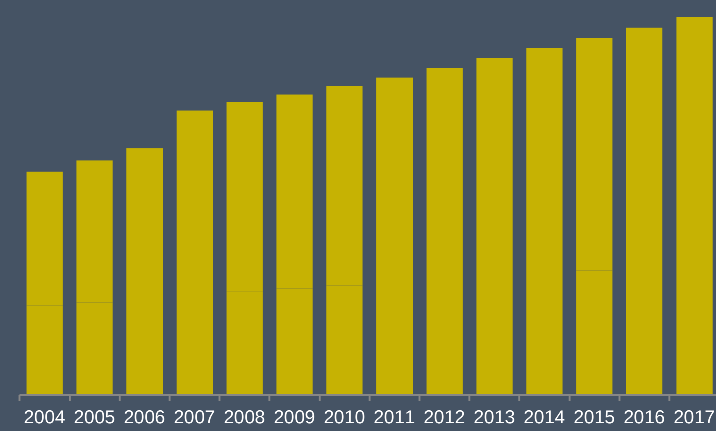
FULL YEAR RESULTS
2017

29 March 2018

Chesnara

Dividend track record continues



John Deane, Chief Executive - OVERVIEW
- Strategic delivery
- 2017 financial highlights
- 2017 operational & strategic highlights
- Impact of the Scildon acquisition

John Deane, Chief Executive – BUSINESS REVIEW
- Strategic objectives (including UK regulatory update)

David Rimmington, Group Finance Director – FINANCIAL REVIEW
- Measuring our performance
- IFRS pre-tax profit & IFRS total comprehensive income
- Cash generation
- Solvency II
- Sensitivities
- Value movement in 2017
- Value growth

John Deane, Chief Executive – CONCLUSION & OUTLOOK
- Regulatory backdrop
- Future priorities

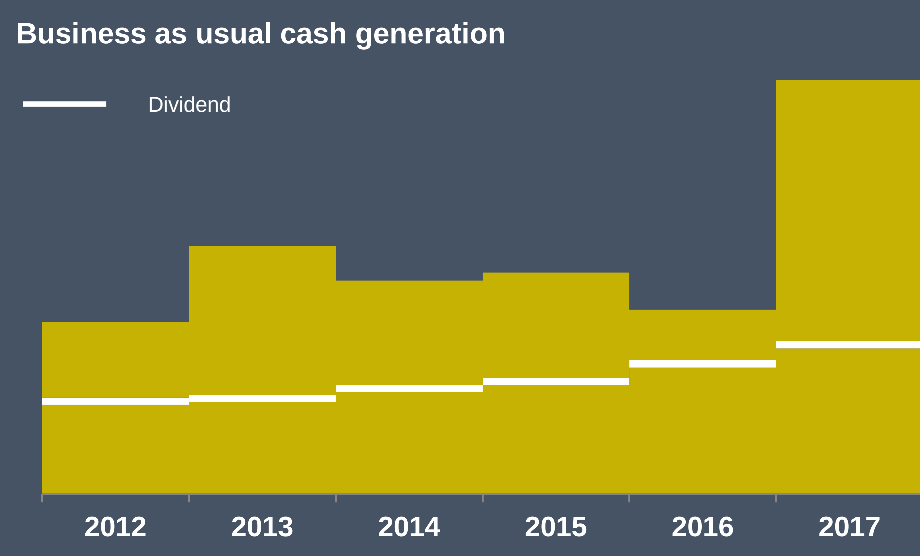
QUESTIONS

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

John Deane

Chief Executive Officer

OVERVIEW



During 2017 we have delivered against each of our core strategic objectives thanks to economic tailwinds, good operational delivery and a number of one-off movements including the successful completion of the acquisition of Legal & General Nederland. This has resulted in exceptional financial results which support the continuation of our dividend strategy and show continued Economic Value growth.

01 MAXIMISE VALUE FROM EXISTING BUSINESS

£86.7m of divisional cash generation representing 288% dividend cover.

02 ACQUIRE LIFE AND PENSION BUSINESSES

Acquisition of Legal and General Nederland (now Scildon) created a positive Economic Value impact of £65.4m

03 ENHANCE VALUE THROUGH NEW BUSINESS

New business profits from Movestic of £11.8m plus a modest full year new business profit of £1.9m from Scildon.

CHESNARA CULTURE AND VALUES

- Embedded governance maps across the group, and commenced governance map alignment within Scildon
- Group solvency remains strong at 146%
- Continued focus on treating customers fairly
- Maintained robust approach to regulatory compliance

Shareholder return: 2.98% full year dividend growth
Total dividend increased for the year 2.98% to 20.07p per share (2016: 19.49p).

IFRS

IFRS PRE-TAX PROFIT £89.6M
2016 £40.7M

The 2017 profit includes £20.3m gain on acquisition of Legal & General Nederland.

IFRS TOTAL COMPREHENSIVE INCOME £86.9M
2016 £55.4M

Includes foreign exchange gain of £8.3m (2016: £20.1m).

SOLVENCY

GROUP SOLVENCY 146%
2016 158% (144% excluding equity raise impact)

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 £723.1M
2016 £602.6M

Movement in the period is stated after dividend distributions of £29.5m. Includes gain on acquisition of Legal & General Nederland of £65.4m.

ECONOMIC VALUE EARNINGS £139.5M
2016 £72.5M

CASH GENERATION

GROUP CASH GENERATION £28.6M
2016 £85.4M

A £48.9m one-off positive impact, in respect of equity raised ahead of completion of the acquisition of Legal & General Nederland, was included in the 2016 result. We highlighted this as a temporary impact in our 2016 accounts. As expected, on completion, the 2017 result includes a consequential negative impact of £55.3m. This explains the large year on year swing on the headline group cash generation metric. The end to end impact of the Legal & General Nederland acquisition is to reduce cash generation by £6.4m.

DIVISIONAL CASH GENERATION £86.7M
2016 £34.3M

The acquisition of Legal & General Nederland was successfully completed on 5 April 2017, with a purchase price of €161m. All metrics include the impact of this acquisition which is further analysed on page 6.

ACQUISITIONS

COMPLETION OF LEGAL AND GENERAL NEDERLAND ACQUSITION

NEW BUSINESS PROFIT

NEW BUSINESS PROFIT

£12.4M

2016 £11.7M

ECONOMIC BACKDROP

EQUITY GROWTH, WEAKENING STERLING

Equity markets in all territories have performed positively during the year. The Swedish Krona and Euro have both strengthened against Sterling, resulting in positive exchange gains being reported in the period.

SOLVENCY

SOLVENCY II IN ACTION

As planned, we have continued to enhance our understanding of the Solvency II figures during the year. This has resulted in a number of changes to the SCR. These changes consist of positive capital management actions such as de-risking Scildon's shareholder assets, improved asset analysis in Movestic and model enhancements which ensure the SCR better aligns to our business.

DIVIDEND

FULL YEAR DIVIDEND INCREASE

2.98%

2016 2.94%

Total dividend has increased to 20.07p per share from 19.49p in 2016

DIVISIONAL DIVIDEND

TOTAL PROPOSED DIVISIONAL DIVIDENDS

£70.0M

The results during the year, combined with associated solvency positions, have enabled the divisions to propose total dividends to Chesnara of £70.0m. As expected, the UK business dividend of £32m continues to be the largest contributor but it is equally encouraging to see the Dutch businesses of Scildon and Waard propose dividends of £22.2m and £13.0m respectively. The fact that a growth business such as Movestic has proposed a dividend of £2.8m is also very positive.

Impact of the Scildon Acquisition

Cash generation

Positive future cash generation

Day 1 impact of (£6.4m)

CASH GENERATION

- Scildon has generated £16.2m of cash since acquisition
- Cash generation is expected to emerge from Scildon at levels which would more than cover incremental funding costs thereby creating a net positive impact on group cash
- The day 1 impact represents the 2016 & 2017 end-to-end impact of the acquisition and is in line with expectations

EcV increase of £65.4m

EcV

The increase in EcV represents the purchase price discount of 32% and equates to the difference between the purchase price of £137.6m and the acquired economic value of £203.0m

Solvency

Surplus increase of £4.7m

SOLVENCY

- In line with expectations, day 1 solvency surplus has increased by £4.7m after taking into account the equity de-risking impact of £12.7m
- The group solvency has remained broadly unchanged despite the acquisition having an adverse impact on the ratio.

Future positive new business generation

NEW BUSINESS

Profitable new business contribution of £1.9m for the full year with plans to increase volumes of new business to commercially meaningful levels in the medium term.

IFRS day 1 gain of £20.3m

IFRS

In line with the expectations, a one-off day one gain of £20.3m has been recognised which represents a bargain purchase under IFRS

John Deane

Chief Executive Officer

BUSINESS REVIEW

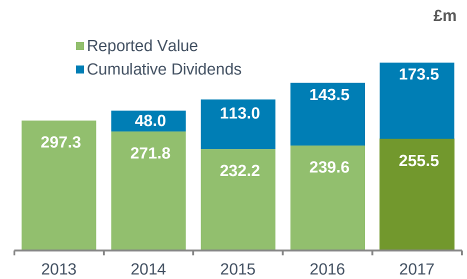
The division has delivered against its objectives. The customer strategy plan is on track and delivering tangible benefits to our customers and the division has continued to deliver strong financial results.

MAXIMISE VALUE FROM EXISTING BUSINESS

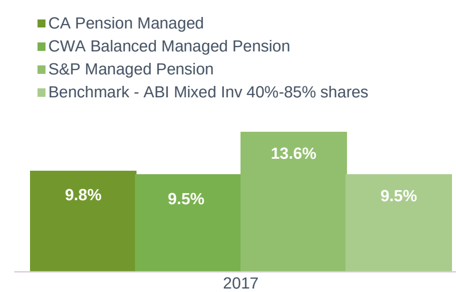
	INITIATIVES & PROGRESS IN 2017	FUTURE PRIORITIES
CAPITAL AND VALUE MANAGEMENT	- EcV growth of £45.9m (21.9%) driven by the positive investment market experience gains. - Cash generation of £34.5m, which includes £9.0m from the S&P with profit funds, while still ensuring suitable protection for with profits customers. - Successful embedding of our Capital Optimisation Advisory Group. - Changed the assets backing the with-profit funds, focusing on seeking the appropriate balance from a customer and shareholder perspective.	- Continue to identify, assess and subsequently deliver any appropriate actions associated with managing the solvency capital and valuation balance sheet of the division.
CUSTOMER OUTCOMES	- Designed a refreshed website ready for roll out in 2018. - Reviewed key customer communications in the context of new FCA guidelines, ready for going live in 2018. - Developed a refreshed product governance framework. - Continued our “goneaways” programme. - Fully supported the ongoing FCA investigation, having had seven separate information requests to date. - Implemented the 1% exit fee cap on all pension products where the policyholder is over 55.	- Roll out of a new Countrywide Assured website. - Deliver first wave of refreshed key customer communications. - Continue updated approach to performing product reviews. - Remain focused on delivering competitive fund performance.
GOVERNANCE	- Strong solvency position maintained. - Solid delivery of outsourced services. - Developed our General Data Protection Regulation (GDPR) readiness programme for implementation in 2018. - Delivered inaugural SII narrative reports. - Commenced IFRS 17 programme.	- Deliver GDPR plans within regulatory deadline of 25 May 2018. - Continue to support the FCA in its investigation. - Continue to deliver against multi year IFRS 17 implementation programme.

KPIS

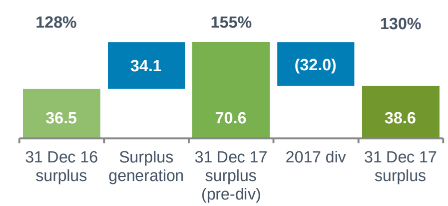
Underlying value growth



Policyholder performance



Solvency surplus and ratio



REGULATORY UPDATE: FURTHER INSIGHTS AND CHESNARA CONTEXT

ISSUE	POSITION AUGUST 2017	POSITION 28 MARCH 2018
FCA INVESTIGATION	We are continuing to work with the FCA on the investigation. All information requests issued by the FCA have been completed. 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 to deliver communications, including brochures and on-line content that has been tested with customers.

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. That said, the division is not complacent as the market remains price competitive, and the management team has a busy period ahead in delivering its ongoing digitalisation programme.

MAXIMISE VALUE FROM EXISTING BUSINESS

CAPITAL AND VALUE MANAGEMENT

INITIATIVES & PROGRESS IN 2017

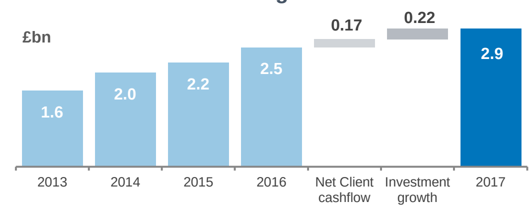
- Favourable equity market performance and further positive policyholder cash flows contribute to AuM growth of 15.7%.
- Economic Value growth of 10.9%.
- Cash generation at constant exchange rates of £22.1m.
- Optimising fee income by developing an investment fund.
- Mass lapse reassurance arrangement.
- Favourable life and health claims development in the year.

FUTURE PRIORITIES

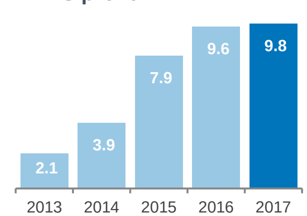
- Deliver against plans to continue to modernise and automate processes.
- Provide a sustainable and predictable dividend to Chesnara.
- Continue to focus on generating positive client cash flows .
- Optimise the pricing model to changing market conditions.
- Optimise the SCR.

KPIS

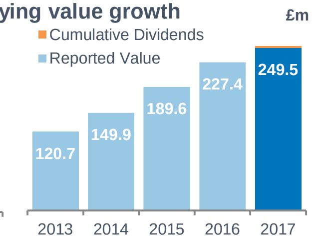
Growth in assets under management



IFRS profit



Underlying value growth



CUSTOMER OUTCOMES

INITIATIVES & PROGRESS IN 2017

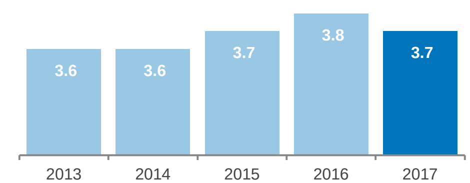
- Fund range development including improved sustainability rating.
- Competitive unit linked fund returns.
- Improved digital / web interfaces with end-customers and brokers.

FUTURE PRIORITIES

- Fund range development in line with customer and market requirements.
- Deliver competitive unit linked fund returns.
- Continue to improve efficiency and customer experience through digitalisation.

KPIS

Broker assessment rating (0-5)



GOVERNANCE

INITIATIVES & PROGRESS IN 2017

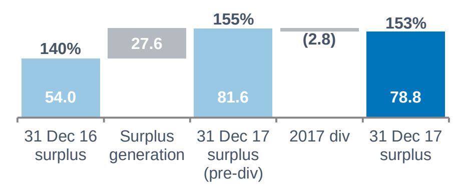
- Full compliance with Solvency II requirements, including the delivery of Pillar 3 reporting.
- Improved solvency.

FUTURE PRIORITIES

- Continue to deepen the understanding of the Solvency II dynamics.

KPIS

Solvency surplus and ratio



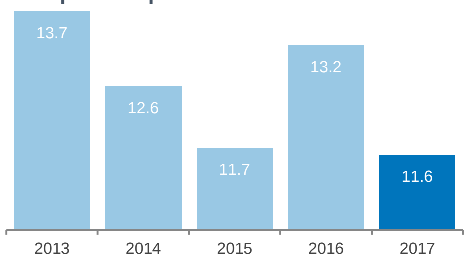
Movestic has had a positive 2017. With continued focus on writing new business within our target range creating value within the group.

ENHANCE VALUE THROUGH NEW BUSINESS

	INITIATIVES & PROGRESS IN 2017	FUTURE PRIORITIES
PROFITABLE NEW BUSINESS	- New business profits of £11.8m have been generated in the year. - Market shares continue to be within the target range, though there has been a fall in the year as a result of competitive pressure.	- Continue to focus on writing new business within our target range. - Ongoing digitalisation of processes to improve broker experience. - Focus on increasing brand awareness.

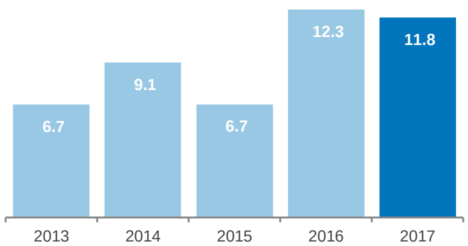
KPIS

Occupational pension market share %



New business profit

£m



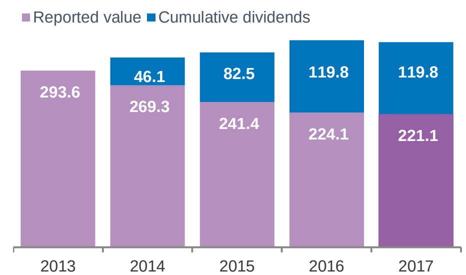
Both Dutch businesses have produced solid 2017 results and have strong solvency ratios, supporting dividend payments to Chesnara. 2018 will see further development of the Scildon business, with priorities include enhancing the profitable and scalable new business operations and refining the product offering and underlying processes to meet the needs and demands of the market.

MAXIMISE VALUE FROM EXISTING BUSINESS

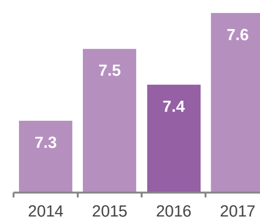
	INITIATIVES & PROGRESS IN 2017	FUTURE PRIORITIES
CAPITAL AND VALUE MANAGEMENT	- EcV growth of £17.1m, consisting of £5.1m for Waard and £12m for Scildon since acquisition. - Cash of £25.3m has been generated, with £10.5m from Waard and £14.8m from Scildon, on constant exchange rates. - Equity de-risk in Scildon post acquisition. - Removal of guarantees on new business.	- Two year programme to strengthen future cash generation and value growth: • Process and value for money improvements. • Continuation of existing IT infrastructure developments. • Enhancing new business profitability and launching appropriate products. • Continual assessment of the business model to ensure balance between returns and solvency.
CUSTOMER OUTCOMES	- Scildon received 2017 awards for “Best occupational pension insurer” and “Best annuity insurer” and came 2nd place for term insurance. - Annual performance research for consumers shows high scores. - Replacement of non-performing funds.	- Consider broker requirements in the development of our processes. - Perform a customer assessment to improve quality of service. - Introduce on-line chat function, improve website navigation and improvements in presentation of information.
GOVERNANCE	- Healthy solvency ratios for Waard and Scildon of 483% and 231% respectively, after the proposed 2017 final dividend payments. - Alignment of Scildon governance and risk management frameworks to Chesnara group practices. - New CEO and CFO appointments in Waard and Scildon.	- Full alignment and integration of the local governance routines and processes to the Chesnara group Governance Map where appropriate.

KPIS

Underlying value growth £m



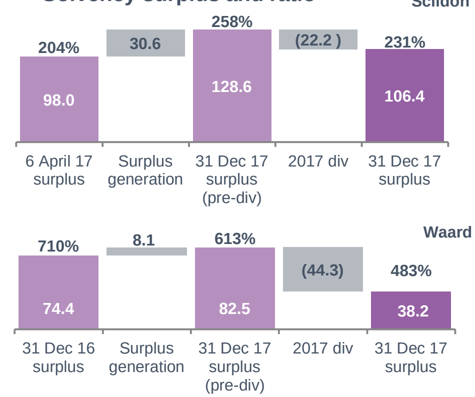
Client satisfaction rating



WINNAAR PARTICULIER LIJFRENTE

WINNAAR ZAKELIJK PENSIOEN

Solvency surplus and ratio



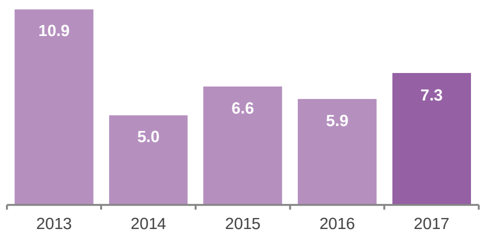
The completion of the Scildon acquisition brings a 'New business profit' dimension to the business model in the Netherlands. Scildon is a well-established profitable player in the term market, the current market leader in unit-linked savings with transparent products and is a challenger brand in the Dutch defined contribution pension insurance market.

ENHANCE VALUE THROUGH NEW BUSINESS

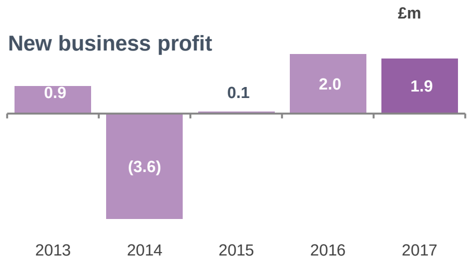
	INITIATIVES & PROGRESS IN 2017	FUTURE PRIORITIES
PROFITABLE NEW BUSINESS	- 2017 new business profits of £1.9m. - Successful rebrand of the Legal & General Nederland business to Scildon, with no apparent adverse impact on new business levels or broker support, as shown by levels of Annual Premium Equivalent remaining consistent. - Core protection business market share within our 5-10% target range.	- Plans to generate more commercially meaningful levels of new business profit over the next two years through smart process changes. - Implement identified improvement opportunities to new business processes to increase protection market share to the top of the 5-10% target range. - Continued focus on protection whilst increasing assets under management for pension business and remain market leading in the growing unit-linked market.

KPIS

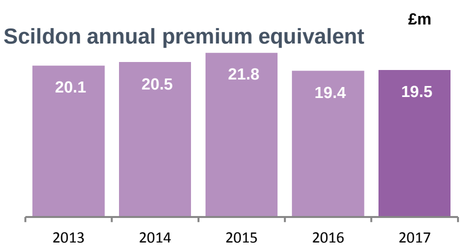
Term assurance market share %



New business profit



Scildon annual premium equivalent

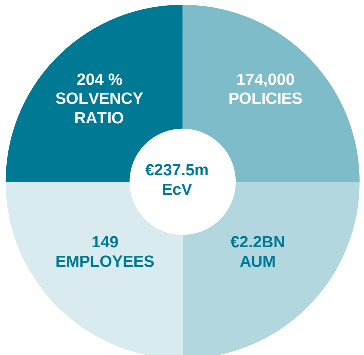


On 5 April 2017 we completed the acquisition of Legal and General Nederland (subsequently renamed Scildon). The completion of Scildon, which had an economic value of €237.5m at the point of acquisition, results in the Group having 39% of its Economic Value in the Netherlands. This acquisition continues our acquisition strategy in the Netherlands. We believe this deal leaves us with sufficient scale and presence to progress further value adding deals in the Dutch market.

SCILDON ACQUISITION

About Scildon:

- Award winning specialist insurer in the Netherlands.
- Predominantly individual protection and savings contracts.
- Writes new business and sells protection, individual savings and group pensions.
- Well-capitalised, with a solvency ratio of 204% at acquisition. It applies the standard formula with no transitional measures.



Impact on the group:

FINANCIALS	– See slide 6
CUSTOMER OUTCOMES	– Continuity of Scildon's operating model will ensure existing high quality customer outcomes are not compromised.
RISK APPETITE	– The risks associated with Scildon align with the appetite of the Chesnara group following the equity de-risk activity. – Our integration plans include bringing Scildon within the group's risk management framework.
POLICY NUMBERS	– Scildon's 177,000 policies at 31 December 2017 result in the group now managing a policy base of over 1.1m, of which 27% are in the Netherlands.
INTEGRATION	– Integration plans progressing well, with equity de-risk programme completed. See slides 12 and 13 "Netherlands Business Review" for further information on integration.

ACQUISITION OUTLOOK

- Scildon contributes positively to the acquisition outlook due to increased scale and presence in the Netherlands.
- In the UK we have seen a gradual increase in closed book market activity.
- The environment in which European life insurance companies operate continues to increase in complexity. For example, "IFRS 17 Insurance Contracts" was issued during 2017. We believe additional complexity potentially drives further consolidation.
- Chesnara is a well-established life and pensions consolidator with a proven track record and our financial foundations are strong. We believe our operating model has the flexibility to accommodate a wide range of potential target books. Our good network of contacts in the adviser community, who understand the Chesnara acquisition model, ensures we are aware of most viable opportunities in the UK and Western Europe. We are confident that we are well positioned to continue the successful acquisition track record in the future.
- We have been working closely with our current debt provider, RBS, to convert our existing debt arrangement into a syndicated facility to provide access to higher levels of debt financing from a wider panel of lenders, which in turn will enable us to fulfil our appetite of financing future deals up to the maximum levels of gearing set out in our debt and leverage policy.

David Rimmington

Group Finance Director

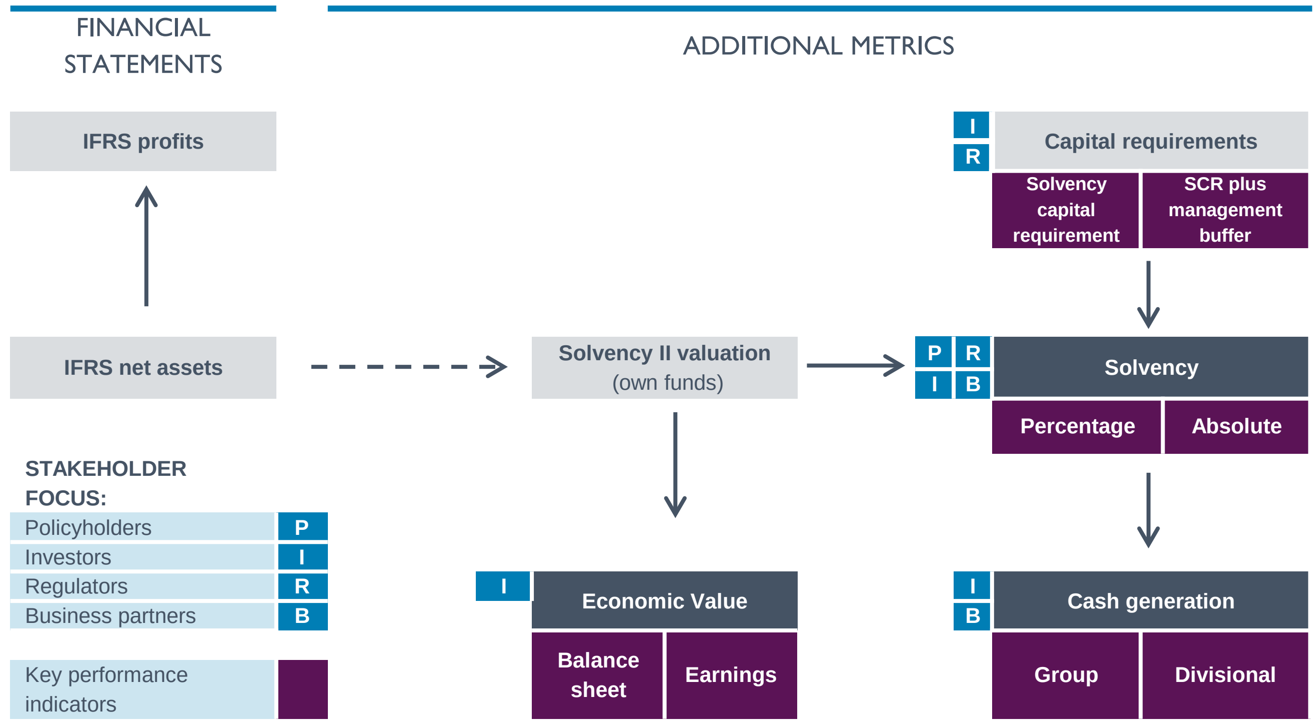
FINANCIAL REVIEW

Throughout this presentation, 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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Strong pre-tax results across all segments. All territories have delivered results ahead of 2016, supported by positive equity markets. The results include a one-off gain of £20.3m relating to the acquisition of Legal and General Nederland.

Headlines

– Economic profits of £30.9m (2016: £5.8m).

– Operating result of £38.4m demonstrates the strength and stability of the underlying business.

– TCI benefits from a £8.3m forex gain (2016: £20.1m).

Stable core (CA & Waard)

– Stable core earnings of £34.3m (2016: £34.5m).

Variable element (S&P & Scildon)

– S&P increases on prior year with the impact of positive equity markets.

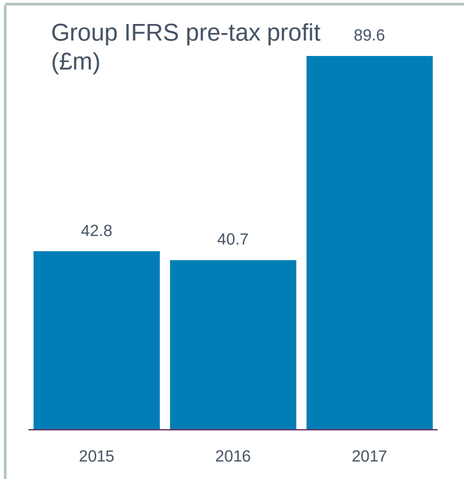
– Variability of Scildon is primarily due to an accounting mismatch that arises from its IFRS accounting policies. The IFRS profit has limited commercial relevance and likewise neither would an IFRS loss (which would arise if non linked asset values declined).

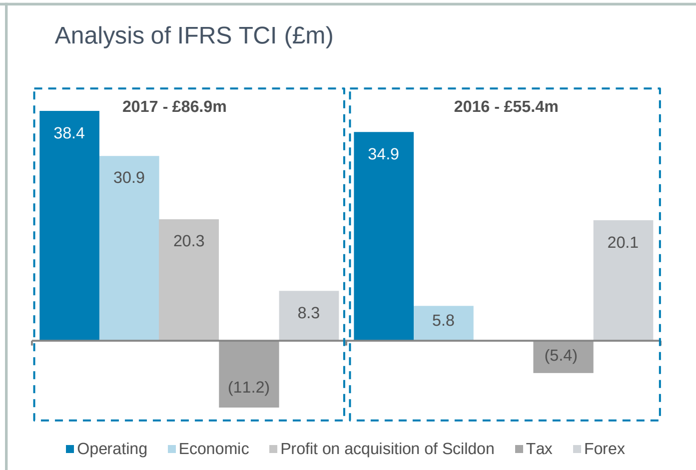
Growth business (Movestic)

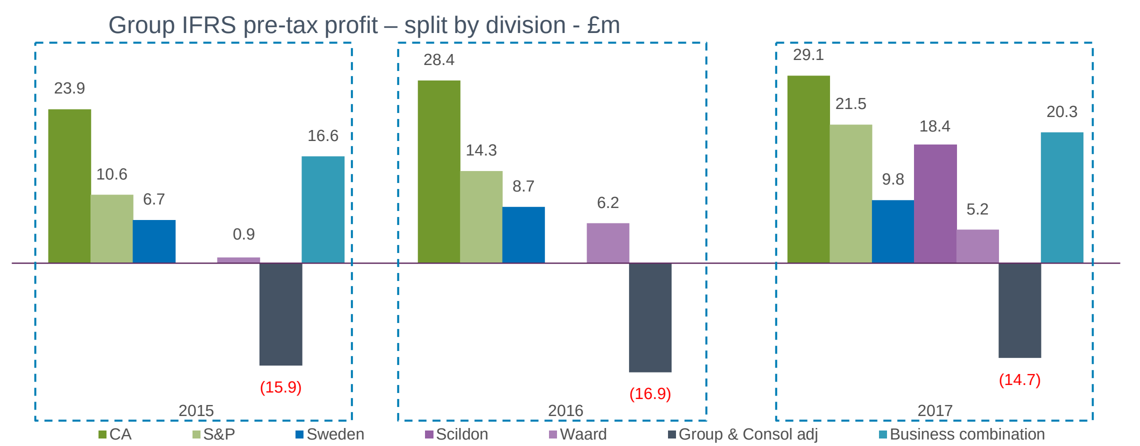
– Movestic profits continue to grow despite c£3.2m intangible asset write off in the year.

Group costs

– Central recurring overheads and debt interest plus a one-off IFRS project provision and an FX currency retranslation loss.

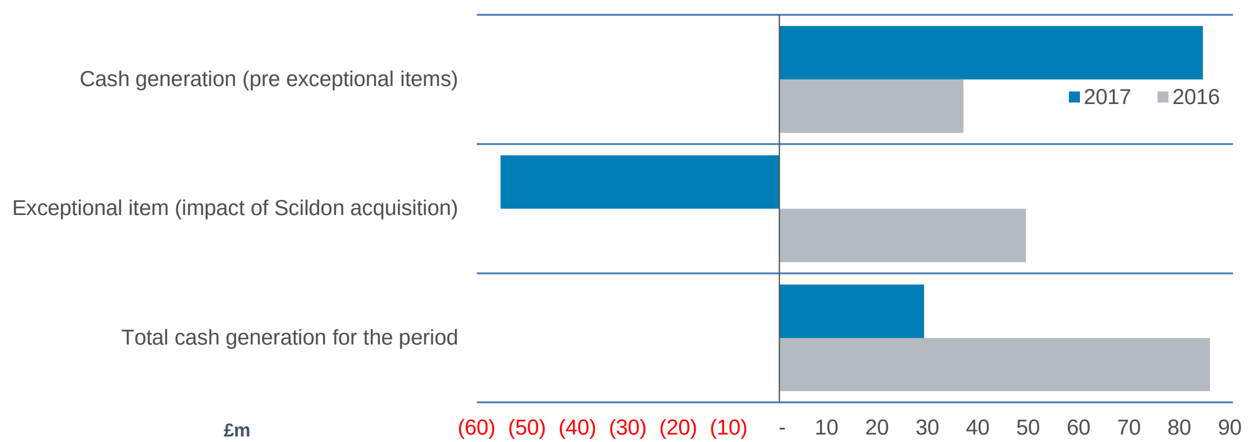


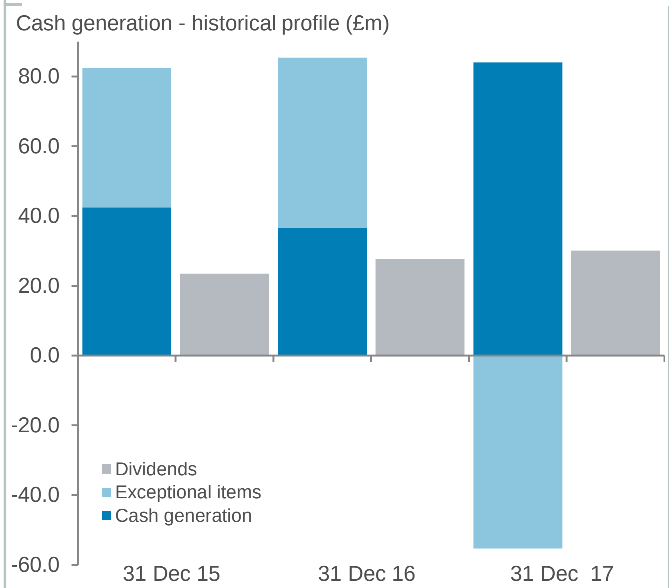


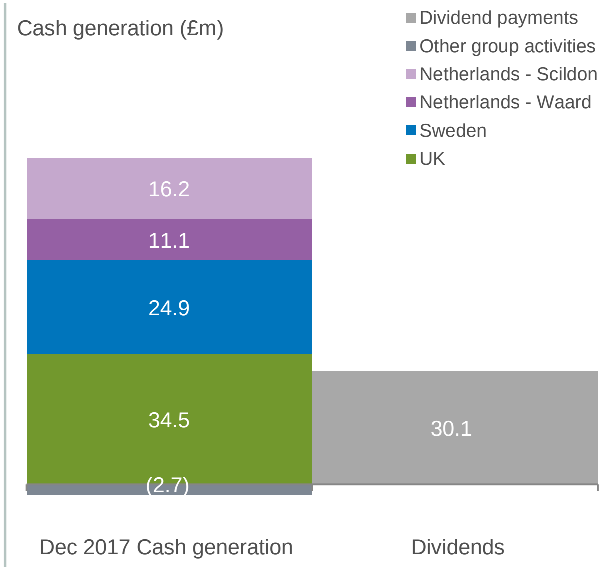


The three territories have generated £86.7m cash in the period, with all four businesses making positive contributions to the cash generation giving comfort regarding funding future acquisitions and dividends.

- Cash generation (excluding the LGN acquisition impact) continues to more than cover the dividend payment.
- UK continues to be the primary source of divisional cash.
- Waard continues to make a sizeable contribution.
- Scildon has reported positive cash generation of £16.2m in the nine months since the acquisition.
- Movestic had a positive cash generation of £24.9m primarily due to own funds growth benefitting from the growth in equity markets. Cash generation includes a one-off benefit of c£10m from enhancing our modelling for commission.
- The end-to-end impact of the Scildon acquisition is to reduce surplus cash by £6.4m.
- Chesnara plc has cash of £41.0m at 31 December 2017 and expects c£70m of divisional dividend receipts. Short term future outflows include payment of the final dividend of £19.6m and 2018 debt repayments £20.6m.

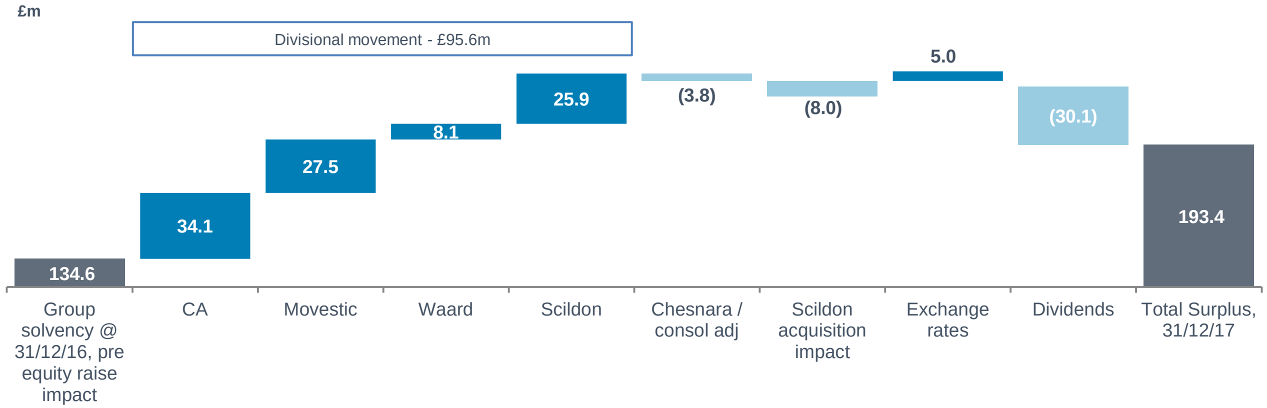




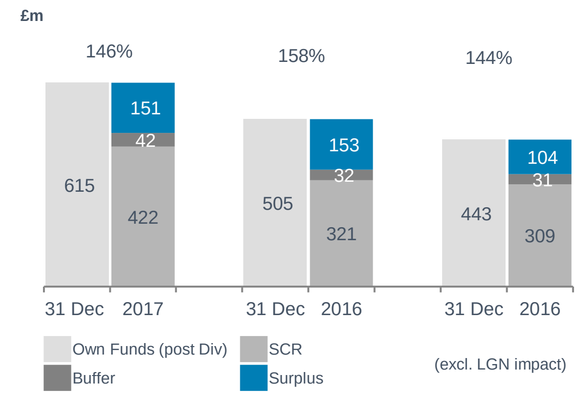


We are well capitalised at both a group and subsidiary level, and we have not used any elements of the long term guarantee package. Each division has contributed positively to group solvency.

GROUP SOLVENCY SURPLUS GENERATION



GROUP SOLVENCY POSITION



INSIGHT

The below highlights key points in the year, starting with the pre-LGN starting position.

Surplus: The solvency position of the group remains strong, at 146%. The group has £151m of distributable surplus over and above the internal capital management policy. Each division has contributed positively to group surplus. The graph shows that the Scildon acquisition has reduced the solvency surplus available at a group level by £8.0m. This was expected and does not include the impact of the equity de-risking, which was delivered post acquisition. Adjusting for this, the "day 1" impact of the Scildon acquisition has resulted a small positive contribution to the overall group solvency position of £4.7m.

Dividends: The closing solvency position is stated after deducting the £19.6m proposed dividend (31 December 2016: £19.0m), and also reflects the payment of an interim dividend of £10.5m.

Own funds: A large contributor to the own funds growth of £172m is a £54m "day 1" gain arising on the acquisition of Scildon, coupled with the equity raise to support this acquisition of £62m. The operating companies have collectively generated £88m of additional own funds. The own funds movement recognises the full year dividend burden of £30.1m.

SCR: The SCR has increased by £111m in the year. £109m of this arose from the day 1 acquisition impact of Scildon.

DIVISIONAL SOLVENCY

	2017	2016
Business	Post-Div	Post-Div
CA	130%	128%
Movestic	153%	140%
Waard	483%	712%
Scildon	231%	n/a

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.

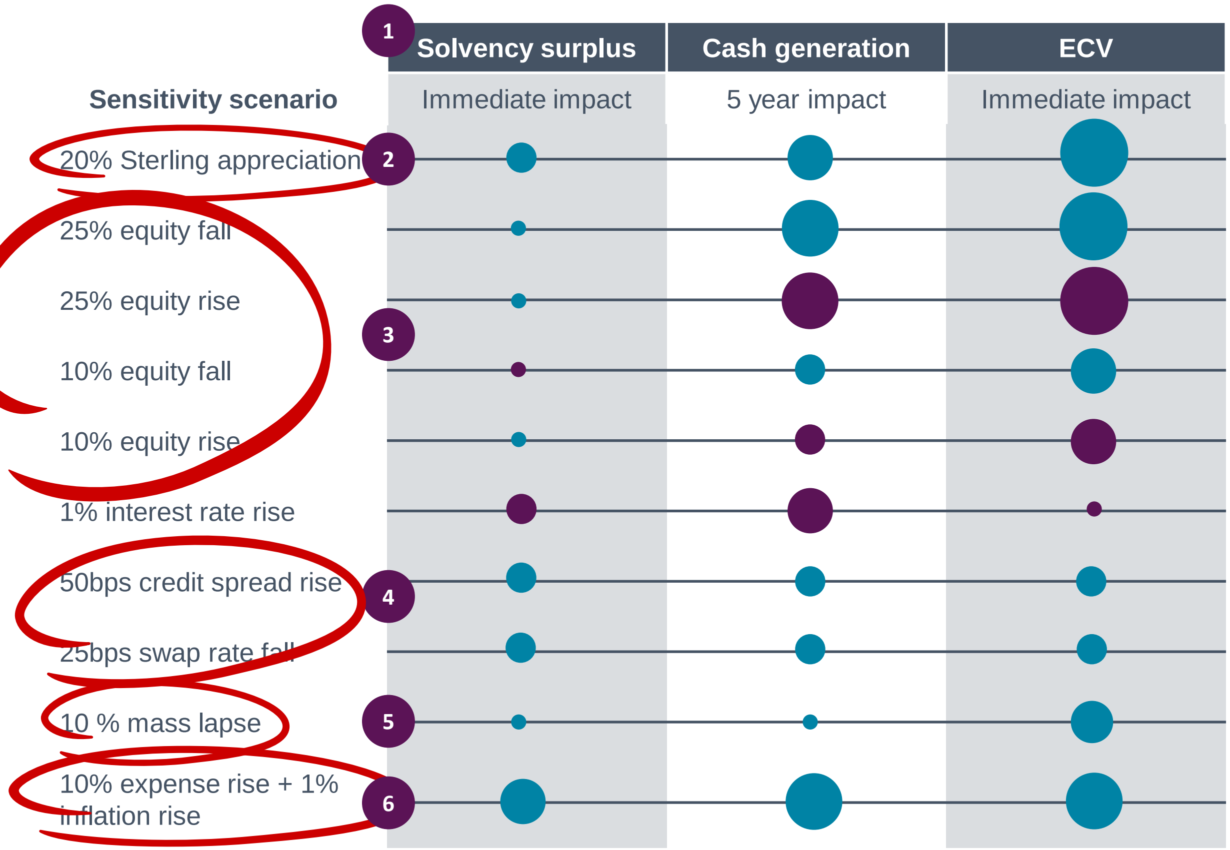
2 In the short term whilst there is an impact on solvency the more prominent impact is on the EcV.

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:

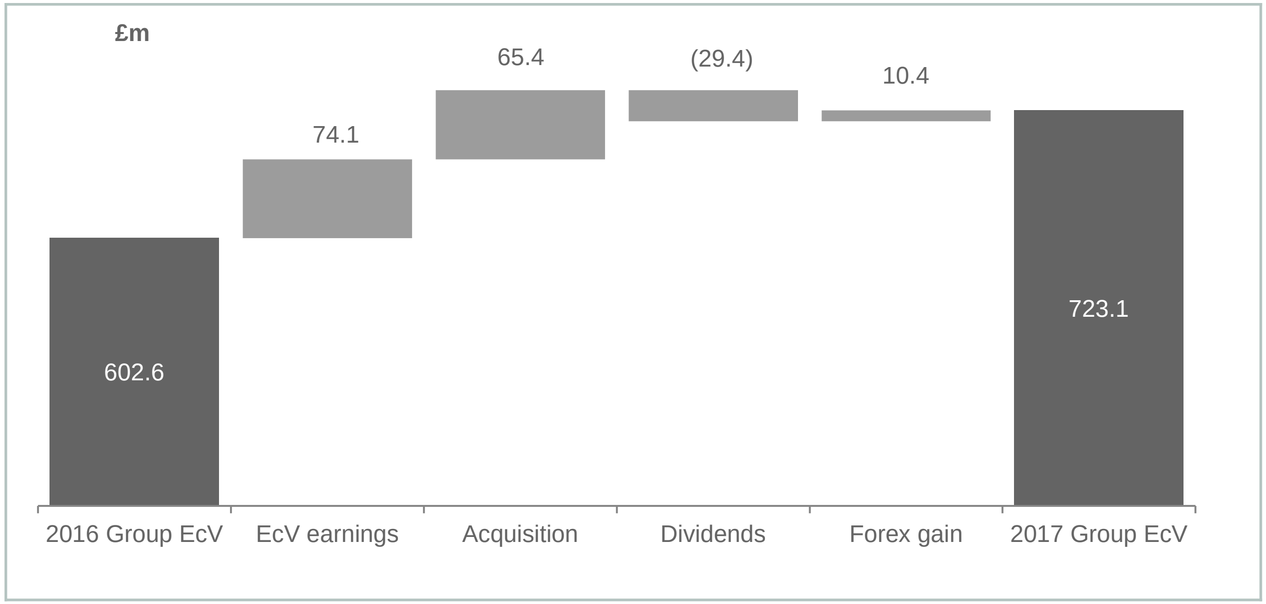
Although it is not a precise exercise, the general aim is that the sensitivities modelled are deemed to be broadly similar (with the exception that the 10% equity movements are naturally more likely to arise) in terms of likelihood. Whilst the sensitivities provide a useful guide, in practice, how our 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 total value of Chesnara has increased significantly during the period primarily as a result of underlying earnings and a gain of £65.4m on the acquisition of Scildon.

The £120.5m movement in the year includes a £65.4 gain on the acquisition of Legal and General Nederland and £74.1m of underlying earnings. The earnings are dominated by the impact of generally beneficial investment markets but also include £12.4m of new business profit.

The growth in Economic Value during the period benefitted from foreign exchange gains on our overseas subsidiaries, offset by the payment of the final 2016 and interim 2017 dividends.

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?

- The development of the Solvency II balance sheet value “own funds” has led to a general demise of Embedded Value reporting.
- Own funds are deemed to underestimate the commercial value of Chesnara due to:
  - Contract boundaries
  - Excessive risk margin
- 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

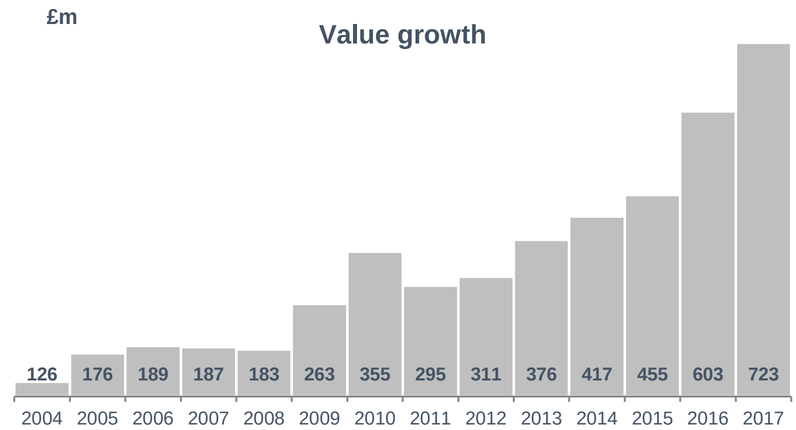
SUCCESSFUL ACQUISITIONS, INCLUDING LGN.

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

- Solvency II SFCR and RSR reporting
- FCA legacy review guidance implementation
- IFRS 17 implementation plans

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)

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 are abilities to undertake transfers of data from sellers systems is well understood in the market

03 ENHANCE VALUE THROUGH NEW BUSINESS

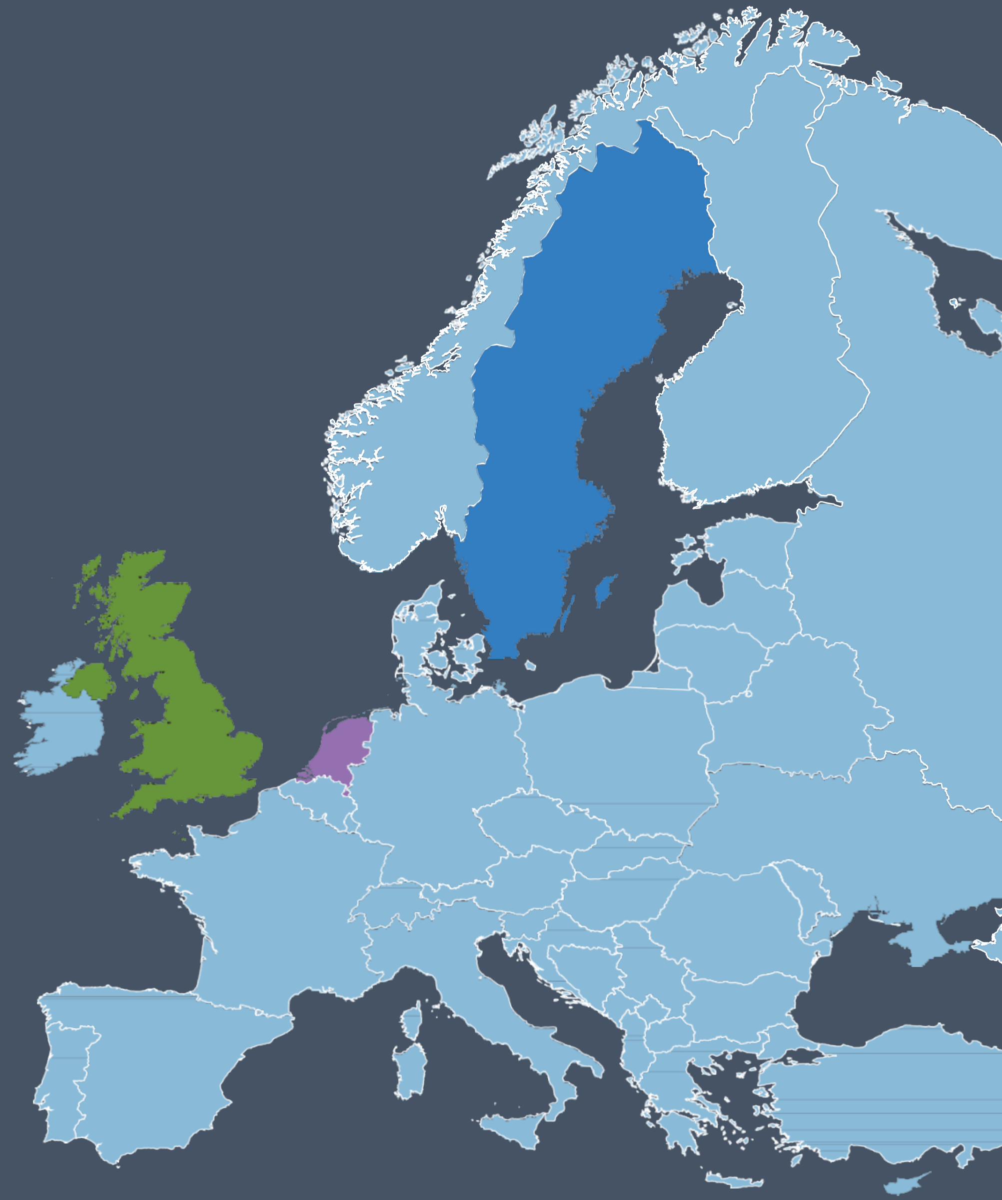
- Continue our work introducing improvements to the business processes and products in the Netherlands.
- Further develop our digital marketing to reflect consumer and broker changing habits
- Greater use of digitalisation to provide enhanced value to customers and brokers

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

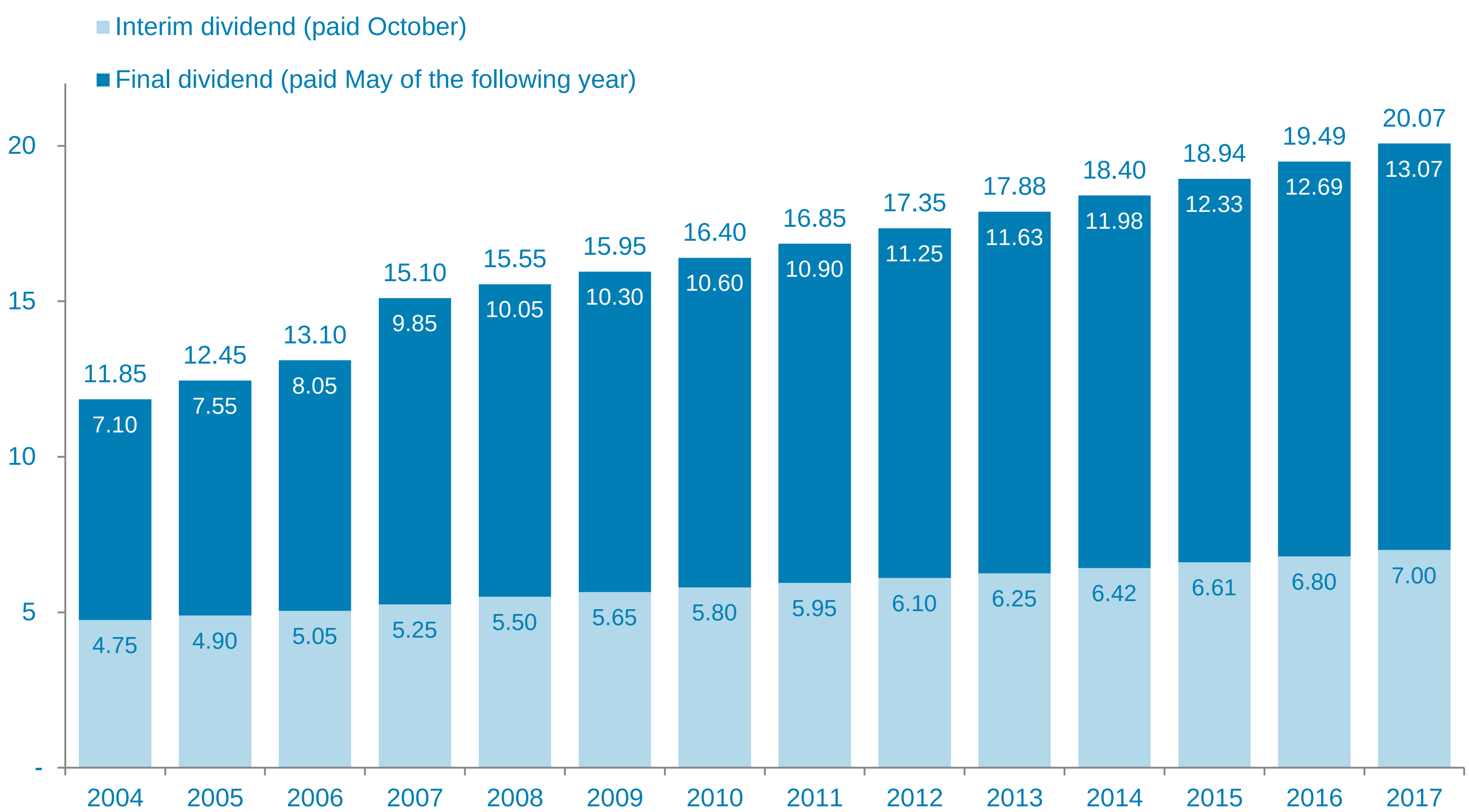
	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12
IFRS profit £m (pre-tax and exceptionals)	89.6	40.7	42.8	28.8	57.8	24.5
EcV / EEV profit / (loss) £m (after tax and exceptionals) [1]	139.5	72.5	57.5	44.2	82.7	31.2
EcV / EEV Shareholder equity £m [1]	723.1	602.6	453.4	417.2	376.4	311.1
Solvency II ratio (UK)[3]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