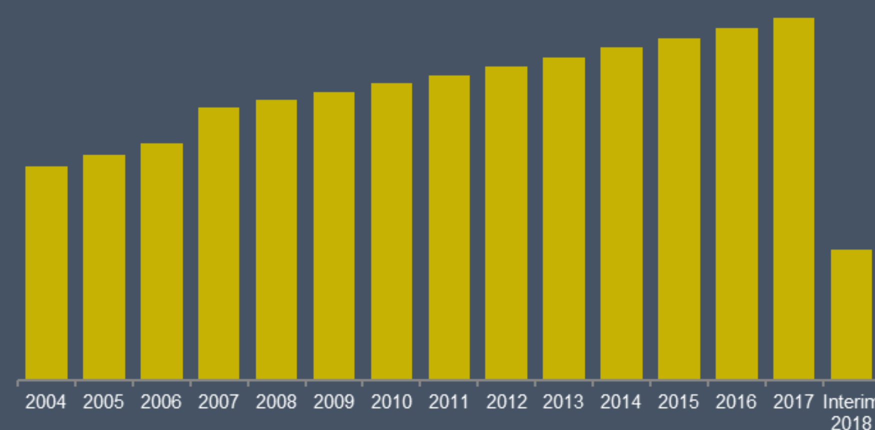
HALF YEAR RESULTS 2018

30 August 2018

Chesnara

Dividend track record continues



OVERVIEW - John Deane, Chief Executive

- Strategic delivery
- 2018 half year financial highlights
- 2018 half year operational & strategic highlights

BUSINESS REVIEW - John Deane, Chief Executive

- UK
- Sweden
- Netherlands
- Acquire life & pensions businesses

FINANCIAL REVIEW - David Rimmington, Group Finance Director

- Measuring our performance
- IFRS pre-tax profit & IFRS total comprehensive income
- Cash generation
- Solvency II
- Sensitivities
- Value movement in 2018
- Value growth

CONCLUSION & OUTLOOK - John Deane, Chief Executive

- Regulatory backdrop
- Future priorities

QUESTIONS

APPENDICES

- Historical data - headline results
- Historical data - dividend history

John Deane

Chief Executive Officer

OVERVIEW

During the first half of 2018, a period in which equity markets remained broadly unchanged, we continued to generate more than sufficient cash to fund the dividend strategy.

The strong 2017 results were most welcome as they reflected the benefits that can arise from successful acquisitions and from positive market conditions, but it is equally important that the business can generate sufficient cash in the absence of acquisitions and without assistance of economic tailwinds. Acquisition activity continues to take place in our target markets, with opportunities continuing to emerge.

01 MAXIMISE VALUE FROM EXISTING BUSINESS

£53.1m of divisional cash generation.

02 ACQUIRE LIFE AND PENSION BUSINESSES

We are well positioned to take advantage of market opportunities in a disciplined manner.

03 ENHANCE VALUE THROUGH NEW BUSINESS

New business profits from Movestic of £4.7m and £0.6m from Scildon.

CHESNARA CULTURE AND VALUES

- Group solvency has improved considerably from 146% to 157%
- We continue to focus on delivering good customer outcomes
- Continuing to apply the Chesnara governance and risk culture practices
- Ongoing constructive relationships with UK, Swedish, Dutch and Luxembourg regulators

Shareholder return: 3.00% interim dividend growth
Interim dividend increased by 3.00% to 7.21p per share (2017: 7.00p interim and 13.07p final).

IFRS

IFRS PRE-TAX PROFIT — £26.5M

SIX MONTHS ENDED 30 JUNE 2017 £51.6M

The 2017 result includes a £20.7m gain on acquisition of Legal & General Nederland.

IFRS TOTAL COMPREHENSIVE INCOME — £14.9M

SIX MONTHS ENDED 30 JUNE 2017 £53.8M

The 2018 result includes a foreign exchange loss of £6.9m (2017: gain £7.1m). The 2017 result includes a £20.7m gain on acquisition of Legal & General Nederland.

SOLVENCY

GROUP SOLVENCY — 157%

31 DECEMBER 2017 146%

We are well capitalised at both group and subsidiary level and under Solvency II have not used any elements of the long term guarantee package, including transitional arrangements.

ECONOMIC VALUE

ECONOMIC VALUE — £700.8M

31 DECEMBER 2017 £723.1M

Movement in the period is stated after dividend distributions of £19.6m and includes a foreign exchange loss of £16.4m.

ECONOMIC VALUE EARNINGS — £13.6M

SIX MONTHS ENDED 30 JUNE 2017 £105.8M

The 2017 result includes a non-recurring £65.4m gain arising on the acquisition of Legal & General Nederland.

CASH GENERATION

GROUP CASH GENERATION — £48.6M

SIX MONTHS ENDED 30 JUNE 2017 £(2.7)M*

The cash generation figures can be impacted by one-off items. The 2018 result benefits from a £26.8m release of surplus previously constrained in the UK with-profit fund. The 2017 comparison includes a £55.3m adverse effect of completing the acquisition of Legal & General Nederland.

** restated – for further detail see slide 17*

DIVISIONAL CASH GENERATION — £53.1M

SIX MONTHS ENDED 30 JUNE 2017 £54.8M

The 2018 result benefits from a £26.8m release of surplus previously constrained in the UK with-profit fund.

ECONOMIC BACKDROP

LIMITED EQUITY GROWTH, WEAKENING SWEDISH KRONA

A more subdued equity market performance in the period compared with the same period in 2017. Falling Italian bond values have adversely impacted Scildon investment performance. Swedish Krona has weakened against Sterling by 6.2% since the start of the year.

NEW BUSINESS PROFIT

NEW BUSINESS PROFIT

£5.3M

SIX MONTHS ENDED 30 JUNE 2017 £7.1M

DIVIDEND

INTERIM DIVIDEND INCREASE

3.00%

2017 2.94%

Interim dividend increased by 3.00% to 7.21p per share from 19.49p in 2016

17 IFRS 17

GROUP-WIDE IFRS 17 PROGRAMME IS PROGRESSING TO PLAN

The ‘impact assessment’ phase of the group and divisional IFRS 17 programme is in progress and is expected to complete in Q3. The multi-year design and implementation phase will begin later in 2018.

John Deane

Chief Executive Officer

BUSINESS REVIEW

The UK has continued to progress its objectives in line with plans – the customer strategy implementation plan continues to be delivered and the division remains focused on good governance of the business. The results for the period show strong cash generation and modest pre dividend Economic Value growth.

MAXIMISE VALUE FROM EXISTING BUSINESS

CAPITAL AND VALUE MANAGEMENT

INITIATIVES & PROGRESS IN 2018

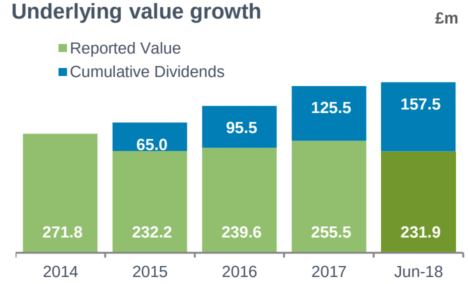
- EcV earnings of £8.4m in the period.
- Cash generation of £42.9m, including £26.8m from releasing trapped capital from the ring-fenced with profit funds.
- IFRS profit of £27.6m, including £8.6m arising from a refinement to the way policyholder tax obligations are reserved for.
- Results have benefitted from improvements in look-through of asset holdings, resulting in reduced required capital.

FUTURE PRIORITIES

- Continue to focus on initiatives to optimise the balance between value growth and surplus capital availability.

KPIS

Underlying value growth



CUSTOMER OUTCOMES

INITIATIVES & PROGRESS IN 2018

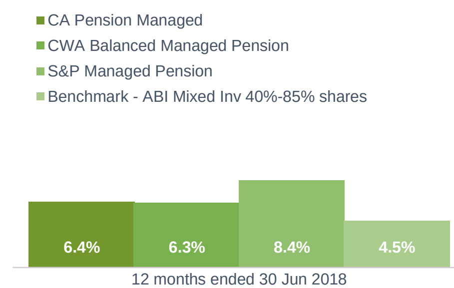
- Customer strategy implementation
- A refreshed Countrywide Assured website was launched during the period.
- Our Vulnerable Customer Strategy has been implemented.
- We have been progressing our 'goneaways' programme to help re-connect with our customers.
- Our main managed funds have out-performed benchmarks.

FUTURE PRIORITIES

- Implement and deliver updated customer communications.
- Deliver identified improvements to customer claims processes.
- Continue with customer 'goneaways' work.
- Implement the second phase of the CA website development, enhancing both engagement with customers and also their access to information.

KPIS

Policyholder performance



GOVERNANCE

INITIATIVES & PROGRESS IN 2018

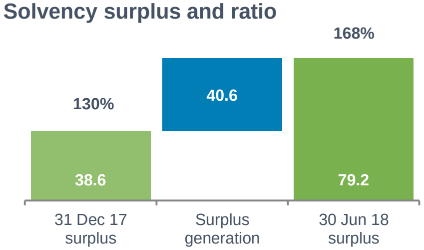
- The General Data Protection Regulation (GDPR) project was completed.
- The IFRS 17 project is underway, with the initial impact assessment expected to conclude in Q3.
- The FCA's investigation into the level of disclosure of exit charges to customers remains open. Full ongoing support has been provided to the FCA.

FUTURE PRIORITIES

- Ensure we continue to stay on top of the regulatory change agenda.
- Delivery of the IFRS 17 programme will continue and will require significant resource.

KPIS

Solvency surplus and ratio



REGULATORY UPDATE: FURTHER INSIGHTS AND CHESNARA CONTEXT

ISSUE	POSITION 28 MARCH 2018	POSITION 29 AUGUST 2018
FCA INVESTIGATION	We are continuing to work with the FCA on the investigation. All information requests issued by the FCA have been completed.	We have completed two further data requests and await feedback from the FCA.
	There is very little by way of published standards in relation to historical disclosure requirements. There are variations in the communications we issue because of the number of systems we operate, but we believe that our communications are generally consistent with prevailing industry standards.	No change.
CUSTOMER COMMUNICATIONS	We are on target with our project to developing our documentation and communications to meet the new forward looking standards set out in the final guidance issued by the FCA in November 2016.	We remain on target.

Movestic has delivered a positive set of results across key financial metrics. Its new business operation continues to add value to the group and assets under management growth supports the division in achieving its ambitions on scale. The division will continue to focus on its IT streamlining plans, which are anticipated to bring cost efficiencies and improvements in broker and policyholder experience.

MAXIMISE VALUE FROM EXISTING BUSINESS

CAPITAL AND VALUE MANAGEMENT

INITIATIVES & PROGRESS IN 2018

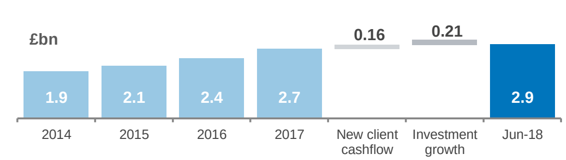
- EcV earnings of £10.6m.
- Cash of £10.6m has been generated, on constant exchange rates (£7.3m post forex retranslation).
- Assets under management have grown by 6.7%, on constant exchange rates.
- The transfer market remains intense, with transfers in 20% higher than transfers out.
- Embarked on an operational 'right-sizing' programme, designed to improve efficiencies and hence combat the impact of price pressure.
- The Krona has weakened by 6.2%, causing retranslation losses in EcV and cash generation.

FUTURE PRIORITIES

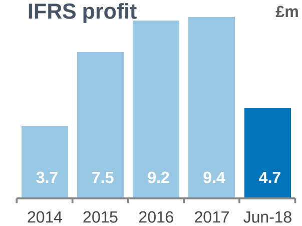
- Continue the journey of digitising and automating processes, with a view to improving both efficiency and control.
- Continue with the re-launch of risk and health business, including a new claims system being launched later in the year.

KPIS

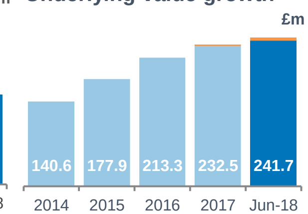
Growth in assets under management



IFRS profit



Underlying value growth



CUSTOMER OUTCOMES

INITIATIVES & PROGRESS IN 2018

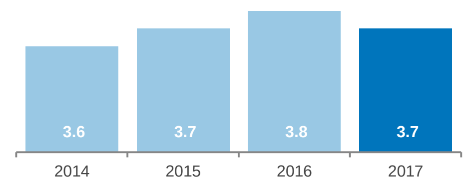
- Policyholder average investment return of 3.5% (H1 2017: 4.8%), ahead of the market average return of 2.6%.
- Fees have been lowered from 1 May to strengthen the customer proposition, in line with year end 2017 expectation.
- Introduced three new funds, thus improving the choice available to its customers.

FUTURE PRIORITIES

- Introduce a new fund switching process, expected to be delivered during the second half of the year.

KPIS

Broker assessment rating (0-5)



GOVERNANCE

INITIATIVES & PROGRESS IN 2018

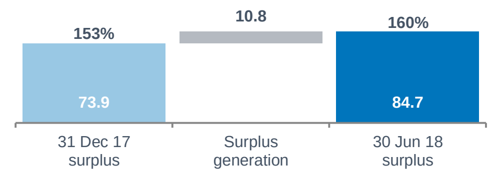
- The General Data Protection Regulation (GDPR) project was completed.
- Significant progress has been made on ensuring that the business is ready for the Insurance Distribution Directive.
- The IFRS 17 project is underway, with the initial impact assessment expected to conclude in Q3.

FUTURE PRIORITIES

- Complete plans to outsource IT operations with a view to increasing efficiency.
- Deliver compliance with the new Insurance Distribution Directive.
- Deliver IFRS 17 implementation plans.

KPIS

Solvency surplus and ratio



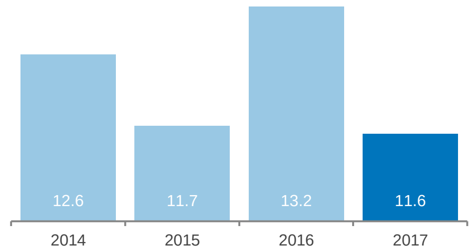
Movestic has had a positive 2018, with continued focus on writing new business within our target range creating value within the group.

ENHANCE VALUE THROUGH NEW BUSINESS

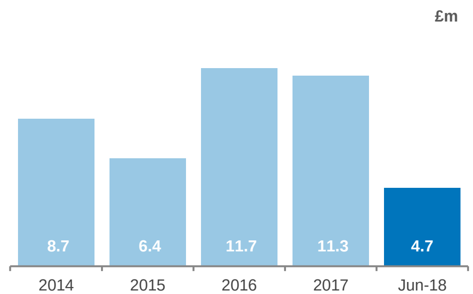
	INITIATIVES & PROGRESS IN 2018	FUTURE PRIORITIES
PROFITABLE NEW BUSINESS	• Operating within target market share range of between 10% and 15%. • Volumes of new contracts sold have decreased compared with the same period in 2017, although gross margin rates have improved. • Overall new business profits have reduced compared with the prior year, largely as a result of lower regular premium increments being received.	• Continue to focus on writing new business within our target range. • Ongoing digitalisation of processes to improve broker experience. • Focus on increasing brand awareness.

KPIS

Occupational pension market share %



New business profit



2018 has seen dividends payments from both Scildon and Waard. The integration of Scildon has continued in line with its improvement plan, with key steps including key organisational changes and the launch of its new mortgage term product, and in line with our expectations on acquisition, there remains further work to do.

Economic conditions in 2018 have impacted results; however, these results do not have any bearing on the ongoing view of the cash and profit potential from the Scildon business.

MAXIMISE VALUE FROM EXISTING BUSINESS

CAPITAL AND VALUE MANAGEMENT

INITIATIVES & PROGRESS IN 2018

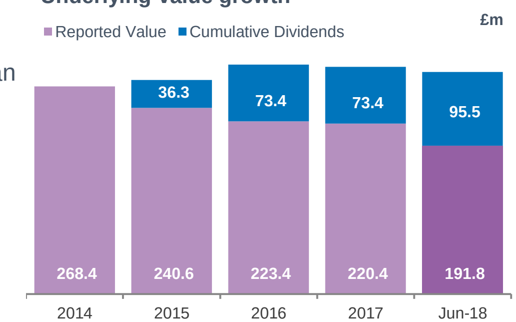
- Waard and Scildon paid dividends to Chesnara of £12.9m and £21.7m.
- Waard and Scildon ended the period with healthy solvency ratios of 602% and 228%.
- Developed a focused operational plan for Scildon to drive the improvements focusing on new business development, cost management and organisational structure.
- Continue to assess various acquisition opportunities.
- Aligned some functions between to the two Dutch divisions to provide operational efficiencies.

FUTURE PRIORITIES

- Continue dividends from both divisions to support the group dividend.
- Continuation of the Scildon improvement plan which will strengthen future cash generation and value growth.

KPIS

Underlying value growth



CUSTOMER OUTCOMES

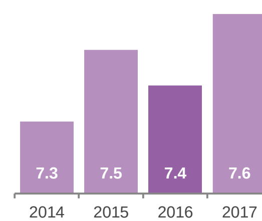
INITIATIVES & PROGRESS IN 2018

- Updated the Scildon service desk to create a better 'customer journey' for IFAs and consumers.
- Scildon awarded "Best occupational pension insurer" and "Best annuity insurer" for 2017 by the broker organisation, Adfiz.
- The annual performance research for consumers shows high scores.

FUTURE PRIORITIES

- Continuing to enhance and develop existing processes, customer experiences and the underlying infrastructure.
- Engage with brokers to support the development of our processes in conjunction with their requirements.
- Regular customer assessment, with the outcome used to improve service quality.

Client satisfaction rating



WINNAAR PARTICULIER LIJFRENTE

WINNAAR ZAKELIJK PENSIOEN

GOVERNANCE

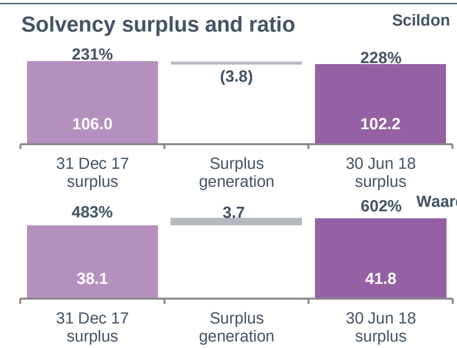
INITIATIVES & PROGRESS IN 2018

- Scildon has aligned the Chesnara governance and risk management frameworks.
- Scildon has strengthened its governance framework through changes in structure and personnel.
- The IFRS 17 project is underway for both companies, with the initial impact assessment expected to conclude in Q3.
- Implemented GDPR in both companies.

FUTURE PRIORITIES

- Further embed the governance and risk management framework.

Solvency surplus and ratio

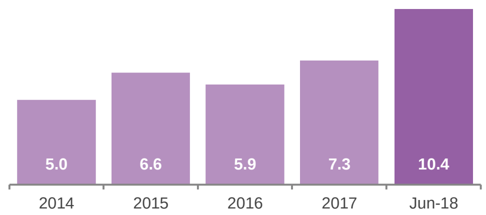


Development of the Scildon new business offering is a focus of the improvement plan, which has included the launch of a new mortgage term product in the first half of 2018.

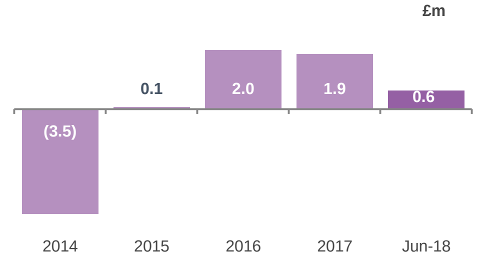
ENHANCE VALUE THROUGH NEW BUSINESS

	INITIATIVES & PROGRESS IN 2018	FUTURE PRIORITIES	KPIS
PROFITABLE NEW BUSINESS	• Scildon successfully launched a new mortgage term product towards the end of the period which was well received by the market. • Market share for the core protection business is at the top end of the 5-10% target range but we have further work to do to strengthen the proposition and reduce costs. • Updated the group pension offering to maximise value transfers and premium levels	• Management actions are planned as part of the two year improvement plans to generate a more commercially meaningful level of new business profit. • Deliver cost reductions whilst strengthening the proposition and maintaining market share.	See charts below

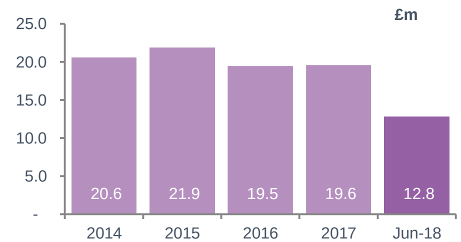
Term assurance market share %



New business profit



Scildon annual premium equivalent



Well considered and appropriately priced acquisitions maintain the effectiveness of the operating model, create a source of value enhancement and sustain the cash generation potential of the group.

HOW WE DELIVER OUR ACQUISITION STRATEGY

- Identify potential deals through an effective network of advisers and industry associates, utilising both group and divisional management expertise as appropriate.
- We primarily focus on acquisitions in the UK and Netherlands, although consider other territories should the opportunity arise.
- We assess deals applying well established criteria which consider the impact on cash generation and Economic Value under best estimate and stressed scenarios.
- We work cooperatively with regulators.
- The financial benefits are viewed in the context of the impact the deal will have on the enlarged group's risk profile.
- Transaction risk is minimised through stringent risk-based due diligence procedures and the senior management team's acquisition experience and positive track record.
- We fund deals with a combination of debt, equity or cash depending on the size and cash flows of each opportunity.

HOW WE ASSESS DEALS

Cash generation	–	Collectively our future acquisitions must be suitably cash generative to continue to fund the Chesnara dividend strategy.
Value enhancement	–	Acquisitions are required to have a positive impact on the Economic Value per share under best estimate and certain more adverse scenarios.
Customer outcomes	–	Acquisitions must ensure we protect, or ideally enhance, customer interests.
! Risk appetite	–	Acquisitions should normally align with the group's documented risk appetite. If a deal is deemed to sit outside our risk appetite the financial returns must be suitably compelling

ACQUISITION OUTLOOK

- In the UK, we have seen a continued gradual increase in closed book market activity.
- Regarding the Netherlands, we have also seen a gradual increase in market activity which we are well positioned to take advantage of.
- We continue to assess opportunities within Western Europe that are outside of Chesnara's current territories.
- The environment in which European life insurance companies operate continues to increase in complexity. We believe this will potentially drive further consolidation.
- Our financial foundations are strong and we have an established and stringent acquisition assessment model.
- In April 2018, we converted our existing debt arrangement with RBS into a syndicated facility.

David Rimmington

Group Finance Director

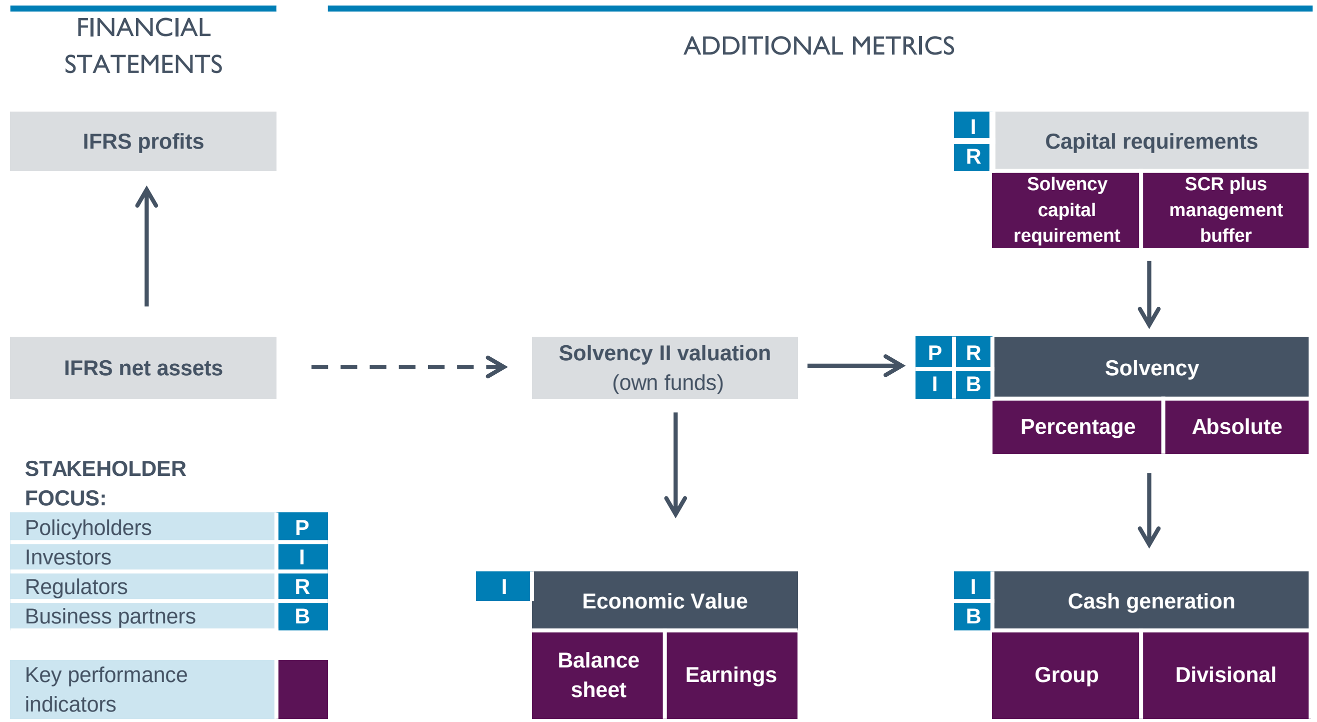
FINANCIAL REVIEW

Throughout the Half Year Report, we use measures to assess and report how well we have performed.

The range of measures is broad and includes many measures that are not based on IFRS.

The financial analysis of a life and pensions business also needs to recognise the importance of Solvency II figures, the basis of regulatory solvency.

In addition the measures aim to assess performance from the perspective of all stakeholders.



SOLVENCY

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).

ECONOMIC VALUE

Economic Value (EcV) is deemed to be a more meaningful measure of the long term value of the group and it generally approximates to Embedded Value reporting, which was used before the introduction of SII. In essence, the IFRS balance sheet is not generally deemed to represent a fair commercial value of our business as it does not fully recognise the impact of future profit expectations of long term policies.

EcV is derived from Solvency II Own Funds and recognises the impact of future profit expectations from existing business.

CASH GENERATION

Cash generation is a measure of how much distributable surplus has been generated in the period, which supports the ability of the group to pay its dividends. It is driven by the change in solvency surplus, taking into account board-approved capital management policies.

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Good pre-tax results for the group. Operating profits are the foundation of these results, demonstrating the strength and stability of the underlying business, offsetting the small economic loss which is driven by market conditions.

Headlines

- Group IFRS pre-tax profit of £26.5m (HY 2017: £51.6m).
- Operating result of £27.3m demonstrates the strength and stability of the underlying business.
- Economic loss of £0.8m (HY 2017: profit of £14.3m).
- TCI of £14.9m allowing for the forex loss of £6.9m (HY 2017: profit of £7.1m).

Stable core (CA & Waard)

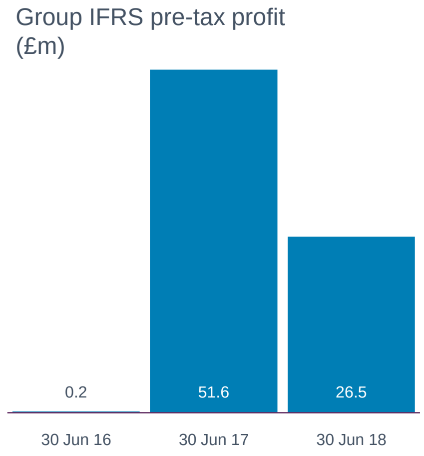
- Stable underlying core earnings benefitted from a one-off favourable gain of £8.6m, arising from the refinement of reserving approach in respect of tax charges on unrealised gains.

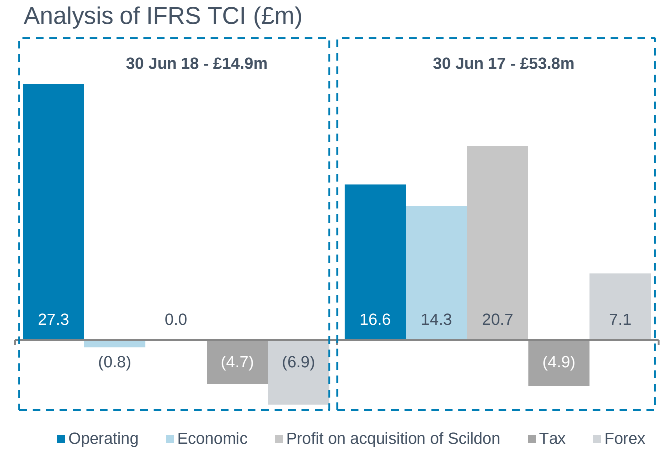
Variable element (S&P & Scildon)

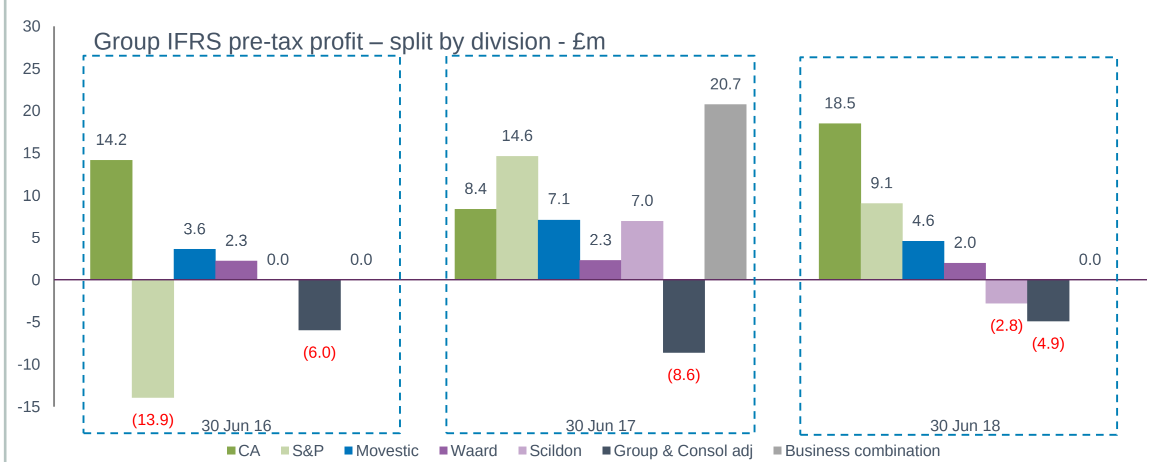
- S&P reduced year on year, due to economic market conditions being slightly less favourable period on period.
- Scildon has delivered a strong operating profit but has posted an overall loss due to the impact of losses incurred on Italian bond holdings. This impacts IFRS results due to an accounting mismatch, whereby assets are measured at fair value and insurance liabilities are valued using historical rates of interest, as permitted under IFRS 4 and as customary in the Netherlands.

Growth business (Movestic)

- Movestic profits have fallen slightly period on period, due mainly to lower fund performance fees and a fall in the profits generated by its associate, Modernac.





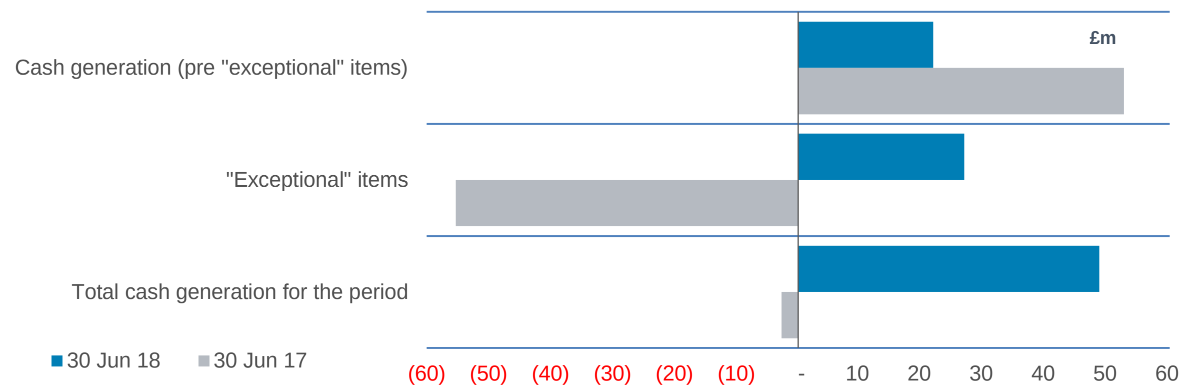


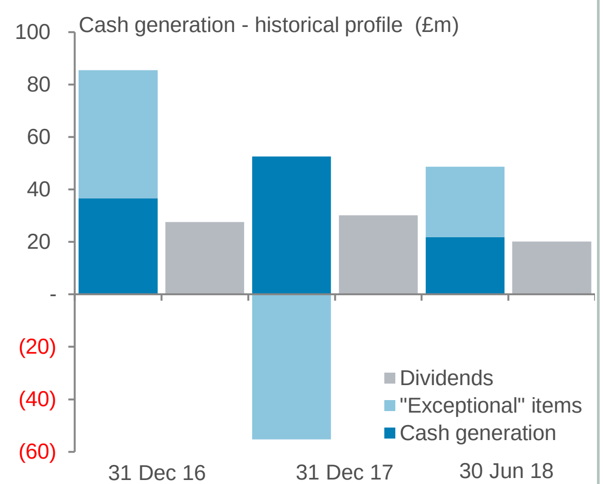
Group costs and consolidation adjustments

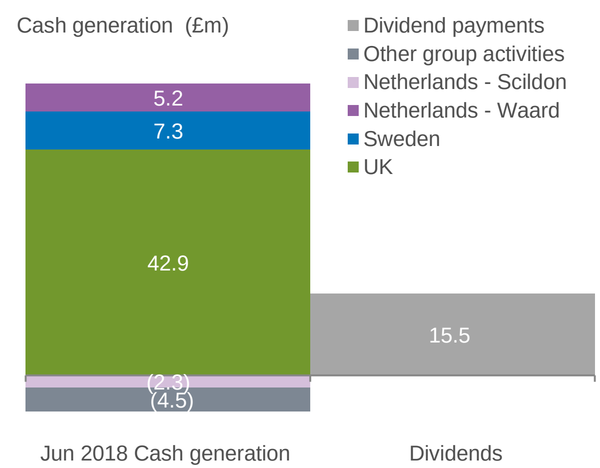
- This includes holding company expenses, foreign exchange movements on our euro denominated loan and consolidation adjustments. The primary reason for the reduction in the loss compared with the same period last year is that the 2017 result included a foreign exchange loss of £2.6m arising on the Euro loan due to a strengthening of the Euro in that period. The 2018 result includes a small gain of £0.6m in relation to this arrangement.

Strong cash generation in the UK has driven a total group cash result of £48.6m in the period, with supporting contributions from the overseas territories. Sufficient group cash has been generated in the year to date to cover the cost of last year's dividend.

- Cash generation continues to more than cover the 2017 dividend payment.
- 2018 includes the non-recurring benefit of a £26.8m capital extraction from the UK restricted with profit funds, whilst 2017 included the negative impact of the completion of the LGN acquisition (£55.3m). Excluding these, underlying group cash generation is £21.8m compared to £52.6m.
- UK remains the primary source of divisional cash.
- Waard continues to make a sizeable contribution.
- Scildon has reported a loss of £2.3m due to a reduction in own funds primarily due to economic losses from widening spreads on Italian government bonds.
- Movestic had a positive cash generation of £7.3m primarily due to own funds growth benefitting from the growth in equity markets offset by the resulting higher capital requirement and an exchange loss due to weakening Krona.
- Chesnara plc has £74.5m of cash and other highly liquid balances at 30 June 2018. Post dividend, Chesnara plc will have c£64m of cash balances which is more than sufficient to fund the remaining 2018 debt repayments of £7.7m and to support potential acquisition activity.





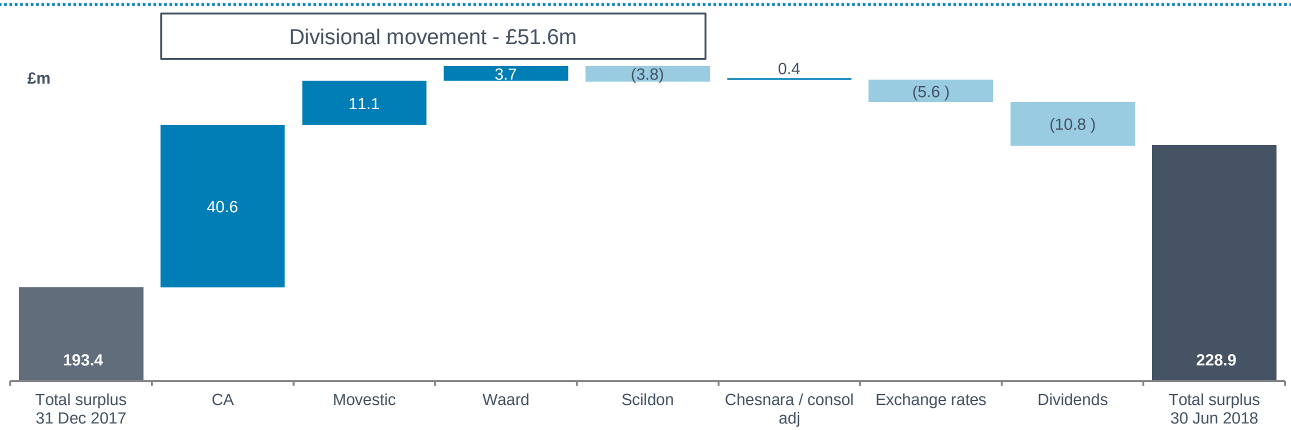


2018 outflow dividend payments are illustrative and are based on 50% of the 2017 dividends payment uplifted by 3%

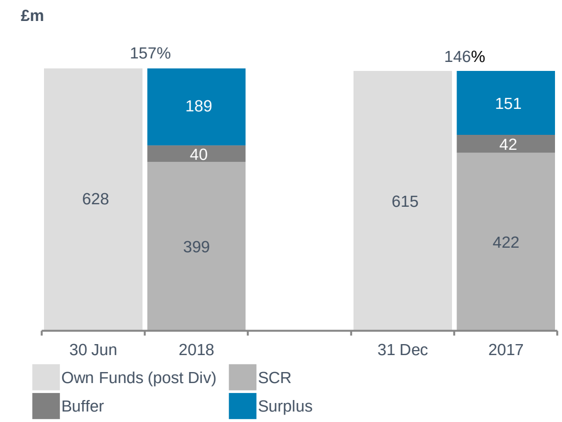
Cash generation HY 2017: A £48.9m one-off positive impact in respect of equity raised ahead of completion of the acquisition of LGN, was included in the 2016 result. We highlighted this as a temporary impact in our 2016 accounts. As expected, on completion, the 2017 result included a consequential negative impact of £55.3m. The end to end impact of the acquisition of LGN resulted in a day 1 surplus cash reduction of £6.4m. Our previously reported group cash generation of £46.2m for the six months to 30 June 2017 was reported on an adjusted basis. The 2017 comparative has subsequently been re-stated to reflect the reversal of the £48.9m positive equity raise impact and aligns the half-year result with the basis presented in our 2017 Annual Report and Accounts.

We are well capitalised at both a group and subsidiary level, and we have not used any elements of the long term guarantee package.

GROUP SOLVENCY SURPLUS GENERATION



GROUP SOLVENCY POSITION



INSIGHT

The below highlights key points in the year to date.

Surplus: The solvency position of the group has improved considerably from 146% to 157%. The group now has £189m of distributable surplus over and above the internal capital management policy, compared to £151m at the end of 2017.

Dividends: The closing solvency position is stated after deducting the £10.8m proposed interim dividend (31 December 2017: £19.6m proposed final dividend).

Own funds: Own funds have increased by £23.6m, before the impact of the interim dividend. A large contributor to this growth is a £26.8m capital extraction from the with-profit funds within the UK division. Additional own funds growth has been curbed by rising spreads which affected Scildon and the depreciating Swedish krona, which has caused a reduction in the Sterling value of the Swedish business.

SCR: The SCR has fallen by £22.7m so far this year. The key movements underlying this are reductions in equity risk, spread risk, currency risk and lapse risk.

DIVISIONAL SOLVENCY

	Jun 2018	Dec 2017
Business	**Post-Div**	**Post-Div**
CA	168%	130%
Movestic	160%	153%
Waard	602%	483%
Scildon	228%	231%

The table provides some insight into the immediate and longer term impact of certain sensitivities that the group is exposed to, covering solvency, cash generation and economic value

1. EcV tends to take the "full force" of adverse conditions whereas cash generation is often protected in the short term and to a certain extent in the longer term due to compensating impacts on our required capital.

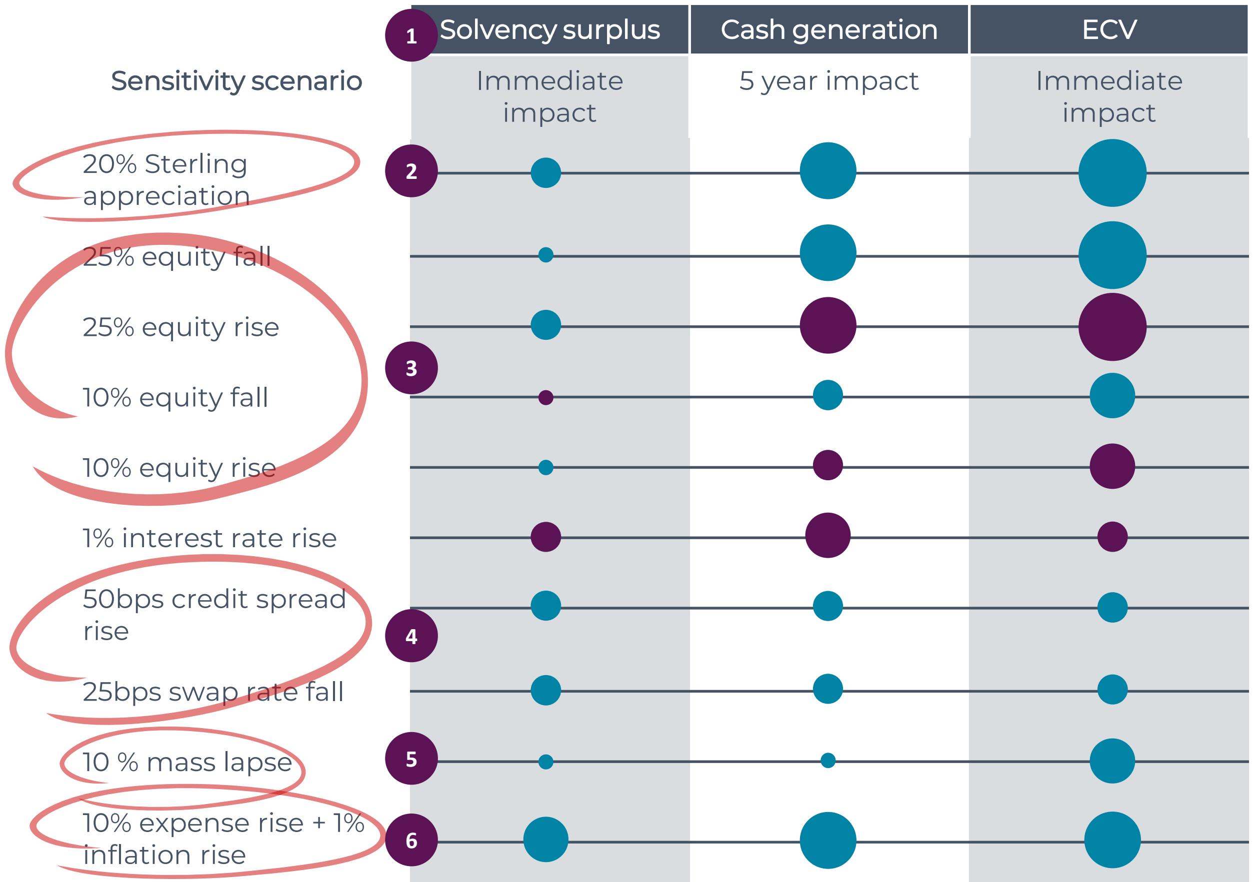
2. In the short term whilst there is an impact on solvency the more prominent impact is on the EcV.

3. The short term solvency is relatively insensitive to equity movements because the SCR tends to move to hedge the movement in own funds. The EcV impacts are more intuitive given the link between fund values and cash flows.

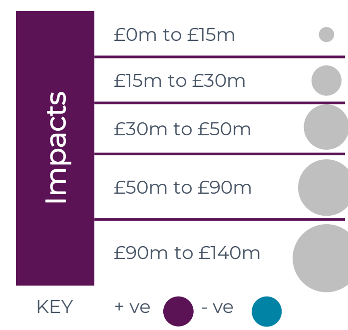
4. The acquisition of Scildon has introduced an increased exposure to credit spreads and swap rates.

5. There is only a small immediate impact on surplus as the reduction in own funds is negated by a reduction in SCR. However with fewer policies EcV is impacted as there is less potential for future profits.

6. The expense sensitivity hits the solvency position immediately as the increase in future expenses and inflation is capitalised into the balance sheet.



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

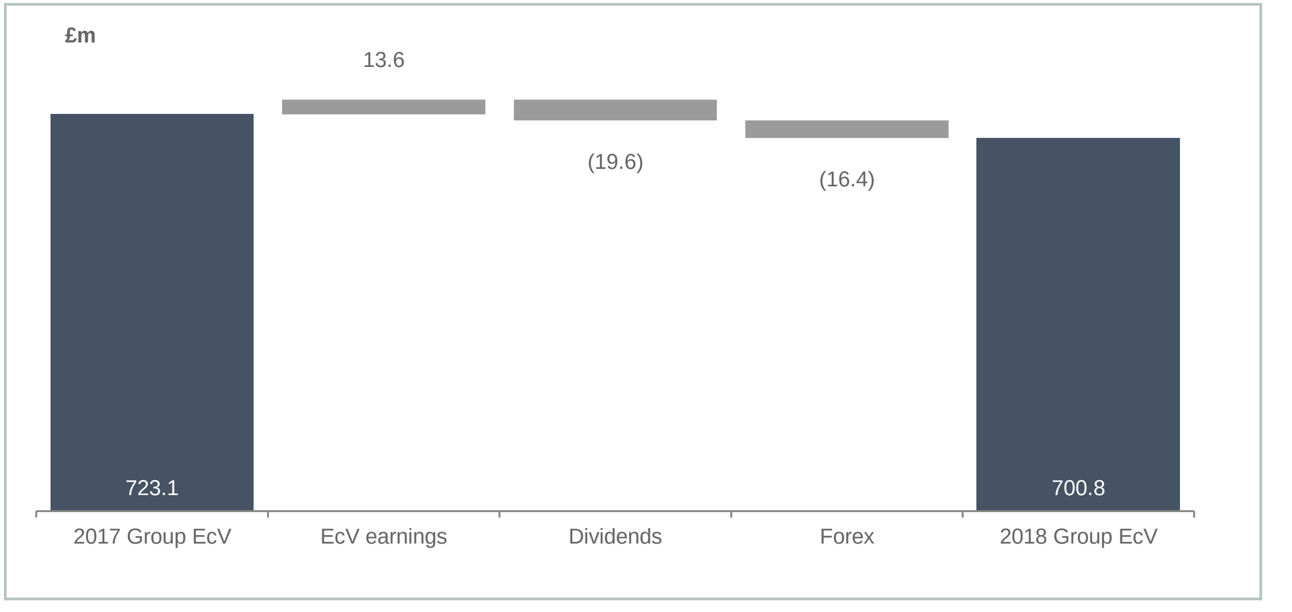


The group's EcV earnings of £13.6m in the period are largely driven by operating profits. Economic earnings have contributed less than in the prior period as a consequence of more muted equity market performance. EcV of the group also suffered a foreign exchange loss largely driven by strengthening of Sterling against the Swedish Krona.

The EcV earnings in the period of £13.6m includes underlying operating earnings of £9.6m (HY 2017: £10.1m) and economic earnings of £6.6m (HY 2017: £43.3m).

The growth in EcV during the period was negated by the 2017 dividend payment and adverse foreign exchange movements, primarily due to the weakening of the Swedish Krona.

Because Economic Value is derived from Solvency II, we expect EcV profits to align relatively closely to movements to Solvency II "Own Funds".



What is Economic Value?

- Own funds are deemed to underestimate the commercial value of Chesnara due to:
  - Contract boundaries
  - Excessive risk margin
  - Ring-fenced funds restrictions
- We have therefore adjusted our SII valuations for these items to create "Economic Value"
- Economic Value does not include any value for the companies capability to write new business or complete acquisitions in the future.

COMPANY HISTORY

2004

Chesnara is born. EEV of £126m.

2005

First acquisition. CWA adds £30m of EEV.

2009

Chesnara moves into Europe acquiring Movestic in Sweden. Group EEV now £263m.

2010

S&P acquired. Group AuM over £4bn.

2013

Direct Line's life assurance acquired end of 2014. Group EEV now above £400m.

2015

Expansion into the Netherlands. Waard Group acquired.

2016

Building on our entry to the Dutch market, we announce the acquisition of LGN.

2017

Completion of Legal & General Nederland acquisition, renamed Scildon, at a 32% discount to its EcV of £202.5m.

WHAT WE HAVE DONE

6

SUCCESSFUL ACQUISITIONS, INCLUDING LGN.

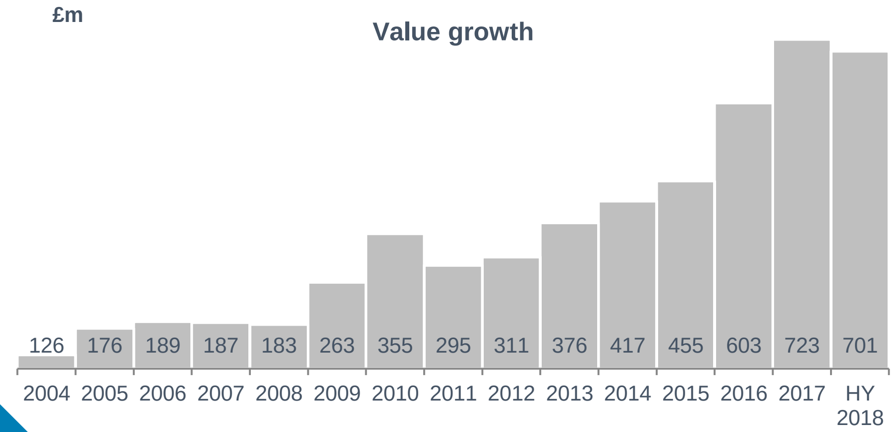
3

TERRITORIES

Our deals **demonstrate flexibility and creativity** where appropriate:
- Tactical "bolt-on" deals to more transformative deals
- Open minded regarding deal size
- Willingness to find value beyond the UK
- Flexible and efficient deal funding solutions
- Capability to find expedient solutions to de-risk where required

We are **not willing to compromise on quality, value or risk**. All deals have:
- been at a competitive discount to value
- satisfied our dual financial requirements of generating medium term cash and enhancing long term value
- been within Chesnara's risk appetite
- been subject to appropriate due diligence
- been either neutral or positive in terms of customer outcomes
- supported Chesnara's position as an income stock

OUTCOME



Value growth is achieved through a combination of efficient management of the existing policies, acquisitions and writing profitable new business. The growth includes c£151m of new equity since 2004 but is net of £267m of cumulative dividend payments.

John Deane

Chief Executive Officer

CONCLUSION & OUTLOOK

01 MAXIMISE VALUE FROM EXISTING BUSINESS

- FCA legacy review guidance implementation
- IFRS 17 implementation plans
- PRA clarification of capital requirements

02 ACQUIRE LIFE AND PENSION BUSINESSES

- Solvency II – review of published information
- Master Trust Regulation in the UK
- IFRS17 impact assessments
- Brexit impact increasing the number of Part VII applications and extending timelines
- Increasing governance and regulatory requirements especially in the UK market

03 ENHANCE VALUE THROUGH NEW BUSINESS

- General Data Protection Regulation (GDPR)
- Insurance Distribution Directive (IDD)

01 MAXIMISE VALUE FROM EXISTING BUSINESS

- Solvency II in action – focus on capital management opportunities.
- Continue to seek efficiencies that benefit our customers and shareholders.
- Continue the implementation of changes resulting from the final guidance from the Legacy Review.
- Focus on efficiency and expenses and the efficiency enhancements for Scildon.
- Share resources across the group where appropriate.

02 ACQUIRE LIFE AND PENSION BUSINESSES

- Continue to review market opportunities as they arise in our target territories.
- Maintaining our price and process disciplines.
- Solvency II – use of capital
- Impact of IFRS 17 on potential targets.
- Further develop our capability to undertake portfolio as well as company transfers.
- Ensure our abilities to undertake transfers of data from sellers systems is well understood in the market.

03 ENHANCE VALUE THROUGH NEW BUSINESS

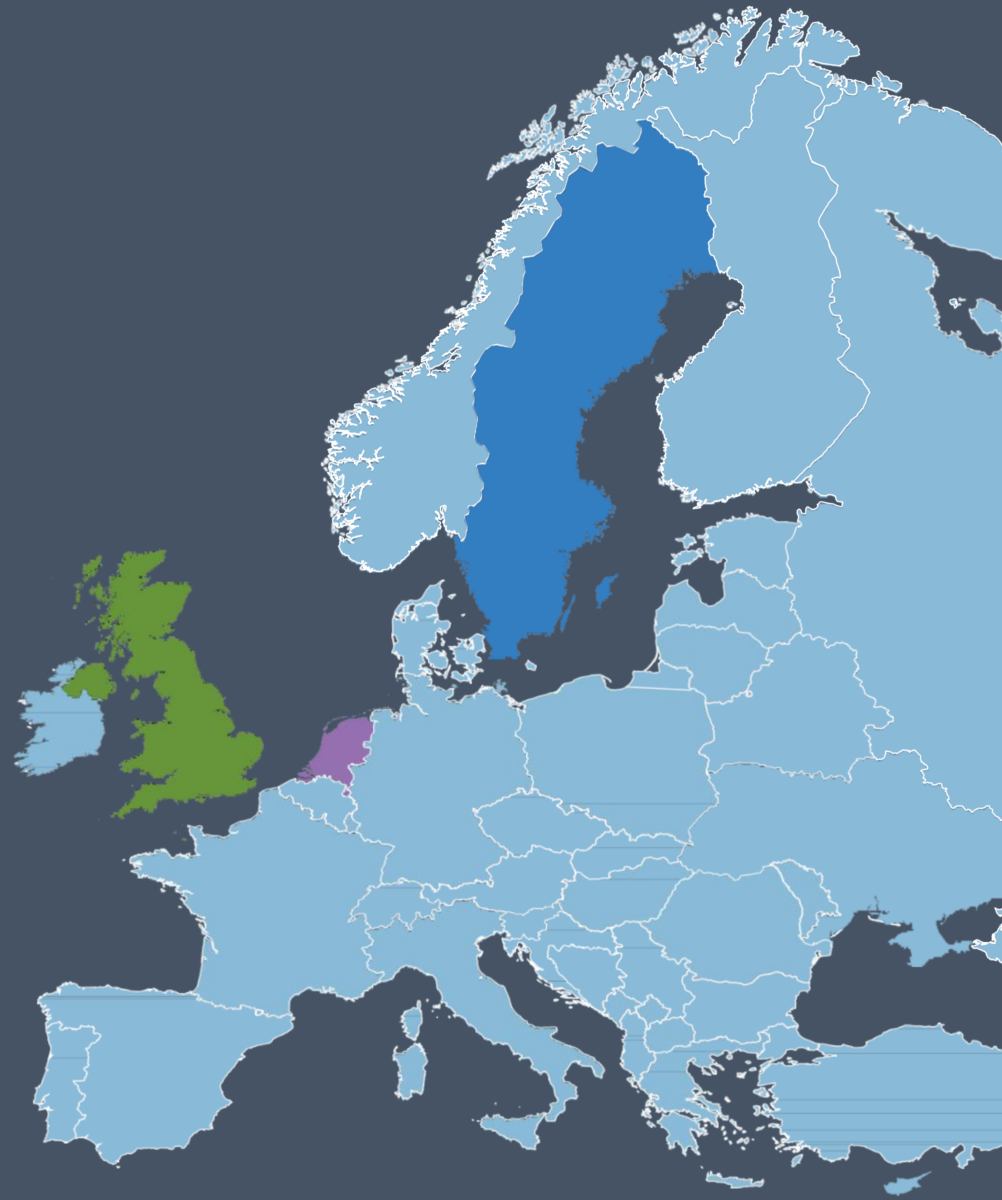
- Continue our work introducing improvements to the business processes and products in the Netherlands.
- Further develop our digital marketing to reflect consumer and broker changing habits.
- Greater use of digitalisation to provide enhanced value to customers and brokers.

CHESNARA CULTURE AND VALUES

- Deliver value to our customers through our continued focus on:
  - Customer service levels
  - Investment performance
  - Maintaining financial stability

Delivery on core strategic objectives drives shareholder value.

QUESTIONS



APPENDICES

APPENDICES: HISTORICAL DATA - HEADLINE RESULTS

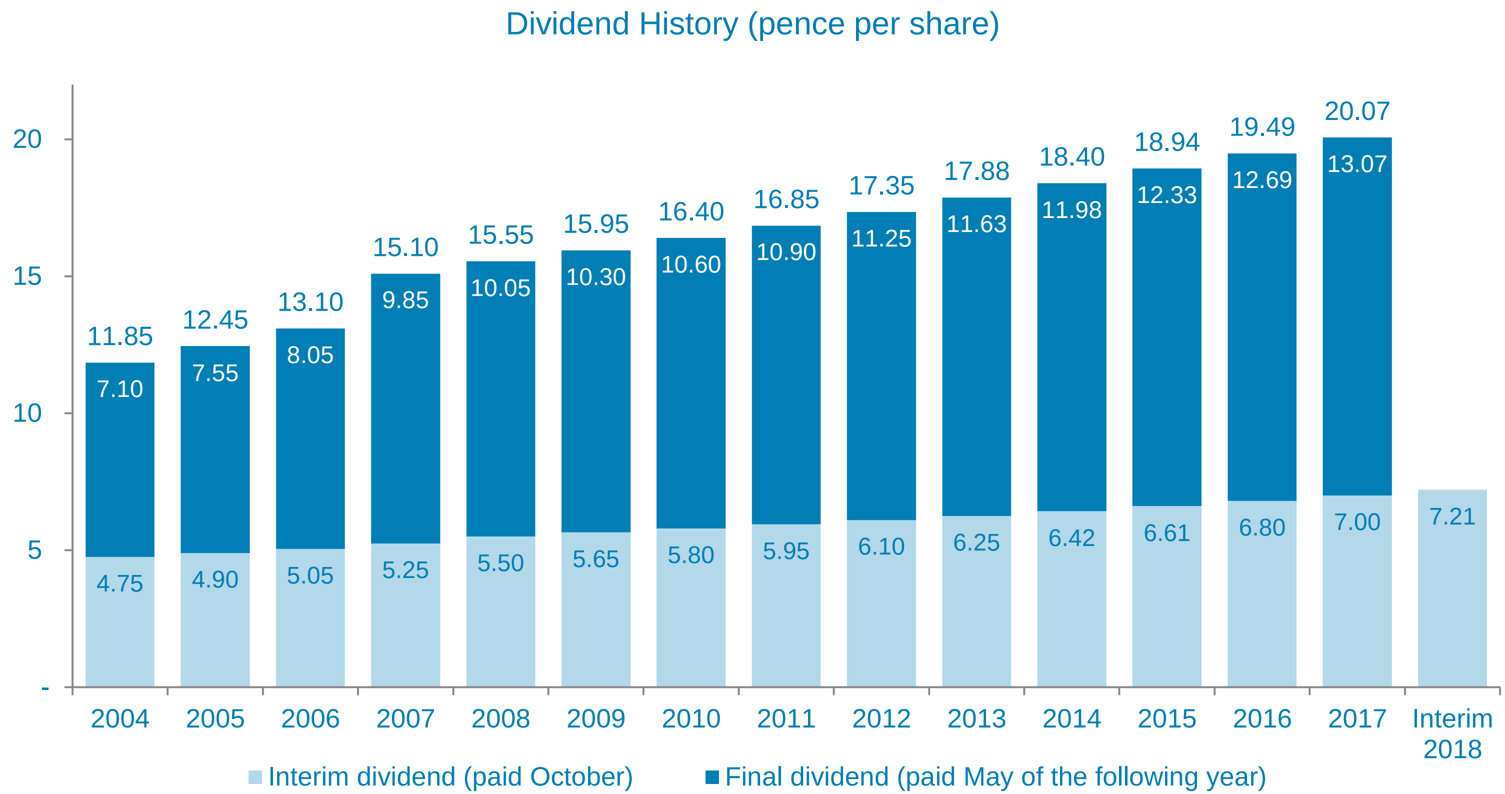
	Jun 18	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12
IFRS profit £m (pre-tax and exceptionals)	26.5	89.6	40.7	42.8	28.8	57.8	24.5
EcV / EEV profit / (loss) £m (after tax and exceptionals) [1]	13.6	139.5	72.5	57.5	44.2	82.7	31.2
EcV / EEV Shareholder equity £m [1]	700.8	723.1	602.6	453.4	417.2	376.4	311.1
Solvency II ratio (UK)[3]	168%	130%	128%	135%	n/a	n/a	n/a
Solvency II ratio (Sweden) [3]	160%	153%	140%	154%	n/a	n/a	n/a
Solvency II ratio (Netherlands - Waard) [3]	602%	483%	712%	597%	n/a	n/a	n/a
Solvency II ratio (Netherlands - Scildon) [3]	229%	231%	n/a	n/a	n/a	n/a	n/a
Solvency II ratio (Group) [2,3]	157%	146%	158%	146%	n/a	n/a	n/a

[1] *From the 1st January 2016 we have moved from reporting on an embedded value basis to an economic value basis.*

[2] *December 2016 Group solvency includes the impact of the capital raise and associated costs for the acquisition of LGN, removing this the ratio is 144%.*

[3] *All solvency ratios above are stated post dividiend*

APPENDICES: HISTORICAL DATA - DIVIDEND HISTORY



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