



Chesnara

# CHESNARA ACQUIRES SCOTTISH WIDOWS EUROPE

# ANOTHER ACCRETIVE TRANSACTION WITH FUTURE CONSOLIDATION POTENTIAL



Increased cash generation	<ul style="list-style-type: none"><li>➤ Expected incremental cash generation of ~€250m over the lifetime of the policies held in the Scottish Widows Europe portfolio</li><li>➤ ~€100m occurring in first five years post-acquisition</li></ul>
Significant value creation for investors	<ul style="list-style-type: none"><li>➤ Acquired for €110m, at an attractive multiple of 64% of Eligible Own Funds</li><li>➤ Second material acquisition in the last 12 months with firepower to continue to execute on pipeline</li></ul>
New platform for future cross-border consolidation	<ul style="list-style-type: none"><li>➤ Attractive territory which broadens the opportunity set for future acquisitions</li><li>➤ Luxembourg market supports Chesnara's strategy of being a leading European life and pensions consolidator</li></ul>
Modern and scalable operating platform	<ul style="list-style-type: none"><li>➤ Closed life and pensions business led by an experienced management team</li><li>➤ Policy admin operation powered by leading European third-party technology provider</li></ul>
Maintain balance sheet strength and resilience	<ul style="list-style-type: none"><li>➤ Fully financed with available cash</li><li>➤ Pro-forma solvency ratio of 173%, above normal operating range and pro-forma leverage ratio expected to be in line with investment grade rating</li></ul>

# SCOTTISH WIDOWS EUROPE IS A CLOSED LIFE AND PENSIONS BUSINESS



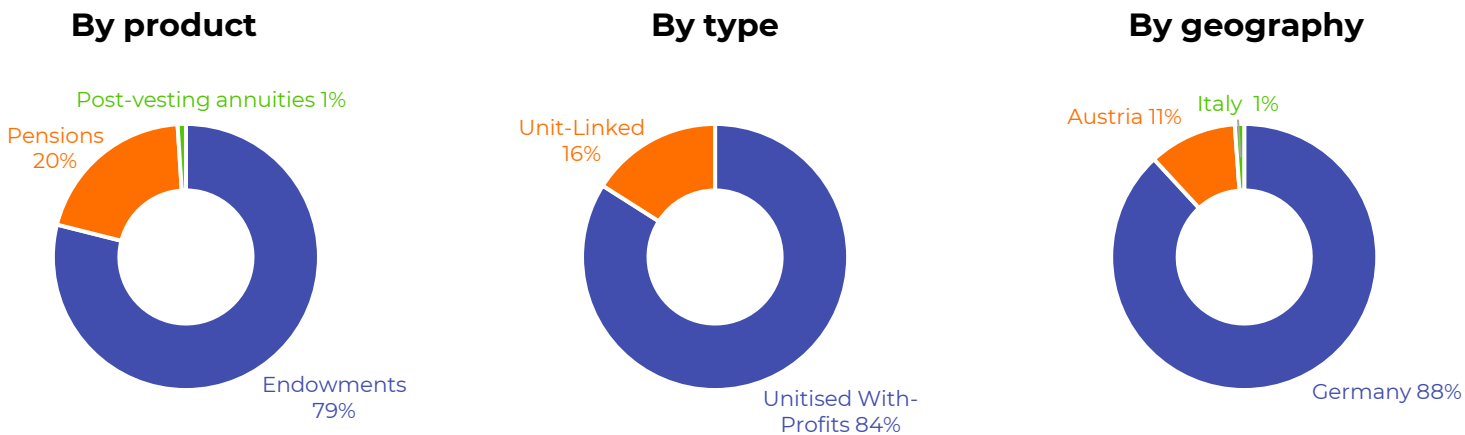
## OVERVIEW

- Operations based in Luxembourg with an experienced management team
- Products Cheshnara are familiar with and previously sold from UK into Europe
- Modern and scalable operating platform, creating leverage to grow the business through future M&A
- Policy admin operation powered by Lifeware, a leading European third-party technology provider
- Transaction is expected to close end 2026

## KEY METRICS



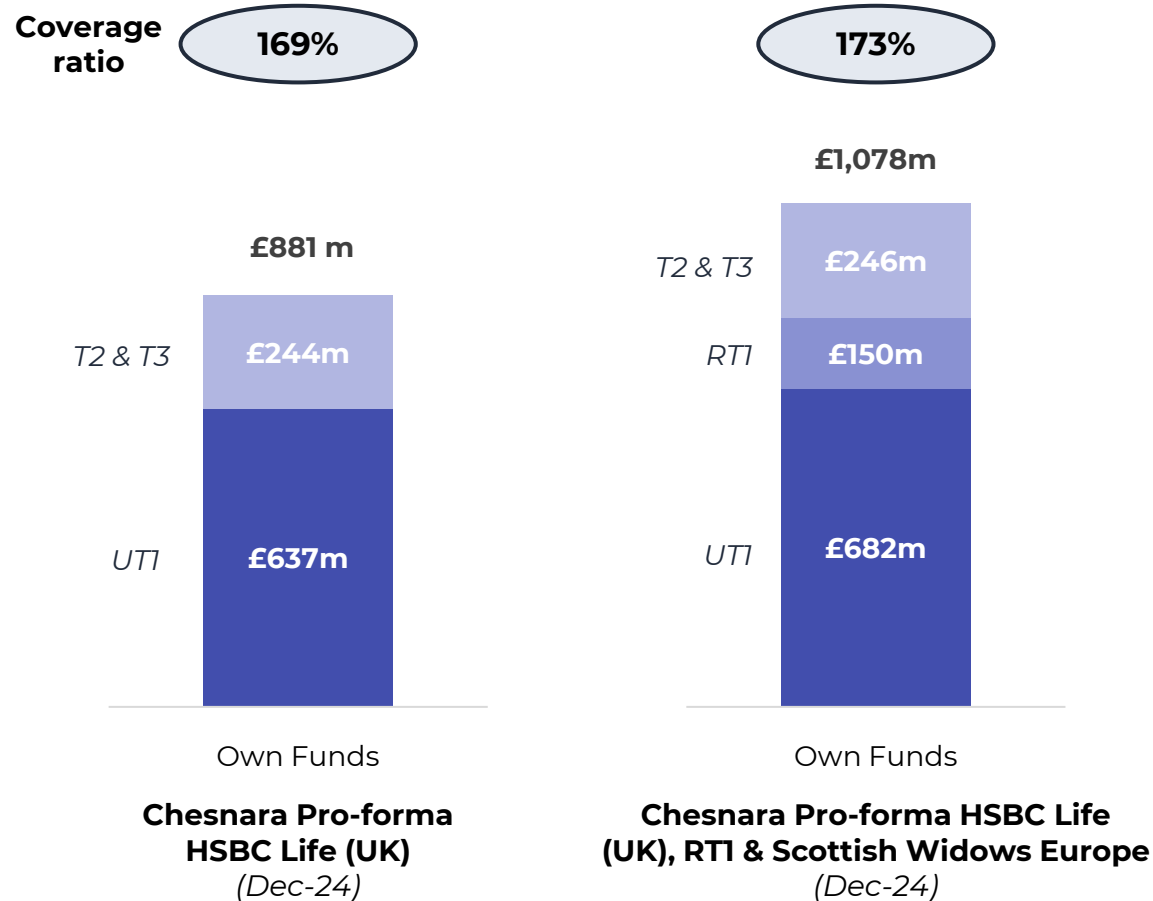
## AuA BREAKDOWN



# ROBUST BALANCE SHEET MAINTAINED POST ACQUISITION



## SOLVENCY



Our financial considerations for M&A remain consistent	Maintained through Scottish Widows Europe transaction?
<b>Solvency</b> Operating range of 140% to 160%	✓
<b>Leverage</b> Maintain our investment grade rating	✓
<b>Liquidity</b> Retain robust liquidity at group level	✓
<b>Acquisition capacity</b> Capacity to finance further transactions without external fundraising	✓

# LUXEMBOURG – ADDITIONAL MARKET WITH MULTIPLE FUTURE M&A OPPORTUNITIES



## Benefits of the Luxembourg Market

- Dedicated **insurance regulator** with a **strong supervisory framework**, in line with European directives
- **EU passport** allows insurers in Luxembourg to offer their services throughout the **European Single Market**
- **Cross border expertise in insurance** and access to a **highly qualified** talent pool

## Potential Consolidation Catalysts

- ✓ ~30 providers of life insurance
- ✓ Long tail of sub-scale insurance businesses
- ✓ Few incumbent consolidators

**AAA**

Rated by all three major credit rating agencies

**195%**

Average Solvency Coverage Ratio

**~€235bn**

Total Life Insurance Liabilities<sup>(1)</sup>

# AN ATTRACTIVE TRANSACTION BROADENING THE M&A OPPORTUNITY FOR CHESNARA



Enhancing group  
lifetime cash  
generation by  
~€250 million



Second material  
acquisition in the  
last 12 months  
creating value for  
investors while  
maintaining M&A  
firepower



Entry to attractive  
additional market  
providing access to  
local and cross-  
border  
consolidation  
opportunities



Modern, efficient  
and scalable  
operating platform  
with experienced  
local management  
team



Strengthens our  
position as a  
leading European  
life and pensions  
consolidator



# QUESTIONS

The background features two overlapping circles. The larger circle on the left is a dark green, and the smaller circle on the right is a lighter, lime green. The word 'APPENDIX' is centered horizontally and partially overlaps both circles.

# APPENDIX



# TRACK RECORD OF SUCCESSFULLY EXECUTING TRANSACTIONS WITH LARGE FINANCIAL INSTITUTIONS



UK	<b>City of Westminster Assurance</b> Life assurance and pensions solutions provider from Irish Life for £30m 2005 Entity	<b>Save &amp; Prosper Funds</b> Pension and life assurance provider for £63.5m 2010 Entity	<b>Direct Line Group</b> Direct Line Life Insurance, focused on non-linked products, for £39.3m 2013 Entity
	<b>Sanlam</b> Unit-linked business for £39m gaining c.80,000 policies, doubling UK AuA 2021 Entity	<b>canada life</b> Individual onshore protection business with 47,000 policies 2023 Portfolio	<b>canada life</b> Closed portfolio of unit-linked onshore bonds and legacy pension business with 17,000 policies 2024 Portfolio
			<b>HSBC Life</b> Specialist investment bond and life protection provider with 454,000 policies 2025 Entity
Europe	<b>movestic</b> Unit-linked pensions and savings business for £20m 2009 Entity	<b>Waard Groep</b> The Waard Group for £54m 2014 Entity	<b>Legal &amp; General Netherlands</b> / <b>SCILDON</b> Legal & General Nederland for £138m 2016 Entity
	<b>ARGENTA</b> Portfolio of life assurance business in run-off for £25m 2019 Portfolio	<b>brand new DAY</b> Insurance portfolio consisting of c.9,000 mainly term assurance 2021 Portfolio	<b>ROBEIN</b> Savings, mortgages and annuities provider for £13m 2021 Entity
			<b>Monuta</b> Term life and endowment portfolio of c.6,500 policies 2019 Portfolio
			<b>Conservatrix</b> Insurance portfolio for a group capital contribution 2022 Portfolio

# STRENGTHENING OUR EXISTING BUSINESS

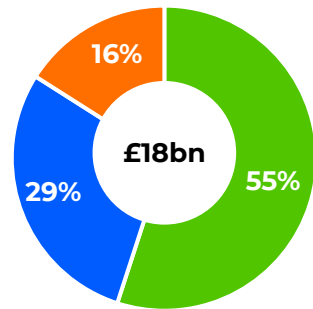


	Chesnara <sup>(1)</sup> Dec-24	Scottish Widows Europe Dec-24	Pro-Forma Chesnara Dec-24
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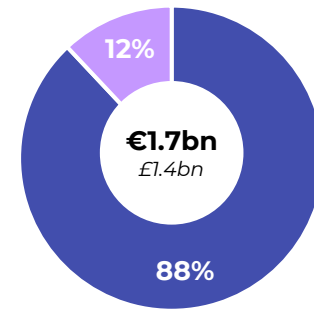
## AUA BY GEOGRAPHY

**Increases scale in Europe**

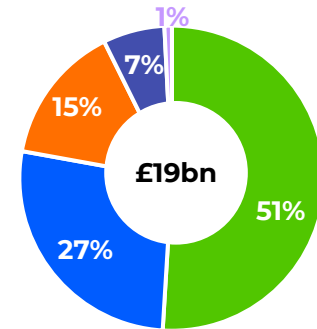
- UK
- Sweden
- Netherlands
- Germany
- Other <sup>(2)</sup>



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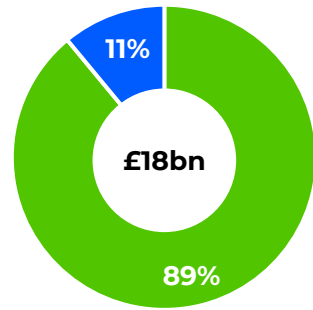
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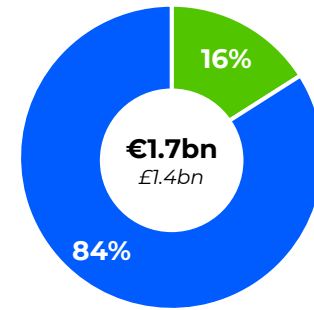
## AUA BY PRODUCTS

**Maintains overall focus on managing unit-linked products**

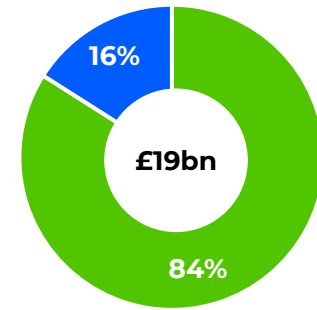
- Unit-linked
- Non-linked



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Notes: (1) Includes Chesnara and HSBC Life (UK). (2) Includes Austria and Italy

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