award for the year	0.9	0.9
Amount of deferred expense recorded in the current year	0.6	0.1
Awards made in previous years:		
Amount of deferred expense recorded in the current year	0.1	0.2

The deferred share award will be made following the end of the performance period by the Remuneration Committee. The deferred amount will be divided by the share price on the award date and the number of share awards will be awarded. The share awards will be accounted for per IFRS 2, under Equity Settled share-based payments.

(b) Awards made under the Long-Term Incentive Plan (LTIP)

In 2025, the Group granted 672,814 nil priced share options (2024: 708,092) with a vesting period of 3 years. These awards were subject to performance conditions tied to the Company's financial performance in respect of growth in Economic Value, Commercial Cash Generation and Total Shareholder Return (TSR).

The fair value of the non-market base condition was determined to be 279.50p (2024: 150.26p), which was the average weighted share price as at the grant date of the options.

There were share options outstanding at 31 December 2025 relating to 5 LTIP awards (31 December 2024: 5).

Details of the share options outstanding during the year due to LTIP awards are as follows:

	2025 Options number 000	Weighted average exercise price £	2024 Options number 000	Weighted average exercise price £
Outstanding at the beginning of the year	2,463	–	1,205	–
Granted during the year	673	–	708	–
Exercised during the year prior to rights issue	(188)	2.80	(113)	2.54
Adjustment for rights issue	346	–	–	–
Exercised during the year post rights issue	(175)	–	–	–
Lapsed during the year	(318)	–	(248)	–
Outstanding at the end of the year	2,801	–	1,552	–

The weighted average contractual life is 10 years.

The inputs into the Monte Carlo for new options in the year are as follows:

Region	2025	2024
Valuation method	Monte Carlo	Monte Carlo
Weighted average share price (pence)	272.50	266.50
Weighted average exercise price (pence)	Nil	Nil
Weighted average fair value of options granted (pence)	183.95	152.46
Expected volatility	23.76	28.19
Expected life	3 years	3 years
Risk-free rate	4.04%	4.57%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years.

The Group recognised total expense of 890,712 related to equity-settled share-based payments transactions in 2025.

SECTION I – ADDITIONAL DISCLOSURES

13 Earnings per share

Earnings per share are based on the following:

Year ended 31 December	2025	2024
(Loss)/profit for the year attributable to shareholders (£m)	(10.4)	3.9
Weighted average number of ordinary shares	205,240,821	150,938,024
Basic earnings per share	(5.05)p	2.27p*
Diluted earnings per share	(5.05)p	2.23p*

*A rights issue was effected in July 2025, on the basis of 10 new ordinary shares for every 19 existing ordinary shares. The issue was fully underwritten at 176p per share to raise gross proceeds of approximately £140m. An adjustment has been made to the 2024 earnings per share to account for the effect of the bonus element of the rights issue.

The weighted average number of ordinary shares in respect of the year ended 31 December 2025 is based upon 230,533,743 shares in issue at the year end date, excluding treasury shares. Shares held in treasury relate to shares held by the Employee Benefit Trust.

There were 2,871,227 share options outstanding at 31 December 2025 (2024: 2,330,118). Accordingly, there is dilution of the average number of ordinary shares in issue in respect of 2024 but no dilution in 2025, due to the loss.

14 Capital commitments

There were no capital commitments as at 31 December 2025 (2024: nil).

15 Related parties

(a) Identity of related parties

The shares of the Company were widely held and no single shareholder exercised significant influence or control over the Company.

The Company has related party relationships with:

- (i) key management personnel who comprise the directors (including non-executive directors) of the Company;
- (ii) its subsidiary companies;
- (iii) other companies over which the directors have significant influence; and
- (iv) transactions with persons related to key management personnel.

(b) Related party transactions

(i) Transactions with key management personnel

Key management personnel comprise of the directors of the Company. This is on the basis that they have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management compensation is as follows:

	2025 £m	2024 £m
Short-term employee benefits	2.7	3.1
Post-employment benefits	0.1	0.1
Share-based payments	1.3	1.5
Total	4.1	4.7

The share-based payments charge comprises £0.1m (2024: £0.3m) of Short-Term Incentive Scheme (STIS), and £1.2m (2024: £1.3m) related to Long-Term Incentive Plan (LTIP), which is determined in accordance with IFRS 2 Share-based Payment. Further details on the share-based payment are disclosed in Note I2.

In addition to their salaries, the Company also provides non-cash benefits to directors and contributes to a post-employment defined contribution pension plan on their behalf, or where regulatory contribution limits are reached, pay an equivalent amount as an addition to base salary.

The following amounts were payable to directors in respect of bonuses and incentives:

	2025 £m	2024 £m
Annual bonus scheme (included in the short-term employee benefits above)	0.7	0.9

The amounts payable under the annual bonus scheme were payable within 1 year. The terms and conditions attached to the annual bonus scheme can be found in the Remuneration section of the Corporate Governance section of the Annual Report and Accounts.

(ii) Transactions with subsidiaries

The Company undertakes centralised administration functions, the costs of which it charges back to its operating subsidiaries. The following amounts which effectively comprised a recovery of expenses at no mark-up were credited to the Statement of Comprehensive Income of the Company for the respective periods:

Year ended 31 December	2025 £m	2024 £m
Recovery of expenses	15.5	7.2

(iii) Transactions with a consolidated structured entity

During the year, the Group established an Employee Benefit Trust (EBT) to satisfy awards granted to employees under selected share-based payment schemes. The Parent Company made a loan to the EBT to finance the purchase of shares to award to employees.

Year ended 31 December	2025 £m	2024 £m
Loan to the Employee Benefit Trust	1.4	–

(iv) Transactions between subsidiaries

In the Netherlands, before the integration of Scildon and Waard in July 2025, Scildon owned a commercial property that was occupied by Waard since October 2022. The following amounts of rental income were received from Waard by Scildon during the respective periods:

Year ended 31 December	2025 £m	2024 £m
Rental income	0.1	0.1

(iv) Transactions with persons related to key management personnel

During the year, there were no transactions with persons related to key management personnel (31 December 2024: £nil).

16 Group entities**Control of the Group**

The issued share capital of Chesnara plc, the Group Parent Company, is widely held, with no single party able to control 20% or more of such capital or of the rights which such ownership confers.

Group subsidiary companies

Name	Country of incorporation	Ownership interest 31 December 2025	Ownership interest 31 December 2024	Functional Currency
Countrywide Assured plc	United Kingdom	100% of all share capital (1)	100% of all share capital (1)	Sterling
Countrywide Assured Life Holdings Limited	United Kingdom	100% of all share capital	100% of all share capital	Sterling
Countrywide Assured Services Limited	United Kingdom	100% of all share capital (1)	100% of all share capital (1)	Sterling
Countrywide Assured Trustee Company Limited	United Kingdom	100% of all share capital (1)	100% of all share capital (1)	Sterling
CASLP Limited	United Kingdom	Dissolved	100% of all share capital	Sterling
CASFS Limited	United Kingdom	100% of all share capital (2)	100% of all share capital (2)	Sterling
CASLPTS Limited	United Kingdom	100% of all share capital (2)	100% of all share capital (2)	Sterling
Registered address 2nd Floor, 33-34 Winckley Square, Preston, Lancashire, PR1 3JJ, United Kingdom				
Movestic Livförsäkring AB	Sweden	100% of all share capital	100% of all share capital	Swedish krona
Movestic Fonder AB	Sweden	100% of all share capital (3)	100% of all share capital (3)	Swedish krona
Registered address Box 7853, S-103 99 Stockholm, Sweden				
Scildon N.V.	Netherlands	100% of all share capital	100% of all share capital	Euro
Waard Schade N.V.	Netherlands	100% of all share capital	100% of all share capital	Euro
Waard Verzekeringen B.V.	Netherlands	Dissolved	100% of all share capital (4)	Euro
Robein Leven N.V.	Netherlands	100% of all share capital (4)	100% of all share capital (4)	Euro
Robein Effectendienstveriening N.V.	Netherlands	100% of all share capital (4)	100% of all share capital (4)	Euro
Registered address Laapersveld 68 Hilversum, Netherlands				

(1) Held indirectly through Countrywide Assured Life Holdings Limited.

(2) Held indirectly through Countrywide Assured plc.

(3) Held indirectly through Movestic Livförsäkring AB.

(4) Held indirectly through Scildon N.V.

Waard Verzekeringen B.V. was dissolved on 31 December 2025. CASLP Limited was dissolved on 14 January 2025.

Countrywide Assured Service Limited (registered number: 02836237) and Countrywide Assured Trustees Company Limited (registered number: 03505360) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements for the year ended 31 December 2025, by virtue of Section 479A of the Act. These subsidiaries are included in the consolidated financial statements of Chesnara plc. Chesnara plc has provided a guarantee under Section 479C of the Companies Act 2006 in respect of all outstanding liabilities of these subsidiaries at the end of the financial year.

The Employee Benefit Trust was established in the year and is a consolidated structured entity that is used to satisfy awards granted to employees under selected share-based payment schemes. As at the reporting date, the Group has no intention to provide financial or other support to any other consolidated structured entity.

17 Events after the reporting period

On 3 July 2025, the Group announced that it had entered into an agreement to acquire HSBC Life (UK) Ltd (subsequently renamed Chesnara Life (UK) Ltd), a specialist life protection and investment bond provider in the UK for a total consideration of £260m, from HSBC Bank plc.

The acquisition was funded through a combination of existing internal cash resources (£55.0m), a drawdown from the Group's revolving credit facility and equity raised via a fully underwritten rights issue.

The transaction completed on 30 January 2026 and HSBC Life (UK) Ltd (subsequently renamed Chesnara Life (UK) Ltd) became a subsidiary of Chesnara plc. The net assets of the acquired entity are expected to be between £285m and £295m and the subsidiary will be included in the 'UK' operating segment.

On 17 February 2026, the Group announced that it has entered into an agreement to acquire 100% of the issued share capital of Scottish Widows Europe SA, a Luxembourg-based closed life insurance business, from Scottish Widows Limited (a subsidiary of Lloyds Banking Group plc) for total cash consideration of €110 million, subject to adjustment in accordance with the provisions of the Sale and Purchase Agreement. The impact of this transaction on the net assets of the Group cannot yet be quantified.

COMPANY STATEMENT OF FINANCIAL POSITION

31 December	Note	2025 £m	2024 £m
Assets			
Non-current assets			
Investments in subsidiaries	J1	361.7	389.9
Deferred tax asset		–	1.5
Total non-current assets		361.7	391.4
Current assets			
Financial investments	J2	361.4	104.0
Other assets		14.9	13.7
Cash and cash equivalents	J4	1.2	4.8
Total current assets		377.5	122.5
Total assets		739.2	513.9
Current liabilities			
Derivative financial instruments	J3	0.1	0.3
Other current liabilities	J6	16.9	5.2
Total current liabilities		17.0	5.5
Non-current liabilities			
Borrowings	J5	201.1	200.8
Total non-current liabilities		201.1	200.8
Total liabilities		218.1	206.3
Net assets		521.1	307.6
Shareholders' equity			
Share capital	J7	11.5	7.5
Share premium	J7	270.9	142.5
Other reserves	J8	0.1	0.1
Tier 1 Notes	J10	147.8	–
Retained earnings	J9	90.8	157.5
Total shareholders' equity		521.1	307.6

The Notes and information on pages 236 to 239 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 23 March 2026 and signed on its behalf by:



Luke Savage
Chair



Steve Murray
Chief Executive Officer

Company number: 04947166

In accordance with the exemption allowed by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement or statement of other comprehensive income. The Company reported a loss of £24.2m (2024: profit of £24.7m) during the year. The retained profits of the Company at 31 December 2025 was £90.8m (31 December 2024: £157.5m).

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December	2025 £m	2024 £m
Profit/(loss) for the year	(24.2)	24.7
Adjustments for:		
Tax recovered	(0.9)	(1.8)
Interest expense	11.0	10.5
Share-based payment	(0.5)	2.0
Dividends receivable	(54.5)	(49.0)
Depreciation on right-of-use assets	–	0.1
Impairment on investment in subsidiary	28.2	4.0
Fair value losses/(gains) on financial assets	6.8	(9.4)
Adjustment total	(9.9)	(43.6)
Changes in operating assets and liabilities:		
Decrease/(increase) in other assets	2.3	(4.6)
Decrease/(increase) in financial assets	(264.1)	19.9
(Decrease)/increase in other current liabilities	10.3	(1.6)
Net cash utilised by operating activities	(285.6)	(5.2)
Cash flows from investing activities		
Capital contribution received from subsidiary companies	–	5.8
Dividends received from subsidiary companies	54.5	45.3
Net cash generated by investing activities	54.5	51.1
Cash flows from financing activities		
Net proceeds from the rights issue	136.4	–
Transaction costs related to rights issue	(4.0)	–
Net proceeds from the issue of Tier 1 Notes	148.7	–
Transaction costs related to issue of Tier 1 Notes	(0.9)	–
Dividends paid	(42.0)	(36.5)
Interest paid	(10.7)	(10.3)
Net cash utilised by financing activities	227.5	(46.8)
Net (decrease)/increase in net cash and cash equivalents	(3.6)	(0.9)
Net cash and cash equivalents at beginning of period	4.8	5.7
Net cash and cash equivalents at end of the period	1.2	4.8

Note: Net cash and cash equivalents includes overdrafts.

The Notes and information on pages 236 to 239 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025	Share capital £m	Share premium £m	Tier 1 Notes £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2025	7.5	142.5	–	0.1	157.5	307.6
Profit for the year and total comprehensive income	–	–	–	–	(24.2)	(24.2)
Issue of Tier 1 Notes	–	–	147.8	–	–	147.8
Issue of share capital and share premium	4.0	128.4	–	–	–	132.4
Dividends paid	–	–	–	–	(42.0)	(42.0)
Share-based payment	–	–	–	–	(0.5)	(0.5)
Equity shareholders' funds at 31 December 2025	11.5	270.9	147.8	0.1	90.8	521.1

Year ended 31 December 2024	Share capital £m	Share premium £m	Tier 1 Notes £m	Other reserves £m	Retained earnings £m	Total £m
Equity shareholders' funds at 1 January 2024	7.5	142.5	–	0.1	167.3	317.4
Profit for the year and total comprehensive income	–	–	–	–	24.7	24.7
Issue of share premium	–	–	–	–	–	–
Dividends paid	–	–	–	–	(36.5)	(36.5)
Share-based payment	–	–	–	–	2.0	2.0
Equity shareholders' funds at 31 December 2024	7.5	142.5	–	0.1	157.5	307.6

The Notes and information on pages 236 to 239 form part of these financial statements.

SECTION J – COMPANY NOTES TO THE FINANCIAL STATEMENTS

J1 Investment in subsidiary Company

Year ended 31 December	2025 £m	2024 £m
Cost		
Balance at 1 January	433.3	439.0
Disposals	–	(5.7)
Balance at 31 December	433.3	433.3
Impairment		
Balance at 1 January	(43.4)	(39.4)
Impairment for the year	(28.2)	(4.0)
Balance at 31 December	(71.6)	(43.4)
Carrying amounts		
At 1 January	389.9	399.6
At 31 December	361.7	389.9

A list of the Company's subsidiaries is included in Note I6.

During the year the Company carried out a review of the recoverable amount of its subsidiaries, details of the assessment are outlined in Note A5 (j). From this assessment it was concluded that the investment in Countrywide Assured plc was impaired (2024: the investment in Countrywide Assured plc was impaired). As a result, an impairment loss of £28.2m was recognised (2024: £4.0m).

J2 Financial investments

(a) Financial investments by classification

The carrying amounts of the financial investments and other financial assets and liabilities held by the Group at the year-end date are as follows:

31 December 2025	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Holdings in collective investment schemes	–	–	341.4	341.4
Debt securities – non government bonds	–	20.0	–	20.0
Total	–	20.0	341.4	361.4
Derivatives and other financial assets				
Other assets	14.9	–	–	14.9
Cash and cash equivalents	–	1.2	–	1.2
Total financial investments and financial assets	14.9	21.2	341.4	377.5
Financial liabilities				
Borrowings	201.1	–	–	201.1
Derivative financial instruments	–	–	0.1	0.1
Other current liabilities	16.9	–	–	16.9
Total financial liabilities	218.0	–	0.1	218.1

31 December 2024	Amortised cost £m	FVTPL – designated £m	FVTPL – mandatory £m	Total £m
Financial investments				
Holdings in collective investment schemes	–	–	93.9	93.9
Debt securities – non government bonds	–	–	10.1	10.1
Total	–	–	104.0	104.0
Derivatives and other financial assets				
Other assets	13.7	–	–	13.7
Cash and cash equivalents	–	4.8	–	4.8
Total financial investments and financial assets	13.7	4.8	104.0	122.5
Financial liabilities				
Borrowings	200.8	–	–	200.8
Derivative financial instruments	–	–	0.3	0.3
Other current liabilities	5.2	–	–	5.2
Total financial liabilities	206.0	–	0.3	206.3

£1.7m of cash collateral was pledged in respect of the FX derivatives held by Chesnara plc. The Group retains the contractual rights to receive the cash flows generated by the collateral, so it is not derecognised from the statement of consolidated financial position within Other assets, unless the Group defaults on its obligations under the relevant agreement.

(b) Financial investment fair values

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. The tables below show the determination of fair value according to a three-level valuation hierarchy. Fair values are generally determined at prices quoted in active markets (Level 1). However, where such information is not available, the Group applies valuation techniques to measure such instruments. These valuation techniques make use of market-observable data for all significant inputs where possible (Level 2), but in some cases it may be necessary to estimate other than market-observable data within a valuation model for significant inputs (Level 3).

Fair value measurement at 31 December 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Holdings in collective investment schemes	341.4	–	–	341.4
Debt securities – non government bonds	20.0	–	–	20.0
Total	361.4	–	–	361.4
Current	361.4	–	–	361.4
Total	361.4	–	–	361.4
Financial liabilities				
Derivative financial instruments	–	0.1	–	0.1
Total	–	0.1	–	0.1

SECTION J – COMPANY NOTES TO THE FINANCIAL STATEMENTS

J2 Financial investments (continued)

(b) Financial investment fair values (continued)

Fair value measurement at 31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Holdings in collective investment schemes	93.9	–	–	93.9
Debt securities – non government bonds	10.1	–	–	10.1
Total	104.0	–	–	104.0
Current	104.0	–	–	104.0
Non-current	–	–	–	–
Total	104.0	–	–	104.0
Financial liabilities				
Derivative financial instruments	–	0.3	–	0.3
Total	–	0.3	–	0.3

J3 Derivative financial instruments

31 December	2025		2024	
	Asset £m	Liability £m	Asset £m	Liability £m
Foreign currency hedge	–	0.1	–	–
Exchange traded futures	–	–	–	0.3
Total	–	0.1	–	0.3
Current	–	0.1	–	0.3
Total	–	0.1	–	0.3

J4 Cash and cash equivalents

31 December	2025 £m	2024 £m
Bank and cash balances	1.2	4.8
Total cash and cash equivalents	1.2	4.8
Cash and cash equivalents in the statement of cash flows	1.2	4.8

Short-term bank deposits are subject to a combination of fixed and variable interest rates, with an average maturity of 1 day (31 December 2023: 1 day). All deposits included in cash and cash equivalents were due to mature within 1 month of their acquisition. All balances are current and available on demand.

J5 Borrowings

31 December	2025 £m	2024 £m
Tier 2 debt	201.1	200.8
Total	201.1	200.8
Current	–	–
Non-current	201.1	200.8
Total	201.1	200.8

Tier 2 Subordinated Notes Debt was issued in 2022. The notes have a maturity date of 4 February 2032. The fair value of amounts due in relation to Tier 2 debt at 31 December 2025 was £185.8m (31 December 2024: £166.1m), this value is a Level 1 fair value in the fair value hierarchy.

J6 Other current liabilities

31 December	2025 £m	2024 £m
Other payables		
Accrued expenses	15.7	5.2
Employee tax	0.4	–
Other types of payables	0.8	–
Total	16.9	5.2
Current	16.9	5.2
Total	16.9	5.2

The carrying value of other payables is a reasonable approximation of fair value.

J7 Share capital and share premium

31 December	2025	2024		
	Number of shares issued	Share capital £m	Number of shares issued	Share capital £m
Issued				
Ordinary shares of 5p each	230,899,448	11.5	150,991,019	7.5
		Share premium £m		Share premium £m
		270.9		142.5

All issued shares are fully paid. The number of shares in issue at the year-end date included 365,705 shares held in treasury (31 December 2024: nil) with a value of £1.0m (31 December 2024: nil). Treasury shares relate to shares held by the Employee Benefit Trust.

The number of shares in issue increased due to a fully underwritten rights issue on the basis of 10 new ordinary shares for every 19 existing ordinary shares.

The merger reserve is for presentation purposes only in order to show the correct share capital of Chesnara plc following the reverse acquisition in 2024.

J8 Other reserves

31 December	2025 £m	2024 £m
Capital redemption reserve	0.1	0.1
Balance at 31 December	0.1	0.1

J9 Retained earnings

Year ended 31 December	2025 £m	2024 £m
Retained earnings attributable to equity holders of the Parent Company comprise:		
Balance at 1 January	157.5	167.3
Profit/(loss) for the year	(24.2)	24.6
Share-based payment	(0.5)	2.1
Dividends		
Final approved and paid for 2023	–	(23.5)
Interim approved and paid for 2024	–	(13.0)
Final approved and paid for 2024	(24.3)	–
Interim approved and paid for 2025	(17.7)	–
Balance at 31 December	90.8	157.5

J10 Tier 1 Notes

On 30 July 2025, the Group announced the successful pricing of £150m Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (Tier 1 Notes).

The Tier 1 Notes have been recognised as equity because the terms of the Tier 1 Notes are aligned with the definition of equity. There is no fixed redemption date, the notes are not redeemable at the option of the noteholders and interest payments are at the full discretion of the Group. Under the terms of the RT1, the instruments are contingent convertible and may be converted into ordinary shares upon the occurrence of specified trigger events linked to the Solvency II capital position, in accordance with the contractual terms. Following any such conversion there would be no reinstatement of any part of the principal amount of, or interest on, the Tier 1 Notes at any time.

The coupons on the instruments will be recognised as distributions on the date of payment and charged directly to the consolidated statement of changes in equity. If an interest payment is not made, it is cancelled and it shall not accumulate or be payable at any time thereafter.

The Tier 1 Notes are listed on the Official List of Euronext Dublin and trade on the Global Exchange Market of Euronext Dublin and have a rating of BBB-, as published by Fitch Ratings Limited. They have an initial coupon of 8.5%, with the earliest date for redemption of the Notes being 1 August 2030.

ADDITIONAL INFORMATION

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FINANCIAL CALENDAR

24 MARCH 2026

Results for the year ended 31 December 2025 announced

2 APRIL 2026

Ex-dividend date

7 APRIL 2026

Dividend record date

21 APRIL 2026

Last date for dividend reinvestment plan elections

12 MAY 2026

Annual General Meeting

20 MAY 2026

Dividend payment date

KEY CONTACTS

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NOTICE OF THE ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial advisor.

Chesnara plc has a policy of not paying to have access to governance and sustainability analysts' databases on which voting recommendations and reports are produced. We encourage early, open and timely engagement to ensure the accuracy of the information contained in any analysis and reports issued in respect of Chesnara plc.

Company No. 4947166

Notice is given that the 2026 Annual General Meeting of Chesnara plc will be held at the offices of Panmure Liberum, 25 Ropemaker Street, London, EC2Y 9LY on 12 May 2026 at 11am, for the business set out below. Shareholders will be kept informed via the Regulatory News System (RNS) should arrangements need to be changed for any reason.

Resolutions 1 to 15 inclusive and 19 will be proposed as ordinary resolutions and Resolutions 16 to 18 inclusive, 20 and 21 will be proposed as special resolutions.

1. To receive and adopt the audited accounts for the financial year ended 31 December 2025, together with the reports of the directors and auditor thereon.
2. To approve the Directors' Remuneration Report (but excluding the Director's Remuneration Policy) for the year ended 31 December 2025.
3. To approve the Directors' Remuneration Policy (as contained in the Director's Remuneration Report included in the Annual Report and Accounts for the year ended 31 December 2025).
4. To declare a final dividend of 14.80 pence per ordinary share for the financial year ended 31 December 2025.
5. To re-appoint Steve Murray as a director.
6. To re-appoint Carol Hagh as a director.
7. To re-appoint Gail Tucker as a director.
8. To re-appoint Luke Savage as a director.
9. To re-appoint Eamonn Flanagan as a director.
10. To re-appoint Tom Howard as a director.
11. To appoint Sam Tymms as a director.
12. To re-appoint Deloitte LLP as auditor of the Company to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before shareholders.
13. To authorise the directors to determine the auditor's remuneration.
14. That, from the passing of this Resolution 14 until the earlier of the close of business on 30 June 2027 and the conclusion of the Company's next Annual General Meeting, the Company and all companies which are its subsidiaries at any time during such period are authorised:

- (a) to make donations to political parties or independent election candidates;
- (b) to make donations to political organisations other than political parties; and
- (c) to incur political expenditure up to an aggregate total amount of £50,000,

with the individual amount authorised for each of (a) to (c) above being limited to £50,000. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such rate as the Board may decide is appropriate. Terms used in this resolution have, where applicable, the meanings that they have in Part 14 of the Companies Act 2006.

15. That, from the passing of this resolution until the earlier of the close of business on 30 June 2027 and the conclusion of the Company's next Annual General Meeting, the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company, to allot shares in the Company and/or to grant rights to subscribe for or to convert any security into shares in the Company (Allotment Rights):
 - (a) up to an aggregate nominal amount of £3,848,904 such amount to be reduced by the aggregate nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below in excess of £3,848,904; and
 - (b) up to an aggregate nominal amount of £7,697,808 (such amount to be reduced by the aggregate nominal amount of any shares allotted or rights granted pursuant to the authority in paragraph (a) above) in connection with an offer:
 - i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2027) save that the Company may, before such expiry, make offers or agreements which would or might require securities to be allotted or Allotment Rights to be granted after such expiry and the directors may allot securities or grant Allotment Rights in pursuance of such offer or agreement notwithstanding the expiry of the authority conferred by this resolution.

16. That, subject to the passing of Resolution 15 in this notice, the directors be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them by Resolution 15 of this notice or by way of a sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power is limited to:

NOTICE OF THE ANNUAL GENERAL MEETING

- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £1,154,671, and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by Resolution 15 of this notice, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

17. That, subject to the passing of Resolution 15 of this notice and, in addition to the power contained in Resolution 16 of this notice, the directors be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred on them by Resolution 15 of this notice or by way of sale of treasury shares as if Section 561 of the Act did not apply to any such allotment, provided that this power is:

- (a) limited to the allotment of equity securities up to an aggregate nominal value of £1,154,671; and
- (b) used only for the purposes of financing (or refinancing, if the power is to be exercised within 12 months after the date of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting, and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by Resolution 15 of this notice save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

18. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the Act) to make one or more market purchases (as defined in Section 693(4) of the Act) of ordinary shares in the capital of the Company, provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is £23,093,426;
- (b) the minimum price (exclusive of expenses) which may be paid for such ordinary shares is its nominal value;
- (c) the maximum price (exclusive of expenses) which may be paid for such ordinary shares is the maximum price permitted under the Financial Conduct Authority's listing rules or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for those shares (as derived from the Daily Official List of London Stock Exchange plc) for the 5 business days immediately preceding the date on which the terms of the tender offer are announced;
- (d) the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2027); and

- (e) the Company may enter into contracts or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

19. That, in addition to the authority granted pursuant to Resolution 15 (if passed), the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot shares in the Company and/or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal value of £3,848,904 in relation to any issues of Restricted Tier 1 (RT1) Instruments where the directors consider that such an issuance of RT1 Instruments would be desirable, including in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory requirements or targets applicable to the Company and its subsidiaries from time to time;
- (b) subject to applicable law and regulation, at such allotment, subscription or conversion prices (or such maximum or minimum allotment, subscription or conversion price methodologies) as may be determined by the directors from time to time, and unless previously renewed, varied or revoked by the Company, this authority shall apply in addition to all other authorities under Section 551 of the Act until the conclusion of the Company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2027), save that the Company may, before such expiry, make offers or agreements which would, or might, require securities to be allotted or rights to be granted after such expiry and the directors may allot securities or grant such rights in pursuance of such offer or agreement notwithstanding the expiry of the authority conferred by this resolution.

20. That, subject to the passing of Resolution 19 in this notice, the directors be and are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the Act), to allot equity securities (as defined in Section 560 of the Act and is to be interpreted in accordance with Section 560(2) of the Act) for cash, pursuant to the authority conferred on them by Resolution 19 of this notice up to an aggregate nominal value of £3,848,904 in relation to any issues of RT1 Instruments, as if Section 561 of the Act did not apply to any such allotment, and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the director by Resolution 19 of this notice save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

This authority is in addition to the authorities conferred by Resolutions 16 and 17 in this notice.

21. That a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the Board

Alastair

Alastair Lonie
Group Company Secretary

2nd Floor
33-34 Winckley Square
Preston
Lancashire
PR1 3JJ

23 March 2026

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

Arrangements for the 2026 AGM

The Company is pleased to be able to invite members to attend the AGM in person in May where a presentation on business progress will be given. A results presentation will also be recorded on 24 March 2026 and made available on the corporate website.

The Company continues to strongly encourage shareholders to vote electronically. Instructions on voting are attached to the Notice of AGM sent out to shareholders and can also be found on the Company's website. Shareholders may also wish to submit questions in advance via email to info@chesnara.co.uk. We will endeavour to respond to questions raised directly, or by publishing responses on our website.

- Any member who is entitled to attend and vote at this Annual General Meeting is entitled to appoint another person, or two or more persons in respect of different shares held by the shareholder, as their proxy to exercise all or any of their rights to attend and to speak and to vote at the Annual General Meeting. Members who wish to appoint a proxy are encouraged to appoint the Chair of the meeting as their proxy and give your instructions on how you wish the Chair of the meeting to vote on the proposed resolutions. Appointing the Chair as your proxy will not prevent you from attending and voting in person at the AGM but will ensure that your vote is able to be cast in accordance with your wishes should you (or any other person who you might otherwise choose to appoint as your proxy) be unable to attend for any reason. Members are strongly encouraged to vote electronically. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
- You will not receive a form of proxy for the AGM in the post. Instead, you will receive instructions to enable you to vote electronically and how to register to do so. You may request a physical copy proxy form directly from the registrars, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL (email: shareholderenquiries@cm.mpms.mufg.com, telephone number: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00-17:30, Monday to Friday excluding public holidays in England and Wales). If you request a physical copy proxy form, it must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by 11am on Friday 8 May 2026.
- Any member wishing to vote at the Annual General Meeting without attending in person or (in the case of a corporation) through its duly appointed representative, must appoint a proxy to do so. A proxy need not be a member of the Company, but as noted above, members should appoint the Chair of the meeting as their proxy to ensure that their vote is able to be cast in accordance with their wishes should they (or any other persons who members might otherwise choose to appoint as their proxy) be unable to attend for any reason. Members may appoint a proxy online by following the instructions for the electronic appointment of a proxy at www.signalshares.com by entering the Company name 'Chesnara plc' and following the on-screen instructions. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by 11am on Friday 8 May 2026. Members who hold their shares in uncertificated form may also use the 'CREST' voting service to appoint a proxy electronically, as explained below.
- Proxymity voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11am on Friday 8 May 2026 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
- CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in 'the CREST voting service' section of the CREST Manual.

CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a 'CREST proxy appointment instruction') must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & International Limited ('Euroclear'), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by MUFG Corporate Markets, (ID RA10), by 11am on Friday 8 May 2026, which is acting as the Company's 'issuer's agent'. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances, the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

6. Copies of (i) directors' service contracts and letters of appointment; and (ii) a copy of the Company's Articles of Association are available for inspection at the registered office of the Company during normal business hours each business day subject to prevailing public health measures. They will also be available for inspection at the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.
7. The time by which a person must be entered on the register of members in order to have the right to vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast) is close of business on Friday 8 May 2026. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Annual General Meeting.
8. The right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006; as such rights can only be exercised by the member concerned. Any person nominated to enjoy information rights under Section 146 of the Companies Act 2006 who has been sent a copy of this notice of Annual General Meeting is hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this Annual General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
9. As at 9 March 2026 (being the last practicable date prior to the publication of this document), the Company's issued share capital consisted of 230,934,260 ordinary shares, carrying one vote each. No shares were held by the Company in treasury. Therefore, the total voting rights in the Company as at 9 March 2026 (being the last practicable date prior to the publication of this document) were 230,934,260.
10. Information regarding this Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available at www.chesnara.co.uk. Any electronic address provided either in this notice or any related documents may not be used to communicate with the Company for any purposes other than those expressly stated.
11. In accordance with Section 319A of the Companies Act 2006, any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting, but no such answer need be given if (a) to do so would interfere unduly with the preparations for the Annual General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered. The Company encourages shareholders to submit their questions electronically in advance of the meeting via info@chesnara.co.uk.
12. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement in accordance with Section 528 of the Companies Act 2006 setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006.

Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

13. Members meeting the threshold requirements in Sections 338 and 338A of the Companies Act 2006 have the right to require the Company (i) to give to members entitled to receive notice of the meeting notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or (as applicable) the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than 11am on 1 April 2026, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

The notes on the following pages give an explanation of the proposed resolutions:

Resolution 1 Report and Accounts

The Companies Act 2006 requires the directors of a public company to lay its Annual Report and Accounts before the Company in general meeting, giving shareholders the opportunity to ask questions on the contents. The Annual Report and Accounts comprise the audited financial statements, the Auditor's Report, the Directors' Report, the Directors' Remuneration Report, and the Directors' Strategic Report.

Resolution 2 Approval of the Directors' Remuneration Report

In accordance with the Companies Act 2006, the Company proposes ordinary Resolution 2 to approve the Directors' Remuneration Report for the financial year ended 31 December 2025. The Directors' Remuneration Report can be found on pages 108 to 123 of the 2025 Annual Report and Accounts and, for the purposes of this resolution, does not include the parts of the Directors' Remuneration Report containing the Directors' Remuneration Policy as set out on pages 124 to 131. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on it being passed.

Resolution 3 Approval of the Directors' Remuneration Policy

The Companies Act 2006 requires the Directors' Remuneration Policy to be put to shareholders for approval annually unless the approved policy remains unchanged, in which case it need only be put to shareholders for approval at least every 3 years. The Company is proposing changes to the Directors' Remuneration Policy last approved at the Annual General Meeting in 2023 and is therefore seeking shareholder approval by ordinary resolution for the revised Directors' Remuneration Policy. The proposed policy retains the market aligned current approach to the operation of fixed pay elements, the variable pay framework consisting of an annual bonus alongside a performance share plan assessed over 3 years. The Remuneration Committee proposes to increase the maximum variable pay limits for both the Group CEO and CFO and to introduce flexibility to remove STIS deferral where an executive director has met the shareholding requirement, in line with emerging practice.

Resolution 4**Final dividend**

The declaration of the final dividend requires the approval of shareholders in general meeting. If the 2025 Annual General Meeting approves Resolution 4, the final dividend of 14.80 pence per share will be paid on 20 May 2026 to ordinary shareholders who are on the register of members at the close of business on 7 April 2026 in respect of each ordinary share.

Resolutions 5 – 11 inclusive**Appointment and re-appointment of directors**

The Company's Articles of Association provide that all directors retire at each Annual General Meeting and that those wishing to continue to serve shall submit themselves for re-appointment or appointment by the shareholders. In line with this, all directors will be retiring at this year's AGM and will be standing for re-appointment. Sam Tymms will stand for appointment at this year's AGM, following her appointment as a director as announced to shareholders on 6 June 2025. The Board is satisfied that the performance of each of the directors proposed continues to be effective and important to the Company's long-term sustainable success and demonstrates commitment to their responsibilities. This is supported by the annual performance evaluation that was undertaken recently. The Board unanimously recommend that each of these directors be appointed or re-appointed as a director of the Company.

In accordance with the Code, the Board has reviewed the independence of its non-executive directors and has determined that they remain fully independent of management.

Resolutions 12 and 13**Re-appointment and remuneration of auditor**

The Company is required to appoint an auditor, at each general meeting before which accounts are laid, to hold office until the end of the next such meeting. The Board (through its Audit & Risk Committee) has recommended the re-appointment of Deloitte LLP and has confirmed that such recommendation is free from influence by a third party and that no restrictive contractual terms have been imposed on the Company. Deloitte LLP has indicated that it is willing to continue to act as the Company's auditor.

Resolution 12, therefore, proposes Deloitte's reappointment as auditor to hold office until the next general meeting at which the Company's accounts are laid before shareholders. Resolution 13 authorises the directors to determine the auditor's remuneration.

Resolution 14**Political donations**

It has always been the Company's policy that it does not make political donations. This remains the Company's policy.

Part 14 of the Companies Act 2006 (the Act) imposes restrictions on companies making political donations to any political party or other political organisation or to any independent election candidate unless they have been authorised to make donations at a general meeting of the Company. Whilst the Company has no intention of making such political donations, the Act includes broad and ambiguous definitions of the terms 'political donation' and 'political expenditure' which may apply to some normal business activities which would not generally be considered to be political in nature.

The directors therefore consider that, as a purely precautionary measure, it would be prudent to obtain the approval of the shareholders to make donations to political parties, political organisations and independent election candidates and to incur political expenditure up to the specified limit. The directors intend to seek renewal of this approval at future Annual General Meetings but wish to emphasise that the proposed resolution is a precautionary measure for the above reason and that they have no intention of making any political donations or entering into party political activities.

Resolution 15**Power to allot shares**

The Companies Act 2006 provides that the directors may only allot shares if authorised by shareholders to do so. The directors' current allotment authority is due to lapse at the 2026 Annual General Meeting. The Board is, therefore, seeking to renew its authority over shares having an aggregate nominal amount of £3,848,904, representing approximately one-third of the issued ordinary share capital of the Company (excluding treasury shares) as at 9 March 2026 (being the latest practicable date prior to the publication of this document). The Board is also seeking authority to allot shares having an aggregate nominal amount of £7,697,809, representing approximately two-thirds of the issued share capital of the Company (excluding treasury shares) as at 9 March 2026 by way of pre-emptive offer to existing shareholders.

The allotment authority sought is in line with the Share Capital Management guidelines issued by the Investment Association. For the avoidance of doubt, the authority sought pursuant to this resolution will give the directors the ability to allot shares (or grant rights to shares) up to a maximum aggregate nominal amount of £7,697,809.

As at 9 March 2026, the Company held no treasury shares. Please note that the treasury shares referenced in Section D (IFRS Financial Statements) relate specifically to those held within the Employee Benefit Trust and so described in order to align with accounting requirement. These shares are held in trust and administered by an external part and are not available to the Company to use in the manner true treasury shares would be. As at the year end reporting date, the total number of designated shares in issue at the trust was 365,705, with a value of £1m.

The authority will expire at the earlier of the conclusion of the Company's next Annual General Meeting and the close of business on 30 June 2027.

Passing Resolution 15 will ensure that the directors have flexibility to take advantage of any appropriate opportunities that may arise in pursuit of the Company's strategic objective of acquiring life and pensions businesses.

Resolutions 16 and 17 (special resolution)**Disapplication of statutory pre-emption rights**

If the directors wish to allot shares, or grant rights to subscribe for, or convert securities into, shares, or sell treasury shares for cash (other than pursuant to an employee share scheme), they must first offer them to existing shareholders in proportion to their existing shareholdings. In order to give directors flexibility to finance business opportunities by allotting shares without making a pre-emptive offer to existing shareholders and, in accordance with the updated Statement of Principles (PEG Statement of Principles) published by the Pre-Emption Group in November 2022, Resolutions 16 and 17 ask shareholders to grant a limited waiver of their pre-emption rights as referenced below. If the directors elect to exercise powers granted under Resolutions 16 and 17 in relation to a non-pre-emptive offer, they shall follow the shareholder protections in Part 2B of the PEG Statement of Principles.

Resolutions 16 and 17 will be proposed as special resolutions.

Resolution 16, if passed, will allow the directors to (a) allot shares in the Company for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares in the Company for cash up to a maximum aggregate nominal value of £1,154,671, in each case as if the pre-emption rights of Section 561 of the Companies Act 2006 did not apply. This aggregate nominal amount equates to approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 9 March 2026 (being the latest practicable date prior to the publication of this Notice of Annual General Meeting).

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

In line with the PEG Statement of Principles, the Company is seeking authority, under Resolution 17, to issue up to an additional 10% of its issued ordinary share capital for cash without pre-emption rights applying. In accordance with the Statement of Principles, the Company will only allot shares under this additional authority in connection with an acquisition or specific capital investment (within the meaning given in the Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding 12 month period and is disclosed in the announcement of the allotment.

The authority granted under Resolutions 16 and 17 will expire at the earlier of the conclusion of the Company's next Annual General Meeting and the close of business on 30 June 2027.

Resolution 18 (special resolution)

Authority to purchase own shares

This resolution, which will be proposed as a special resolution, seeks to renew the Company's authority to purchase its own shares. It specifies the maximum number of shares which may be acquired as 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 9 March 2026, being the latest practicable date prior to the publication of this document, and specifies the minimum and maximum prices at which shares may be bought.

The directors will only use this authority if, in light of market conditions prevailing at the time, they believe that the effect of such purchases will be (where such shares are to be purchased for cancellation) to increase earnings per share, and that taking into account other investment opportunities, purchases will be in the best interests of the shareholders generally. Any shares purchased in accordance with this authority will be cancelled or held in treasury for subsequent transfer to an employee share scheme. The directors have no present intention of exercising this authority, which will expire at the earlier of the conclusion of the Company's next Annual General Meeting and the close of business on 30 June 2027.

The Company has options and awards granted but not exercised under existing share schemes over an aggregate of 3,205,745 ordinary 5p shares, representing 1.39% of the Company's issued ordinary share capital as at 9 March 2026 (the latest practicable date prior to the publication of this document). This would represent approximately 1.54% of the Company's issued share capital (excluding treasury shares) if the proposed authority being sought at the Annual General Meeting to buy back 23,093,426 ordinary shares was exercised in full (and all the repurchased ordinary shares were cancelled).

Resolution 19

Authority to allot new ordinary shares in relation to an issue

of Restricted Tier 1 (RT1) Instruments

Resolution 19, will, if passed, grant authority to directors to allot ordinary shares in the Company or grant rights to subscribe for, or to convert any security into, ordinary shares in the Company, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £3,848,904 in connection with the issue of RT1 Instruments (as defined in the Appendix to AGM Notice) which is, in aggregate, equivalent to approximately one-third of the issued ordinary share capital of the Company as at 9 March 2026 (being the latest practicable date prior to the publication of this notice of Annual General Meeting).

The directors believe that it is in the best interests of the Company to have the flexibility to issue RT1 Instruments from time to time and the authority sought in Resolution 19 may be used if, in the opinion of the directors, at the relevant time, such an issuance of RT1 Instruments would be desirable to improve the capital structure of the Company and its subsidiaries. However, the request for authority in Resolution 19 should not be taken as an indication that the Company will or will not issue any, or any given amount of, RT1 Instruments.

This authority is in addition to the authority proposed in Resolution 15, which is the usual authority sought on an annual basis in line with the guidance issued by the Investment Association.

This authority will expire at the earlier of the conclusion of the Company's next Annual General Meeting and the close of business on 30 June 2027. The directors may seek a similar authority in the future.

Resolution 20 (special resolution)

Disapplication of pre-emption rights in relation to an issue of Restricted Tier 1 (RT1) Instruments

Resolution 20, which will be proposed as a special resolution, proposes that, in addition to any authority conferred by Resolution 16, the directors be empowered to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash up to a nominal value of £3,848,904 in relation to the issue of RT1 Instruments, which is equivalent to one-third of the issued ordinary share capital of the Company as at 9 March 2026 (being the latest practicable date prior to the publication of this notice of Annual General Meeting), as if Section 561 of the Companies Act 2006 did not apply to any such allotment.

Resolution 20, if passed, would permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue RT1 Instruments without the need to comply with the pre-emption rights of Section 561 of the Companies Act 2006 did not apply. Resolution 19 is intended to provide the directors with the continued flexibility to issue RT1 Instruments which may convert into ordinary shares. This will enhance the Company's ability to manage its capital. Further information on the Restricted Tier 1 Instruments is given in the Appendix to AGM Notice.

This authority will expire at the earlier of the conclusion of the Company's next Annual General Meeting and the close of business on 30 June 2027. The directors may seek a similar authority in the future.

Any exercise of the authorities in Resolutions 15, 16 and 17 (if passed) would be separate from and in addition to the exercise of any powers under Resolutions 19 and 20 and would also have a dilutive effect on existing shareholdings.

Resolution 21 (special resolution)

Notice of general meetings

The Companies Act 2006 requires the notice period for general meetings of the Company to be at least 21 days, but, as a result of a resolution which was passed by the Company's shareholders at last year's Annual General Meeting, the Company is currently able to call general meetings (other than an Annual General Meeting) on not less than 14 clear days' notice. In order to preserve this ability, shareholders must once again approve the calling of meetings on not less than 14 clear days' notice. Resolution 21 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the statutory requirements for electronic voting before it can call a general meeting on less than 21 days' notice.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Directors' recommendation

The directors recommend all shareholders to vote in favour of all of the above resolutions, as the directors intend to do in respect of their own shares (save in respect of those matters in which they are interested), and consider that all resolutions are in the best interests of the Company and its shareholders as a whole.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

Further information on Restricted Tier 1 Instruments

What are 'Restricted Tier 1 Instruments'?

Solvency II-compliant Restricted Tier 1 Instruments, structured as contingent convertible securities, the terms of which will provide that, upon the occurrence of certain trigger events, the securities will be irrevocably converted into ordinary shares.

Why is the Company seeking authorities in connection with the issuance of Restricted Tier 1 Instruments?

The Group is subject to the Solvency II regulatory framework which came into force on 1 January 2016 and which has been retained in the United Kingdom following the end of the Brexit implementation period on 31 December 2020. Under Solvency II, the Group is required to hold sufficient capital to absorb losses in periods of stress and to provide a buffer to increase resilience against unexpected losses, thereby protecting the interests of policyholders. At least half of the Group's overall capital requirements may only be met with certain types of high-quality capital (referred to as 'Tier 1 Capital'), including share capital, retained profits and, for up to 20% of Tier 1 Capital, instruments that are written down, or, in the case of Restricted Tier 1 Instruments, instruments that are converted into ordinary shares, in the event that the Group's capital position falls below defined levels (referred to as a 'Trigger Event'). The Group may issue Restricted Tier 1 Instruments to satisfy part of its Tier 1 Capital requirements. Any issue of Restricted Tier 1 Instruments would form part of the Group's overall strategy to maintain a strong Capital Base from which it can achieve its objectives.

What is a 'Trigger Event' and what will happen if a Trigger Event occurs?

A Trigger Event will occur if the Group determines, in consultation with the Prudential Regulation Authority, that it has ceased to comply with its capital requirements under Solvency II in a significant way. This may occur if the amount of capital held by the Group falls below 75% of its capital requirements, if the Group fails to comply with its capital requirements for a continuous period of 3 months or more or if the Group fails to comply with other minimum capital requirements applicable to it. Only if a Trigger Event occurs (and not under any other circumstances) will any Restricted Tier 1 Instruments issued by the Group convert into new ordinary shares. The holders of any Restricted Tier 1 Instruments will not have the option to require conversion of the Restricted Tier 1 Instruments at their discretion. The Group may, if permitted by law and regulation and if considered appropriate at the relevant time, issue Restricted Tier 1 Instruments that include in their terms and conditions a mechanism through which the Group may elect to give existing shareholders the opportunity to purchase the ordinary shares issued on conversion of the Restricted Tier 1 Instruments in proportion to their existing shareholdings in the Company (subject to legal, regulatory or practical restrictions).

What steps can the Group take on or before a Trigger Event?

If the Group's capital position were to deteriorate, a number of steps are available to the Group to improve its capital position before the occurrence of a Trigger Event. These could include reducing the Group's liabilities or raising extra share capital from investors by way of a rights issue. If the Company were, in the future, to launch a rights issue, the Company's existing shareholders would be offered the opportunity to acquire new ordinary shares in proportion to their existing shareholding.

How can the issue of Restricted Tier 1 Instruments provide a more efficient capital structure?

The Group can satisfy its Tier 1 Capital requirements through, among other things, the issue of ordinary shares, retention of profits and the issue of Restricted Tier 1 Instruments. Satisfying the Group's Tier 1 Capital requirements in part through the issue of Restricted Tier 1 Instruments could be a cost-effective means of raising capital, therefore enabling the Group to reduce its overall cost of capital. This would, in turn, be expected to be more beneficial for existing shareholders than if the Group were to satisfy its Tier 1 Capital requirements through the issue of ordinary shares or the retention of profits alone.

At what price will Restricted Tier 1 Instruments be converted into or exchanged for ordinary shares?

The terms and conditions of any Restricted Tier 1 Instruments issued will specify a conversion price or a mechanism for setting a conversion price, which is the rate at which the Restricted Tier 1 Instruments will be exchanged into ordinary shares. The resolutions enable the directors to set the specific terms and conditions of the Restricted Tier 1 Instruments (including a conversion price or mechanism for setting a conversion price) after considering market conditions at the time of issuance. Given the nature of the Trigger Events and the implications on the Group's business at the time any Trigger Event occurs, the Group's expectation is that the conversion price at the time of conversion would exceed the market price of the ordinary shares at such time.

How have you calculated the size of the authorities you are seeking?

These authorities are set at a level which, based on the share price of the Group as at 9 March 2026 (being the latest practicable date prior to the publication of this document) corresponds approximately to the Group's regulatory headroom for Restricted Tier 1 Instruments as at the same date (limited to 20% of Tier 1 Capital).

ALTERNATIVE PERFORMANCE MEASURES

Overview

To provide a comprehensive explanation of our business performance, we present and analyse our results using financial measures that include certain Alternative Performance Measures (APMs). APMs are non-GAAP metrics intended to supplement disclosures prepared in accordance with applicable regulatory frameworks, such as International Financial Reporting Standards (IFRS) and Solvency II. We consider these measures to offer additional insight into our financial performance; however, they should be regarded as complementary to, and not a replacement for, measures determined under those regulations. Accordingly, these APMs may not be directly comparable to similarly titled measures reported by other entities.

Further details on APMs derived from both IFRS and Solvency II measures are provided in the following sections.

Change in APMs

As part of the broader implementation of the new Financial Framework, the Group has introduced Operating Capital Generation (OCG) and Adjusted Operating Profit (AOP) as additional Alternative Performance Measures. These metrics are designed to offer a clearer view of the Group’s underlying business performance and its ability to generate sustainable capital surpluses over the longer term. These measures are widely used within the insurance sector and enhance the relevance and comparability of financial reporting for stakeholders.

Traditional IFRS and SII metrics can be subject to short-term market volatility, accounting adjustments, and exceptional items, which may obscure the underlying operational results. By contrast:

- OCG reflects the capital generated from ongoing operations, excluding the impact of market movements and non-recurring items, thereby providing a clearer measure of the Group’s ability to create sustainable capital to support dividends and growth. OCG will replace Cash Generation as the Group’s primary measure of solvency surplus, which is subject to the volatilities noted above.
- AOP adjusts statutory IFRS Profit before Tax for exceptional or non-operational items and short-term market fluctuations, offering a consistent and comparable measure of operating profitability aligned with management’s view of performance.

The following table identifies the key APMs used in this report, how each is defined and why we use them. Further information can be found throughout the overview section, with detailed reference within the financial review (pages 46 to 52).

APM	WHAT IS IT?	WHY DO WE USE IT?	REFERENCE												
Adjusted Operating Profit (AOP) NEW	Adjusted Operating Profit is IFRS Profit before Tax adjusted for the impacts of economic volatility, amortisation and impairments of intangibles, finance and restructuring costs and other non-operating items which in the Director’s view should be excluded by their nature or incidence to enable a full understanding of financial performance. The AOP methodology is described on page 256, along with a reconciliation of AOP before tax. to IFRS Profit before Tax.	This measure provides a more representative view of the Group’s performance than IFRS Profit before Tax as it provides long-term performance information unaffected by short-term economic volatility, one-off items and other items. It helps give stakeholders a better understanding of the performance of the Group by identifying and analysing non-operating items.	A reconciliation of IFRS Adjusted Operating Profit to the IFRS result before tax is included in the financial review on page 50 and below.												
Assets Under Administration (AuA)	AuA reflects the value of the financial assets that the business administers, as reported in the IFRS Consolidated Balance Sheet.	AuA provides an indication of the scale of the business, and the potential future returns that can be generated from the assets that the Group manages and administers on behalf of customers.	See ‘financial investments’ line in the Consolidated Statement of Financial Position on page 153.												
Leverage	A financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, presented as a ratio. It is defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS.	This measure indicates the overall level of indebtedness of the Group and is also a key component of the bank covenant arrangements held by Chesnara.	<table><tr><th>£m</th><th>FY25</th><th>FY24</th></tr><tr><td>Debt</td><td>201</td><td>201</td></tr><tr><td>Divided by: Debt + Equity + Net CSM</td><td>897</td><td>650</td></tr><tr><td>Leverage %</td><td>22.4</td><td>30.9</td></tr></table> See IFRS Consolidated Statement of Financial Position on page 153 for debt. See IFRS Capital Base on page 51 which is Equity + Net CSM.	£m	FY25	FY24	Debt	201	201	Divided by: Debt + Equity + Net CSM	897	650	Leverage %	22.4	30.9
£m	FY25	FY24													
Debt	201	201													
Divided by: Debt + Equity + Net CSM	897	650													
Leverage %	22.4	30.9													
IFRS Capital Base	IFRS net equity plus the consolidated CSM net of reinsurance and tax.	It is a more appropriate measure of the value of the business than net equity as it allows for the store of deferred profits held in the balance sheet, as represented by the CSM, including those as yet unrecognised profits from writing new business and acquisitions.	See IFRS Income Statement on page 51.												

APM	WHAT IS IT?	WHY DO WE USE IT?	REFERENCE
Operating Capital Generation (OCG) NEW	OCG measures the amount of Solvency II capital the Group generates from operating activities. OCG reflects only the operational movements in Own Funds and SCR, removing the impacts of investment variances, integration and restructuring costs and other non-operating variances.	OCG enhances Solvency II surplus which can be used to support sustainable Cash Remittances from our businesses, which in turn, supports the Group's dividend as well as funding further investment to provide sustainable growth.	OCG forms a component of the change in Solvency II surplus in the period as set out in the diagram on page 49.
Solvency Coverage Ratio	Solvency is a fundamental financial measure which is of paramount importance to investors and policyholders. It represents the relationship between the value of the business as measured on a Solvency II basis and the capital the business is required to hold – the Solvency Capital Requirement (SCR). Solvency can be reported as an absolute surplus value or as a ratio.	Solvency gives policyholders comfort regarding the security of their provider. This is also the case for investors, together with giving them a sense of the level of potential surplus available to invest in the business or distribute as dividends, subject to other considerations and approvals.	See financial review section on pages 46 to 47.
Cash Generation <i>Note: This measure was previously referred to as 'Commercial Cash Generation'. There has been no change to the basis of calculation.</i>	Cash Generation is used by the Group as a measure of assessing how much dividend potential has been generated, subject to ensuring other constraints are managed. Cash Generation excludes the impact of technical adjustments and modelling changes; representing the inherent commercial cash generated by the business.	The measure provides stakeholders with enhanced insight into Cash Generation, rawing out components of the result relating to technical complexities or exceptional items. The result is deemed to better reflect the Group's view of commercial performance, showing key drivers within that.	See Cash Generation on page 267 and reconciliation on page 257.
Economic Value (EcV)	EcV is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the Group. We define EcV as Own Funds adjusted for contract boundaries, risk margin and restricted with-profit surpluses. As such, EcV and Own Funds have many common characteristics and tend to be impacted by the same factors.	EcV reflects the market-related value of in-force business and net assets of the non-insurance business and hence is an important reference point by which to assess the Group's value. A life and pensions group may typically be characterised as trading at a discount or premium to its Economic Value. Analysis of EcV provides additional insight into the development of the business over time. The EcV development of the Group over time can be a strong indicator of how we have delivered to our strategic objectives.	See EcV analysis on page 257.
Economic Value (EcV) Earnings	The principal underlying components of the EcV Earnings are: – The expected return from existing business (being the effect of the unwind of the rates used to discount the value in-force); – Value added by the writing of new business; – Variations in actual experience from that assumed in the opening valuation; – The impact of restating assumptions underlying the determination of expected cash flows; and – The impact of acquisitions.	By recognising the market-related value of in-force business (in-force value), a different perspective is provided in the performance of the Group and on the valuation of the business. EcV Earnings are an important KPI as they provide a longer-term measure of the value generated during a period. The EcV Earnings of the Group can be a strong indicator of how we have delivered against all three of our core strategic objectives.	See EcV Earnings analysis on page 257.
New Business Contribution	A more commercially relevant measure of new business profit than that recognised directly under the Solvency II regime, allowing for a modest level of return, over and above risk-free, and exclusion of the incremental risk margin Solvency II assigns to new business.	This provides a fair commercial reflection of the value added by new business operations and is more comparable with how new business is reported by our peers, improving market consistency.	See business review section on pages 40 to 45.
Cash Remittances NEW	Cash paid by our business units to the Group, primarily consisting of dividends.	Cash Remittances are considered a useful measure as they support the payments of external dividends.	Cash Remittances eliminate on consolidation and hence are not directly reconcilable to the Group's IFRS Consolidated Statement of Cash Flows.
Policies/policy count	Policy count is the number of policies that the Group manages on behalf of customers.	This is important to show the scale of the business, particularly to provide context to the rate at which the closed-book business is maturing. In our open businesses, the policy count shows the net impact of new business versus policy attrition.	See page 8.

OPERATIONAL AND OTHER PERFORMANCE MEASURES

In addition to financial performance measures, this Annual Report and Accounts includes measures that consider and assess the performance of all our key stakeholder groups. The diagram below summarises the performance measures adopted throughout the Annual Report and Accounts.

Measure	KEY STAKEHOLDERS				What is it and why is it important?	Page
	Policyholder	Investor	Regulators	Business partner*		
Customer service levels					How well we service our customers is of paramount importance and so through various means we aim to assess customer service levels. The business reviews within the Annual Report and Accounts refer to a number of indicators of customer service levels.	40-45
Broker satisfaction					Broker satisfaction is important because they sell our new policies, provide ongoing service to their customers and influence book persistency. We include several measures within the Annual Report and Accounts, including direct broker assessment ratings for Movestic and general assessment of how our brands fare in industry performance awards in the Netherlands.	40-45
Policy investment performance					This is a measure of how the assets are performing that underpin policyholder returns. It is important as it indicates to the customer the returns that their contributions are generating, and options available to invest in funds that focus on environmental, social and governance factors.	40-45
Industry performance assessments					This is a comparative measure of how well our investments are performing against the rest of the industry, which provides valuable context to our performance.	40-45
Emissions and energy usage					Tracking our scope 1/2/3 emissions is a core part of our transition to be a net zero and sustainable Group.	86-91
Assets Under Administration†					This shows the value of the investments that the business manages. This is important because scale influences operational sustainability in run-off books and operational efficiency in growing books. Assets Under Administration are also a strong indicator of fee income.	8
Policy count†					Policy count is the number of policies that the Group manages on behalf of customers. This is important to show the scale of the business, particularly to provide context to the rate at which the closed-book business is maturing. In our open businesses, the policy count shows the net impact of new business versus policy attrition.	8
Total Shareholder Returns					This includes dividend growth and yield and shows the return that an investor is generating on the shares that they hold. It is highly important as it shows the success of the business in translating its operations into a return for shareholders.	53
New business profitability					This shows our ability to write profitable new business which increases the value of the Group. This is an important indicator given one of our core objectives is to 'enhance value through profitable new business'.	40-45
New business market share					This shows our success at writing new business relative to the rest of the market and is important context for considering our success at writing new business against our target market shares.	40-45
Leverage ratio†					Leverage is a financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, presented as a ratio. It is defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS.	40-45
Knowledge, skills and experience of the Board of Directors					This is a key measure given our view that the quality, balance and effectiveness of the Board of Directors has a direct bearing on delivering positive outcomes to all stakeholders. This includes holding the management teams accountable for the delivery of set objectives and the proper assessment of known and emerging risks and opportunities, e.g. those arising from climate change.	40-45

KEY

 Primary interest  Secondary interest

*For the purposes of this key performance indicator assessment, business partners refers to major suppliers and outsource partners.

†Alternative Performance Measure (APM) used to enhance understanding of financial performance. Further information on APMs can be found in the additional information section of this Annual Report and Accounts.

RECONCILIATION OF METRICS

The key interaction between our statutory reporting rules under IFRS and the Alternative Performance Measures is with the Solvency II valuation and the Own Funds balance. A reconciliation from IFRS net assets to Solvency II Own Funds is shown below:

£m	31 Dec 2025	31 Dec 2024	Rationale
IFRS net assets	563	315	
Removal of intangible assets; AVIF, DAC and DIL	(88)	(86)	Intangible assets that cannot be sold separately have no intrinsic value under Solvency II rules.
Removal of IFRS insurance contract liabilities, net of reinsurance	13,332	11,721	Net liabilities are calculated differently between the two methodologies and hence IFRS insurance contract liabilities are replaced with Solvency II technical provisions. The main differences in methodology are discussed further below.
Inclusion of SII technical provisions, net of reinsurance	(13,077)	(11,468)	
Other valuation differences	23	(4)	Other valuation differences.
Mortgage loan valuation difference	–	34	Valuation difference of the mortgage debt between IFRS and SII.
Deferred tax valuation differences	(8)	(12)	These are the deferred tax impacts as a result of the adjustments above.
Foreseeable dividends	(34)	(24)	Under Solvency II rules, future ‘foreseeable dividends’ are required to be recognised within Own Funds. Under IFRS rules, dividends are recognised when paid.
Tier 2 debt valuation differences	15	35	Valuation difference of Tier 2 debt between IFRS and SII.
Tier 2 debt under SII	186	166	Tier 2 capital plus the restriction placed on the subordinated debt within Own Funds under Solvency II requirements.
Tier 2/3 restrictions	(40)	(32)	
Ring-fenced surpluses	(13)	(2)	Solvency II requires that Own Funds are reduced by any surpluses that are restricted. For Chesnara this relates to surpluses within the two S&P with-profit (WP) funds, which are temporarily restricted, and the RT1 restriction. The WP restrictions are removed through periodic capital transfers.
SII Own Funds	859	643	

The main differences between the two methodologies for calculating actuarial net liabilities are as follows:

- Under IFRS 9, the value of investment contracts is taken as the unit liability, whilst under Solvency II, a non-unit reserve and Risk Margin are required.
- Best estimate assumptions are used for both IFRS 17 and Solvency II; however, the former requires the CSM to be held for which there is no equivalent under Solvency II.
- Both bases require a margin for adverse deviation, respectively the Risk Adjustment and the Risk Margin, but whilst the approach used is very similar, the cost of capital applied is different.

- For the most part, the yield curves adopted for discounting under IFRS 17 are very similar to those used in Solvency II, the exception being that for certain Dutch ‘savings mortgage’ products the IFRS 17 liabilities use a yield curve derived from mortgage rates available in the market.
- The reserve for future expenses held in Group Centre under Solvency II is not permitted under IFRS.
- Other valuation differences relate to the definition of contract boundary and the allowability, or otherwise, of certain expenses such as investment management expenses on products where no investment service is provided.

RECONCILIATION OF METRICS

Solvency Coverage Ratio

Solvency II is the solvency regime that applies to the Group. Over and above IFRS, Solvency II imposes a capital requirement on the Group.

A summary of the solvency position of the Group at 31 December 2025 and 31 December 2024 is as follows:

£m	31 Dec 2025	31 Dec 2024
UT1 Own Funds	552	485
RT1 Own Funds	140	–
Tier 2 and Tier 3 Own Funds	167	158
Total Group SII Own Funds (OF)	859	643
Solvency Capital Requirement (SCR)	334	316
Solvency surplus	525	327
Solvency Coverage Ratio	257%	203%

Operating Capital Generation by segment

Business segment – £m	FY25	FY24
UK	41	32
Sweden	14	10
Netherlands	36	30
Group Centre	3	7
Operating Capital Generation	94	79

Solvency II surplus movement for the year ended 31 December 2025

	31 December 2024	Operating Capital Generation	Non-Operating Capital Generation	Dividends	T2/T3 restrictions	Acquisitions	31 December 2025
Own Funds	643	58	229	(52)	(19)	–	859
SCR	(316)	36	(54)	–	–	–	(334)
Surplus	327	94	175	(52)	(19)	–	525

Solvency II surplus movement for the year ended 31 December 2024

	31 December 2023	Operating Capital Generation	Non-Operating Capital Generation	Dividends	T2/T3 restrictions	Acquisitions	31 December 2024
Own Funds	684	57	(38)	(37)	(33)	10	643
SCR	(333)	22	8	–	–	(13)	(316)
Surplus	351	79	(30)	(37)	(33)	(3)	327

Adjusted Operating Profit**(i) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the year ended 31 December 2025**

	UK £m	Sweden £m	Netherlands £m	Other group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	33	5	33	(52)	19
Tax attributable to policyholders' returns	(26)	–	–	–	(26)
Profit before tax attributable to shareholders' profits	7	5	33	(52)	(7)
Investment variances and economic assumption changes	4	1	(17)	18	6
Impairment, amortisation and profit or loss on disposal	4	2	–	–	6
Integration and restructuring costs	4	3	7	26	40
Financing costs	–	–	–	11	11
Adjusted Operating Profit before tax attributable to shareholders' profits	19	11	23	3	56

(ii) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the year ended 31 December 2024

	UK £m	Sweden £m	Netherlands £m	Other group activities £m	Total £m
Profit/(loss) before tax and consolidation adjustments	28	10	5	(22)	21
Tax attributable to policyholders' returns	(18)	–	–	–	(18)
Profit before tax attributable to shareholders' profits	10	10	5	(22)	3
Investment variances and economic assumption changes	(2)	(3)	5	(4)	(4)
Impairment, amortisation and profit or loss on disposal	3	2	–	–	5
Integration and restructuring costs	–	4	7	13	24
Financing costs	–	–	–	11	11
Adjusted Operating Profit before tax attributable to shareholders' profits	11	13	17	(2)	39

RECONCILIATION OF METRICS

Adjusted Operating Profit (continued)

(ii) Reconciliation of IFRS Profit before Tax to Adjusted Operating Profit for the year ended 31 December 2024 (continued)

Key adjusting items between IFRS Profit before Tax and Adjusted Operating Profit

Certain adjustments that are considered to be non-recurring or strategic, or due to short-term movements not reflective of longer-term performance are made to IFRS profit or loss before tax to determine Adjusted Operating Profit. The various items excluded from Group's Adjusted Operating Profit, but included in IFRS Profit before Tax are:

(a) Investment variances and economic assumption changes

AOP is based on expected investment returns on financial investments backing gross insurance and reinsurance contracts, shareholder assets and any surplus assets with allowance for the corresponding movements in liabilities via the discount rate used to discount the projected cash flows. The expected return rate is based on consistent assumptions, using the principles from the Own Risk Solvency Assessment (ORSA), rebased to the 1 January of the financial year.

AOP includes the impact of non-economic experience variances (such as mortality, persistency, and expenses) but excludes economic variances like market value movements, interest rate changes, and the effect of changes in economic assumptions on liabilities. These excluded items, along with short-term investment variances, are disclosed separately to reflect the long-term nature of the business. By removing the impact of economic variances, AOP provides a more comparable and stable measure of performance year-on-year and is used to manage business unit performance.

(b) Impairment, amortisation and profit or loss on disposal

AOP also excludes impairment of goodwill; amortisation and impairment of other intangible assets acquired in business combinations; amortisation and impairment of acquired value of in-force business on non-participating investment contracts; and the profit or loss on disposal and remeasurement of subsidiaries, joint ventures and associates. These items principally relate to merger and acquisition activity which we view as strategic in nature, hence they are excluded from the Group Adjusted Operating Profit APM as this is principally used to manage the performance of our operating segments when reporting to the Group chief operating decision maker.

(c) Integration and restructuring costs

Any integration and restructuring costs and other non-operating expense items primarily reflect the costs associated with the transformation of the business. This adjustment also includes an allocation of central Group costs that relate to integration and restructuring projects that would otherwise have been avoided; such allocations are determined with reference to the most recently available Board-approved budgets. Together, these costs represent restructuring and transformation activities within the Group and are therefore excluded from Adjusted Operating Profit before tax.

(d) Financing costs

Financing costs are also classified as non-operating because they primarily relate to interest payments on debt or bonds used to fund future mergers and acquisitions, rather than being necessary for the day-to-day running of the existing business operations.

(e) Other items

Other items are those items that, in the directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance.

Cash Generation

Cash Generation is calculated as the movement in the Group's surplus Own Funds above the Group's internally required capital, as determined by applying the Group's Capital Management Policy, which has Solvency II rules at its heart.

Cash Generation can be derived from the opening and closing solvency positions as follows:

	£m
Opening Solvency II surplus:	
Own Funds – 31 Dec 2024	643
Remove Tier 2 debt at book value	(200)
SCR – 31 Dec 2024	(316)
Add back Own Funds restriction	2
Additional capital to meet normal internal operating range (40% of SCR)	(126)
Surplus available for distribution – 31 Dec 2024	3
Closing Solvency II surplus:	
Own Funds – 31 Dec 2025	859
Remove RT1 and Tier 2 debt at book value	(348)
SCR – 31 Dec 2025	(334)
Add back Own Funds restriction	13
Additional capital to meet normal internal operating range (40% of SCR)	(134)
Surplus available for distribution – 31 Dec 2025	56

The closing Solvency II position at 31 December 2025 reflects the payment of an interim 2025 dividend of £18m paid during the period and reflects a foreseeable final dividend of £34m due to be paid in 2026. As these are distributions to shareholders, akin to IFRS profit reporting, these do not form part of the Cash Generation metric and should be excluded. Consequently, Base Cash Generation can be derived as shown in the following table.

£m	FY25	FY24
Closing surplus available for distribution less opening available surplus for distribution	53	(16)
RT1 (pre-restriction)	148	–
Movement in Tier 3 asset and OF restriction	(2)	30
Interim dividend paid	18	13
Foreseeable final dividend	34	24
Base Cash Generation	251	51
Symmetric adjustment	19	7
OF restrictions look through	12	2
RT1 and rights issue	(277)	–
Restructuring costs	34	–
Acquisition costs	28	–
Cash Generation	67	60

Cash Generation – by segment

£m	FY25	FY24
UK	40	40
Sweden	10	11
Netherlands	61	16
Divisional total	111	67
Group Centre	(44)	1
Acquisitions	–	(8)
Cash Generation	67	60

EcV to Solvency II – £m

EcV is based on a Solvency II assessment of the value of the business but adjusted for certain items where it is deemed that Solvency II does not reflect the commercial value of the business. The table below shows the key difference between EcV and Solvency II, with explanations for each item below.

	£m
EcV FY25	629
Risk margin	(27)
Contract boundaries	(6)
RTI and Tier 2 debt	348
Own Funds and Tier 2/3 restrictions	(45)
Deferred tax asset adjustment	(6)
Dividends	(34)
SII Own Funds FY25	859

Risk margin:

Solvency II rules applying to our European businesses require a significant 'risk margin' which is held on the Solvency II balance sheet as a liability, and this is considered to be materially above a realistic cost. We therefore reduce this margin for risk for EcV valuation purposes from being based on a 6% (UK: 4%) cost of capital to a 3.25% cost of capital, risk tapering is subsequently applied in line with the parameters and approach used in the calculation of the risk margin under Solvency UK.

Contract boundaries:

Solvency II rules do not allow for the recognition of future cash flows on certain in-force contracts, despite the high probability of receipt. We therefore make an adjustment to reflect the realistic value of the cash flows under EcV.

Ring-fenced fund restrictions:

Solvency II rules require a restriction to be placed on the value of surpluses that exist within certain ring-fenced funds. These restrictions are reversed for EcV valuation purposes as they are deemed to be temporary in nature.

Dividends:

The proposed final dividend of £34m is recognised for Solvency II regulatory reporting purposes. It is not recognised within EcV until it is actually paid.

Tier 2:

The Tier 2 debt is treated as 'quasi equity' for Solvency II purposes. For EcV, consistent with IFRS, we continue to report this as debt. Under Solvency II, this debt is recognised at fair value, while for EcV this remains at book value.

Tier 3:

Under Solvency II, the eligibility of Tier 3 Own Funds is restricted in accordance with regulatory rules. For EcV, the Tier 3 Own Funds are recognised at a deemed realistic value.

Economic Value (EcV) and EcV Earnings**Analysis of the EcV Earnings by segment**

£m	FY25	FY24
UK	14	20
Sweden	1	31
Netherlands	24	21
Group and Group adjustments	71	(13)
Acquisitions	–	11
EcV Earnings	110	69

EcV by segment

£m	FY25	FY24
UK	155	189
Sweden	220	199
Netherlands	285	252
Group and Group adjustments	(31)	(110)
Group EcV	629	530

GLOSSARY

Adjusted Operating Profit	A measure of the pre-tax profit earned from a Company's ongoing core business operations, excluding any profit earned from investment market conditions in the period and any economic assumption changes in the future (Alternative Performance Measure – APM).	HCL IFRS IFA KPI LACDT Leverage	HCL Insurance BPO Services Limited. International Financial Reporting Standards. Independent Financial Advisor. Key performance indicator. Loss Absorbing Capacity of Deferred Tax. A financial measure that demonstrates the degree to which the Company is funded by debt financing versus equity capital, usually presented as a ratio, defined as debt divided by debt plus equity, with the equity denominator adding back the net of tax CSM liability, as measured under IFRS. London Stock Exchange plc.
ALM	Asset Liability Management – management of risks that arise due to mismatches between assets and liabilities.	London Stock Exchange LTIP	Long-Term Incentive Plan – a reward system designed to incentivise executive directors' long-term performance.
APE	Annual Premium Equivalent – an industry-wide measure that is used for measuring the annual equivalent of regular and single premium policies.	Movestic New business	Movestic Livförsäkring AB. The present value of the expected future cash inflows arising from business written in the reporting period.
ASR	Annual Sustainability Report.	Official List	The Official List of the Financial Conduct Authority.
Base Cash Generation	This represents the cash that has been generated in the period. The cash generating capacity of the Group is largely a function of the movement in the solvency position of the insurance subsidiaries within the Group and takes account of the buffers that management has set to hold over and above the solvency requirements imposed by our regulators. Cash Generation is reported at a Group level and also at an underlying divisional level reflective of the collective performance of each of the divisions prior to any Group level activity.	Ordinary shares ORSA	Ordinary shares of 5 pence each in the capital of the Company. Own Risk and Solvency Assessment.
BLAGAB	Basic life assurance and general annuity business.	Own Funds	In accordance with the UK's regulatory regime for insurers, it is the sum of the individual capital resources for each of the regulated related undertakings less the book-value of investments by the Company in those capital resources.
CA	Countrywide Assured plc.	PAA	Premium Allocation Approach – a simplified measurement model which can be applied to short-term contracts.
CALH	Countrywide Assured Life Holdings Limited and its subsidiary companies.	PRA QRT RA RCF Resolution RMF Robein Leven Scildon Shareholder(s) Solvency II	Prudential Regulation Authority. Quantitative Reporting Template. Risk adjustment is the additional reserve held for non-financial risks. 3 year Revolving Credit Facility of £150m (currently unutilised) renewed in July 2024. The resolution set out in the notice of General Meeting set out in this document. Risk Management Framework. Robein Leven N.V. Scildon N.V. Holder(s) of ordinary shares.
Cash Generation	Base Cash Generation excluding the impact of technical adjustments, modelling changes and exceptional corporate activity; the inherent commercial cash generated by the business.	Solvency (absolute) surplus Standard Formula	A fundamental review of the capital adequacy regime for the European insurance industry. Solvency II aims to establish a set of EU-wide capital requirements and risk management standards and has replaced the Solvency I requirements. A measure of how much the value of the Company (Own Funds) exceeds the level of capital it is required to hold. The set of prescribed rules used to calculate the regulatory SCR where an internal model is not being used.
CASLP	Sanlam Life & Pensions UK.	STIS	Short-Term Incentive Scheme – a reward system designed to incentivise executive directors' short-term performance.
Chesnara Life	Chesnara Life (UK) Limited (formerly HSBC Life (UK) Ltd).	SCR	In accordance with the UK's regulatory regime for insurers, it is the sum of individual capital resource requirements for the insurer and each of its regulated undertakings.
Core Surplus	Absolute surplus movement of the divisions including Chesnara entity but adjustments will be made for the impact of items such as FX, T2/T3 restrictions, acquisition impacts and shareholder dividends as deemed appropriate.	Swedish business	Movestic and its subsidiaries and associated companies.
Emergence	Note: Any adjustments will be subject to Board approval (and Remco (Remuneration Committee) approval if they impact remuneration) and will be transparently reported.	S&P	Save & Prosper Insurance Limited and Save & Prosper Pensions Limited.
CSM	Contractual Service Margin (CSM) represents the unearned profit that an entity expects to earn on its insurance contracts as it provides services.	TCF	Treating Customers Fairly – a central PRA principle that aims to ensure an efficient and effective market and thereby help policyholders achieve fair outcomes.
CSR	Corporate Sustainability Reporting Directive.	TCFD	Task Force on Climate-Related Financial Disclosures. An international framework that provides recommendations for how organisations should disclose climate-related financial risks and opportunities in a consistent, decision-useful way.
Divisional Cash Generation	This represents the cash generated by the three operating divisions of Chesnara (UK, Sweden and the Netherlands), exclusive of Group level activity.	Tier 2	Term debt capital (Tier 2 Subordinated Notes) issued in February 2022 with a 10.5 year maturity and 4.75% coupon rate.
Dividend Cover	Defined as Cash Generation divided by the total of the interim and final proposed shareholder dividend for the financial year.	Transfer ratio	The proportion of new policies transferred into the business in relation to those transferred out.
DNB	De Nederlandsche Bank is the central bank of the Netherlands and is the regulator of our Dutch subsidiaries.	TSR	Total Shareholder Return, measured with reference to both dividends and capital growth.
DORA	Digital Operational Resilience Act (European Union regulation).	UK or United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
DPF	Discretionary Participation Feature – a contractual right under an insurance contract to receive, as a supplement to guaranteed benefits, additional benefits whose amount or timing is contractually at the discretion of the issuer.	UK business	CA, S&P and CASLP.
Dutch business	Scildon and the Waard Group, consisting of Waard Leven N.V., Waard Schade N.V. and Waard Verzekeringen B.V.	VA	The Volatility Adjustment is a measure to ensure the appropriate treatment of insurance products with long-term guarantees under Solvency II. It represents an adjustment to the rate used to discount liabilities to mitigate the effect of short-term volatility bond returns.
Economic profit	A measure of pre-tax profit earned from investment market conditions in the period and any economic assumption changes in the future (Alternative Performance Measure – APM).	VFA	Variable Fee Approach – the measurement model that is applied to insurance contracts with significant investment-related pass-through elements.
EcV	Economic Value is a financial metric that is derived from Solvency II Own Funds. It provides a market consistent assessment of the value of existing insurance businesses, plus adjusted net asset value of the non-insurance business within the Group.	Waard	The Waard Group, which subsequently became part of Scildon in July 2025.
EcV Earnings	Measure of the value generated by the Group in a period.		
FCA	Financial Conduct Authority.		
FI	Finansinspektionen, being the Swedish Financial Supervisory Authority.		
Form of proxy	The form of proxy relating to the General Meeting being sent to shareholders with this document.		
FSMA	The Financial Services and Markets Act 2000 of England and Wales, as amended.		
GMM	General Measurement Model – the default measurement model which applies to insurance contracts with limited or no pass-through of investment risks to policyholders.		
Group	Chesnara plc and its existing subsidiary undertakings.		
Group Centre	Parent Company operations of Chesnara plc.		
Group Own Funds	In accordance with the UK's regulatory regime for insurers, it is the sum of the individual capital resources for each of the regulated related undertakings less the book value of investments by the Group in those capital resources.		
Group SCR	In accordance with the UK's regulatory regime for insurers, it is the sum of individual capital resource requirements for the insurer and each of its regulated undertakings.		
Group solvency	Group solvency is a measure of how much the value of the Company exceeds the level of capital it is required to hold in accordance with Solvency II regulations.		

NOTE ON TERMINOLOGY

As explained in Note C to the IFRS Financial Statements, the principal reporting segments of the Group are:

CA	which comprises the original business of Countrywide Assured plc, the Group's original UK operating subsidiary; City of Westminster Assurance Company Limited, which was acquired by the Group in 2005, the long-term business of which was transferred to Countrywide Assured plc during 2006; S&P which was acquired on 20 December 2010. This business was transferred from Save & Prosper Insurance Limited and Save & Prosper Pensions Limited to Countrywide Assured plc on 31 December; and Protection Life Company Limited which was acquired by the Group in 2013, the long-term business of which was transferred into Countrywide Assured plc in 2014, as well as the portfolio of policies acquired from Canada Life on 16 May 2023 and reinsured into Countrywide Assured plc;
CASLP – 'SLP'	Sanlam Life & Pensions UK which was acquired on 28 April 2022. CASLP was dissolved by court order on 14 January 2025;
CL	Chesnara Life (UK) Limited (formerly HSBC Life (UK) Ltd) was acquired on 30 January 2026;
Movestic	which was purchased on 23 July 2009 and comprises the Group's Swedish business, Movestic Livförsäkring AB and its subsidiary and associated companies;
The Waard Group	which was acquired on 19 May 2015 and comprises two insurance companies; Waard Leven N.V. and Waard Schade N.V.; and a service company, Waard Verzekeringen B.V.; Robein Leven N.V. acquired on 28 April 2022; and the insurance portfolio of Conservatrix acquired on 1 January 2023; Waard Leven merged into Scildon on 1 July 2025 and Waard Vezekeringen was dissolved on 31 December 2025.
Scildon	which was acquired on 5 April 2017; and
Other Group activities	which represents the functions performed by the Parent Company, Chesnara plc. Also included in this segment are consolidation adjustments.

CAUTIONARY AND FORWARD-LOOKING STATEMENTS AND MSCI DISCLAIMER

Cautionary and forward-looking statements

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The climate metrics used in this document should be treated with special caution, as they are more uncertain than, for example, historical financial information and given the wider uncertainty around the evolution and impact of climate change. Climate metrics include estimates of historical emissions and historical climate change and forward-looking climate metrics (such as ambitions, targets, climate scenarios and climate projections and forecasts). Our understanding of climate change and its impact continue to evolve. Accordingly, both historical and forward-looking climate metrics are inherently uncertain and Chesnara expects that certain climate disclosures made in this document are likely to be amended, updated, recalculated or restated in the future.

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