Summary of the report of the Independent Expert

Background

I have been engaged by MetLife Europe d.a.c. ("**MLE**") and MetLife UK Limited ("**MLUK**") (collectively "**the Companies**") to report to the High Court of Justice of England and Wales (the **"High Court**") on the terms of the proposed transfer of the portfolio of UK wealth management business within MLE's UK Branch ("**the Transferring Policies**") to MLUK. MLE is an insurance company domiciled in the Republic of Ireland. MLUK is a newly authorised insurance company domiciled in the UK.

Both MLE and MLUK are part of MetLife, which is a global provider of insurance, annuities and employee benefit programmes, and is headquartered in the USA.

The transfer will be effected by means of a scheme of transfer (the "**Scheme**") in accordance with Part VII of the Financial Services and Markets Act 2000. Subject to High Court approval, the date on which the transfer takes place ("**the Transfer Date**") is expected to be 1 April 2024.

The Transferring Policies consist of wealth management policies sold to UK residents. The Transferring Policies are all investment policies under which the policyholders bear the investment risk, but some of the Transferring Policies include an element of guaranteed investment performance which is underwritten by MLE, for example, guarantees that the policy's pay-out will be no lower than a fixed amount, even if investment returns have been unfavourable.

MLE has a reinsurance arrangement (the "**UK Treaty**") in place with MetLife Reinsurance Company of Bermuda ("**MRB**")[1] under which 100% of MLE's economic interest in the UK wealth management business (including the Transferring Policies) has been passed to MRB. This means that MLE's revenue from the UK wealth management policies is passed to MRB, and in return MRB is required to reimburse MLE for any claims it pays to holders of UK wealth management policies and any other associated costs. Therefore, MRB has, in effect, agreed to take on the risks associated with the UK wealth management policies.

The UK Treaty will be replicated in MLUK after the transfer, that is, the Transferring Policies will continue to be fully reinsured to MRB from MLUK.

This is a summary of my full report. Please refer to my full report (which is available from the MetLife website, or from the Companies on request) for the scope of my work, the analysis supporting my conclusions, and the reliances, limitations and standards applying to my work, including to this summary report. Neither the full report nor this summary report provides financial advice or other advice to individual policyholders.

My assessment of the effect of the transfer has been informed by the financial positions of MLE and MLUK at 31 March 2023, the most recent date at which financial results are available for both Companies at the time of writing.

Before the final High Court hearing I will prepare a further report (my "**Supplementary Report**") to provide an update on my conclusions regarding the effect of the proposed transfer on the different groups of policyholders in light of any significant events arising after my full report has been finalised. The Supplementary Report will include information on the financial position of the Companies at the most recently available date.

I am a Fellow of the Institute and Faculty of Actuaries and a Fellow of the Society of Actuaries in Ireland, and I am a partner of Milliman LLP. I confirm that I do not have any direct or indirect interest in MLE, MLUK or any other firms within the MetLife Group that could compromise my independence. I have provided a complete statement of independence in my full report.

[1] MRB is also part of the MetLife Group

The effect of the transfer on the Transferring Policies of MLE

Benefit security

The Transferring Policies will be transferred from an Irish insurance company (MLE) to a newly established UK insurance company (MLUK). The Transferring Policies are currently 100% reinsured to MRB under the UK Treaty and will continue to be 100% reinsured to MRB after the transfer.

Relevant matters I have considered in reviewing the transfer include:

Solvency cover: If the proposed transfer had taken place on 31 March 2023, the level of cover for regulatory solvency requirements[2] would have been lower in MLUK post-transfer than that in MLE pre-transfer.

Capital management policies: MLE and MLUK each have a capital management policy requiring MLE and MLUK respectively to maintain their solvency cover[3] at an appropriate level. I have reviewed the capital management policies of both Companies and note that they are of broadly comparable strength.

At 31 March 2023 the solvency cover of MLE exceeded the requirements of its capital management policy, as set by its Board of Directors. In advance of the transfer, MLUK will be capitalised to ensure its solvency cover is at or above the level required by its capital management policy.

It should be noted that, while MLE's solvency cover is higher than the expected post-transfer solvency cover of MLUK, MLE is free to distribute to its shareholder any surplus capital which is not required to be held by regulations or by its capital management policy, and this means that additional security provided by solvency cover in excess of the level required to meet the capital management policy may be temporary.

I have also reviewed the actions available to the Companies to mitigate any breach of their respective capital management policies and am satisfied that both firms have an adequate range of actions at their disposal to address a scenario in which their solvency position starts to deteriorate.

Risk exposures: Differences in the risks to which each of the Companies is exposed may lead to differences in the volatility of solvency cover as financial and other conditions change, and it is also necessary to take account of any such differences.

Following the transfer, the Transferring Policies will be the only policies in MLUK and, given that they will be 100% reinsured to MRB, by far the most significant risk to which they will be exposed will be the risk of the failure of MRB, that is, the insolvency of MRB or the failure in some other way of MRB to honour its obligations under the reinsurance arrangement. By contrast, as policies of MLE, the risk of the failure of MRB is not as acute, given that MLE has a significant volume of other business which is not reinsured to MRB. However:

- MLE has contractual support arrangements in place with other entities within the MetLife Group; under these arrangements, these entities are obliged to provide financial support to MLE in certain circumstances, including a situation in which MLE's solvency cover falls below the regulatory minimum. These arrangements will be replicated in MLUK and therefore the relevant entities within the MetLife Group would be obliged to financially support MLUK in the event that MRB were to get into difficulty to such an extent that the impact on MLUK was sufficiently adverse to trigger these arrangements.
- While the risk of the failure of MRB is less acute for MLE than will be the case for MLUK, MLE is exposed to risks associated with the other lines of insurance business it has written, to which the Transferring Policyholders will no longer be directly exposed after the transfer to MLUK.

Based on my review of all the relevant factors, including those set out above, I am satisfied that the transfer will not have a material adverse impact on the security of benefits of the Transferring Policies.

[2] The UK insurance regulations specify minimum levels of capital that an insurer must hold based upon the risks that the insurer has written.

[3] The capital that an insurer has available expressed as a percentage of the minimum level permitted by regulations.

Reasonable expectations of holders of Transferring Policies

The Transferring Policies are all wealth management policies under which policy pay-outs are linked to the value of the policyholder's underlying investments, subject to ensuring any guaranteed amounts payable under the policy are honoured. No changes are proposed to the terms and conditions of the policies as a result of the transfer. Accordingly, in my view, the Transferring Policyholders' reasonable expectations in respect of their policies are that:

- They receive any guaranteed amounts as specified under the policy, on the dates and in the contingencies specified in the policy's terms and conditions;
- The investment-linked benefits they receive reflect the investment performance of the assets in which their units are invested, net of contractual charges payable under the policies;
- The funds in which their policies are invested are managed appropriately and in line with fund factsheets and other information on the funds provided to policyholders;
- The administration, management, and governance of the policies are in line with the contractual terms under the policies;
- A good standard of service is received; and
- The charges levied on their policies are reasonable and represent value for money.

In relation to the receipt of guaranteed amounts, this relies on the insurer having sufficient financial strength to honour these amounts, and I have concluded in the previous section that the financial strength available to support guaranteed benefits for the Transferring Policies will not be materially affected by the transfer.

In addition, no changes will be made to the funds in which Transferring Policies are invested, the management of those funds, the charges levied on Transferring Policies, or the investment management applicable to Transferring Policies, as a result of the transfer.

In relation to administration and service standards, the administration and servicing of the Transferring Policies will continue to be provided on MLUK's behalf by the same outsourced provider as currently after the transfer.

In relation to governance, MetLife is in the process of seeking regulatory approval for the appointment of an experienced Board and management team for MLUK, including individuals experienced in overseeing the Transferring Policies within MLE.

Consequently I am satisfied that the transfer will not have a material adverse effect on the reasonable expectations of holders of Transferring Policies.

Conclusions for Transferring Policies

I am satisfied that the implementation of the Scheme will not have a material adverse effect on:

- The security of benefits under the Transferring Policies;
- The reasonable benefit expectations of holders of Transferring Policies; or
- The service standards and governance applicable to the Transferring Policies.

The effect of the transfer on non-transferring policies of MLE

Benefit security

If the proposed transfer had taken place on 31 March 2023, there would have been a small reduction to MLE's solvency cover as a result of the transfer, principally because some of the capital being injected into MLUK to support its solvency position after the transfer will be provided by MLE. However, this reduction in solvency cover will be small and MLE's solvency cover will remain comfortably in excess of the level required by its capital management policy.

The proposed transfer will not lead to any material change in the risk appetite[4] or capital management policy in accordance with which MLE is managed, and MLE's ability to comply with its capital management policy will not be materially affected by the transfer.

For the avoidance of doubt, this conclusion applies to all non-transferring policies of MLE, including the relatively small portfolio of offshore wealth management policies of MLE that are not within the scope of the transfer and which will, consequently, remain as policies of MLE.

Reasonable expectations of non-transferring MLE policyholders

No changes will be made to the terms and conditions of non-transferring policies of MLE as a result of the transfer. Furthermore, there will be no change to the operation of MLE and the governance of non-transferring MLE policies will continue to be the responsibility of the MLE Board of Directors.

The non-transferring policies of MLE will continue to be administered and serviced under the same arrangements and should therefore not experience any change to service standards as a result of the transfer.

The transfer will have no effect on the benefits payable under policies remaining in MLE.

Conclusions for non-transferring policies

I am satisfied that the implementation of the Scheme will not have a material effect on:

- The security of benefits under non-transferring policies of MLE;
- The reasonable benefit expectations of non-transferring policyholders of MLE; or
- The service standards and governance applicable to non-transferring policies of MLE.

Overall Conclusions

I am satisfied that the implementation of the Scheme will not have a material adverse effect on:

- The security of benefits of the policyholders of MLE, including holders of Transferring Policies;
- The reasonable benefit expectations of the policyholders of MLE, including holders of Transferring Policies; or
- The standards of service, management and governance applicable to the MLE policies, including the Transferring Policies.

I am satisfied that the Scheme is equitable to all classes and generations of MLE policyholders, including holders of Transferring Policies.

My full report is available online at https://www.metlife.eu/transfer-documents/ It shows in much more detail how I have reached my conclusions. You can also request a copy free of charge, by calling 0800 917 0701 or by writing to MetLife Europe d.a.c., Beacon House, 27 Clarendon Road, Belfast, BT1 3PR.

[4] Risk appetite is the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives.