utmost™
GROUP

INTERIM REPORT 2022

REASSURINGLY DIFFERENT

We are dedicated to making a positive difference, building a brighter future for our clients and better serving all stakeholders.

We are driven by a desire to be the leader in our markets.

Our strong reputation has been developed through our honesty, integrity and staying true to our word.

When you make a commitment, you build hope. When you keep it, you build trust.

Reassuringly different

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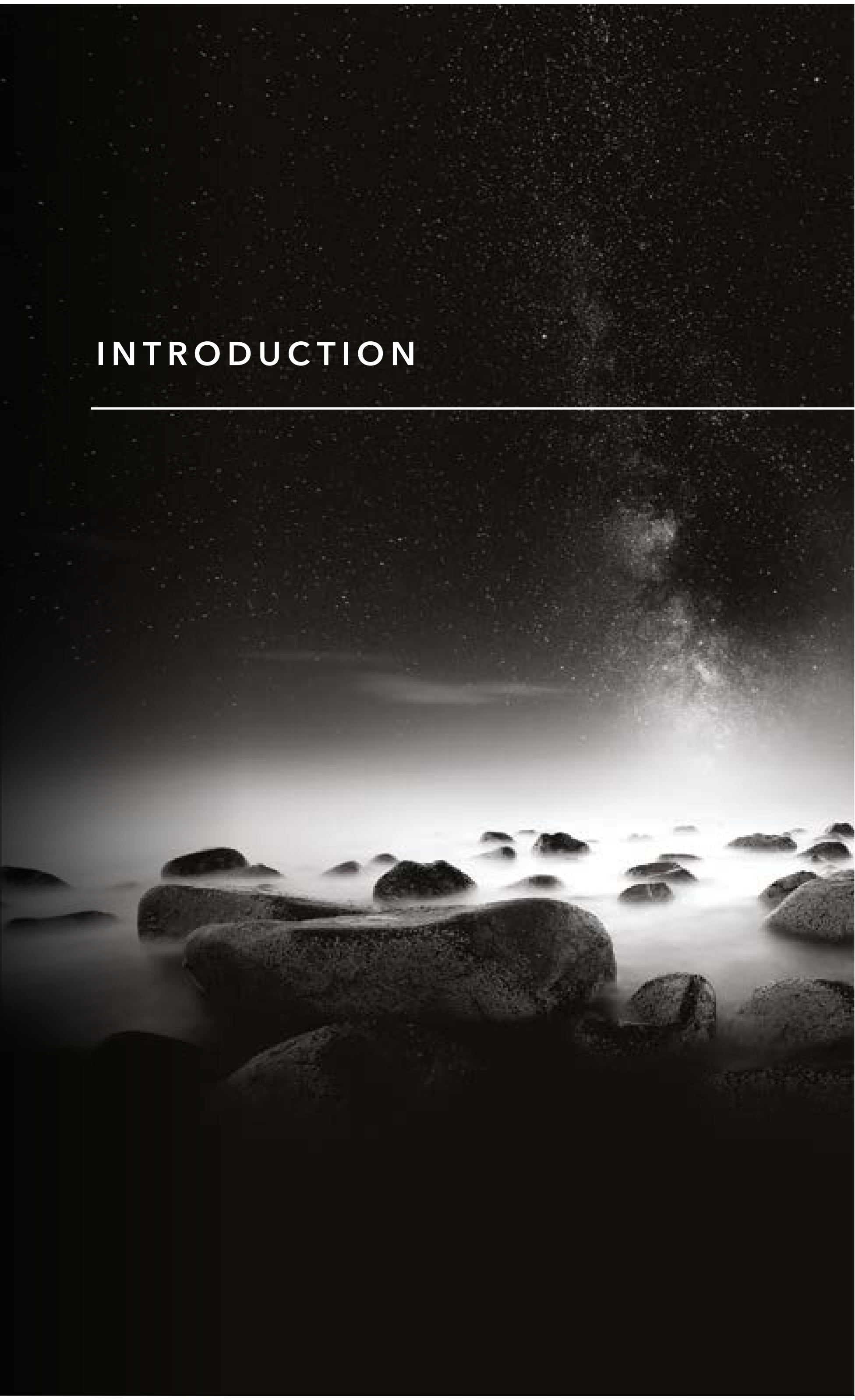


INTRODUCTION

AT A GLANCE

WHO WE ARE

Utmost Group is a leading provider of insurance and savings solutions in the UK and internationally. The Group has 550,000 clients and £57.6bn of assets under administration ("AUA") across its businesses.

WHAT WE DO

Utmost Group is committed to making a positive difference. Our mission is to secure our clients' financial futures through the delivery of insurance and savings solutions, which result in greater prosperity for current and future generations.

OUR STRATEGY

Formed along clear lines, our strategy is focused on four strategic pillars:

- Good client outcomes
- Growth through acquisitions
- Organic growth of Utmost International
- Optimised and efficient operations

SUSTAINABILITY

Sustainability is at the heart of the Group's strategy. Securing a brighter future for future generations requires urgent action to turn the tide on climate change. The Group believes it should be at the forefront of the response to climate change.

CHIEF EXECUTIVE OFFICER'S REVIEW

"The first half of 2022 has been marked by an uncertain economic outlook, volatile markets and growing political instability. This is an environment in which our robust insurance and savings solutions can support our clients

PAUL THOMPSON
GROUP CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

After a year in which global markets and investor sentiment rebounded, the first six months of 2022 were marked by a very different backdrop. Heightened geopolitical tensions exacerbated rising global inflation and associated central bank rates, creating challenges for our policyholders looking to secure their financial futures. This is an environment in which our robust insurance and savings solutions can support our clients.

I was pleased with the manner in which the Group navigated the uncertainties of H1 2022 without deviating from its long-term vision. Thanks to the hard work of our teams and their unflagging enthusiasm, the Group has delivered a solid financial performance and progressed against its core strategic pillars.

STRATEGIC PROGRESS

M&A activity has slowed from its record-setting 2021 pace, with economic headwinds stunting deals in H1 2022. The Group has strong foundations in place which will enable us to capitalise upon opportunities as they arise. These include an experienced team with a successful track record of executing and integrating deals in order to create shareholder value. The Group has access to significant capital through its majority shareholder, Oaktree, and the public debt markets and remains patient and disciplined on how and where to deploy this.

Early in the year in January 2022, the Group raised £300m Restricted Tier 1 debt. This was the Group's second public debt instrument. The issuance diversified the Group's sources of funding, accessing a different part of the capital stack and extended the Group's debt repayment profile. The proceeds were used to pay down the remaining bank debt and will support the future growth of the Group. The bonds were significantly oversubscribed which enabled the Group to lock in long-term funding at an attractive yield in an environment of rising interest rates. We welcome our new investors to the Group and look forward to working with them in the coming years.

The level of demand reflects the Group's credit strengths – a diversified business model, resilient capital and solvency positions, a low leverage ratio and high interest coverage, and an attractive capital generation profile. These credit strengths were recognised by Fitch Ratings in their annual review, where the Group's Issuer Default Rating ("IDR") was upgraded to 'A-' from 'BBB+'. As a consequence of the IDR upgrade, the Group's two bonds have been upgraded with the Tier 2 now in Investment Grade territory.

During the first half of 2022 Utmost Group plc ("UGP") paid £445m of dividends to Utmost Holdings (Guernsey) Limited ("UHGL"), its immediate parent company. This allowed all UHGL external bank debt to be repaid and allowed the ultimate holding company to return £330m to shareholders. The dividends paid to UHGL were the primary driver of a reduction in UGP's net SII EV from £2,175m at YE 2021 to £1,691m at 30 June 2022. Additionally, falls in global equity markets had a negative impact on the Group's net SII EV, offset to some extent by the impact of higher risk-free rates. The Group disclosed its sensitivities to changes in equity markets and changes in interest rates in its 2021 Annual Report.

NEW BUSINESS

The acquisition of Quilter International extended Utmost International's leadership position in the international life assurance market. Utmost International's new business figures were robust in our core markets of the UK and Europe. Utmost Wealth Solutions ("UWS") wrote around 80% of its total APE in these two markets. The acquisition of Quilter International has strengthened our position in the key growth regions of Latin America and Asia. I am confident our modern, flexible proposition, our strong ties with advisers and our enduring focus on customer outcomes will cement our strong market positions in these regions.

In April we were delighted to launch our new HNW proposition for the French wealth solutions market. This is a further demonstration of our commitment to continued proposition development and the delivery of good customer outcomes. France is a key strategic market for insurance-based wealth solutions. I am confident our Group has the necessary attributes to establish a strong market position over time.

In response to Russia's invasion of Ukraine, the Group has chosen not to accept any new business from Russian nationals for the foreseeable future. The Group has no direct exposure to any Russian assets, and policyholders have very limited Russian exposures within their unit linked funds. The Group donated £25,000 to the Red Cross to support those impacted by the conflict.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

OPTIMISED AND EFFICIENT OPERATIONS

Over H1 2022 the Group focused on the integration of Quilter International. A 100-day integration plan commenced immediately on completion of the acquisition on 30 November 2021 and completed in March 2022. The 100-day plan secured early synergies from the acquisition which have resulted in an increase in SII EV and Own Funds. It is the securing of these synergies which enable the Group to meet its IRR targets.

Outcomes of the 100-day-plan include a single, combined Utmost International Isle of Man leadership team with all Isle of Man staff located in a single office, strong progress with the entity mergers in the Isle of Man and Ireland with plans well advanced, commencing the IT migration off Quilter plc systems as well as the full rebrand to Utmost nearing completion. The Group remains on track to complete all integration activity within the 18–24-month timeline set out at acquisition.

Since joining the Group in 2021, a priority of the Group Chief Technology Officer ("CTO") has been reviewing our technology estate to formalise a digital strategy. The strategy will ensure our estate is durable, prioritising security and streamlining processes and systems. The end-state technology estate will support the Group's growing scale and provide a modern, robust foundation for future acquisitions.

A focus area of the digital strategy is the Group's Online Service Centre. The Group's ambition is to provide enhanced self-service capabilities to our policyholders and their advisers and to enable more customer actions via the Online Service Centre. As well as ease of access, the digital strategy will move an increasing proportion of our clients to paperless documentation, which aligns with our sustainability strategy.

In line with this, our UK business, Utmost Life and Pensions ("ULP"), will launch their new Online Client Service platform, MyUtmost, in September 2022. The platform enables customers to view policy values, communicate and transact online. As our approach to online servicing matures it will deliver efficiencies to both our policyholders, their advisers and to the Group.

PEOPLE AND CULTURE

Our people are the bedrock of our success. They have risen to every challenge with determination and grit enabling us to thrive in a volatile environment.

A key focus of the year to date has been integrating the transferring Quilter International employees into our Group. Management held a series of townhalls and networking events to welcome our new colleagues and address questions. I am pleased that they have embraced the Utmost values and approach their work with the same spirit, passion and dedication that defines the Group. It is this spirit that enables us to deliver good outcomes to our policyholders and deliver strong returns to our shareholders and investors.

The Group runs a programme of activities and events to facilitate engagement between the Board, senior management and our wider employees. As a part of our employee engagement programme the Group distributed its first groupwide survey in September 2022. I look forward to hearing feedback from our employees as we progress through the year.

In light of soaring inflation, the Group awarded an exceptional pay rise to its employees in July. The award was in addition to the Group's annual pay review and designed to address the escalating cost of living crisis. Ian and I continue to monitor the economic environment and continue to consider our approach to pay across our regions.

UNWAVERING COMMITMENT TO OUR PLANET

The nature of its insurance and savings solutions means the Group is focused on the long term. Our sustainability commitments reflect this approach. Our mission to provide good outcomes for current and future generations would not be complete without the unstinting and continual efforts to realise our environmental goals. Preserving the environment for future generations is a priority; protecting it is essential to our Group's long-term future.

In January 2022 the Group became a signatory to the UN-supported Principles for Responsible Investment. The Group is incorporating their gold-standard investment framework into our policies and processes. We wish to support the UN PRI's mission to develop a more sustainable global financial system.

Coupled with this is the Group's commitment to achieve Net Zero Greenhouse Gas emissions in its investment portfolio by 2050 and halve emissions by 2030. These commitments are in line with the IPCC's[1] Sixth Assessment Report on the current state of the climate. To limit global warming to 1.5 °C it is imperative Net Zero is achieved in the early 2050s. The Group will publish a revised responsible investment policy and Pathway to Net Zero which will set out initial steps to meet this goal. As part of our commitment to transparency, the Group will regularly report on our progress.

The Group is focused on initiatives to reduce our operational emissions. A large proportion of the Group's carbon footprint stems from energy consumption. The Group is working with its landlords to switch our office electricity supply to renewable energy sources. The Group

1 IPCC: The Intergovernmental Panel on Climate Change

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

is supportive of the continued use of online software in place of business travel. We note the particularly damaging impact on the environment of flying, with greener commercial flight options on the far horizon. With this in mind, the Group is supporting the Freedom Flight Prize, a multimillion-pound prize for the first carbon free commercial flight across the Atlantic.

The Group utilised carbon offsetting in 2021 to achieve a carbon neutral status for the second year running. Offsetting provides a shorter-term solution whilst the Group progresses its initiatives to reduce its initial emissions.

It was pleasing to see the Group renew its focus on its community engagement programme with the easing of pandemic-related restrictions. Our offices are proud of the strong links forged with the communities in which we operate. The Group has continued its support of local sport teams – in May we were delighted one of the junior cyclists we sponsor, Zac Walker, was crowned British Junior Champion. Our local community teams are supporting our green agenda with a notable achievement the installation of electric car charging points in our Irish office. A second installation is due in our combined Isle of Man office.

OUTLOOK

The global economic and geopolitical environment has deteriorated markedly since the start of the year. While it is hard to predict how the economic situation will evolve over the coming months, our business demonstrated its financial resilience in the face of deteriorating conditions during the first half. Additionally our people and operations demonstrated during the pandemic their operational resilience which provides us with confidence that we can both weather the storm and exploit opportunities to further develop our business as they arise.

Against a difficult backdrop, the Group will continue to proceed with determination, exhibiting the entrepreneurial spirit that has been a feature of the Group since its inception. Longer term trends – demographics, a complex savings and investment environment, intergenerational wealth transfer, the continued shift towards individual responsibility for providing for retirement – are supportive of our business outlook. I foresee further opportunities to continue on our growth trajectory supported by our shareholder, Oaktree, and with the guidance of our new Board members. At Utmost, we are just getting started.

> Our mission to provide good outcomes for current and future generations would not be complete without the unstinting and continual efforts to realise our environmental goals. Preserving the environment for future generations is a priority; protecting it is essential to our Group's long-term future.

PAUL THOMPSON
GROUP CHIEF EXECUTIVE OFFICER

£0.7bn
NET FLOWS IN H1 2022

Against a difficult backdrop, the Group will continue to proceed with determination, exhibiting the entrepreneurial spirit that has been a feature of the Group since its inception. Longer term trends are supportive of our business outlook. I foresee further opportunities to continue on our growth trajectory supported by our shareholder, Oaktree, and with the guidance of our new Board members.

PAUL THOMPSON
GROUP CHIEF
EXECUTIVE OFFICER

SUSTAINABILITY

SUSTAINABILITY IS AT THE HEART OF THE GROUP'S STRATEGY

The Group has made progress against the four pillars of its sustainability strategy during the first half of the year.

CUSTOMER OUTCOMES

ESG characteristics of investments in our guided architecture range provided on customer factsheets

Enhancements made to existing products as well as new product launches in the first half of 2022

Excellent customer service demonstrated by investments in our Online Service Centre and a drive towards paperless servicing

ENVIRONMENTAL IMPACT

Climate Risk Framework adopted. Climate risk considerations integrated into the day-to-day management of the business

Net zero in our operational emissions. Planting 1,500 trees - one per employee

Active steps include a renewed emphasis on recycling, investment in electric car charging points, and research into solar panels installation

RESPONSIBLE INVESTMENTS

Net zero by 2050 in our shareholder portfolio, 50% reduction by 2030

Climate risk metrics regularly reported to our Executive Committees and Boards

Developing our Responsible Investment policy and manager agreements to meet expectations of UN PRI signatories

COMMUNITY ENGAGEMENT

58% of our employees are female and 28% of our leadership is female

Our employees used their volunteer days in their local areas. Activities including litter picking, beach cleaning, walkway building and gate building

Active participation in our local communities through partnering with Isle of Man Isle of Pride and support of the Guernsey Island Games Association

SUSTAINABILITY

SUSTAINABILITY IS AT THE HEART OF THE GROUP'S STRATEGY (CONTINUED)

SIGNATORY OF:

PRI Principles for Responsible Investment

SUPPORTER OF:

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

MEMBER OF:

IIGCC The Institutional Investors Group on Climate Change

SPONSOR OF:

Freedom Flight

PROUDLY A:

carbon footprint standard™ Carbon Neutral Organisation

SUPPORTER OF THE RED CROSS' UKRAINE CRISIS APPEAL:

KEY PERFORMANCE INDICATORS

ASSETS UNDER ADMINISTRATION

AUA

Assets under Administration is a measure of the assets held by Utmost Group on behalf of its policyholders.

MEASURE

AUA was £57.6bn at H1 2022 decreasing from the £63.7bn at YE 2021, as a result of adverse market movements in the period, offset by positive net flows into the UWS business.

COMMENTARY

"AUA decreased in the period due to adverse market movements, with investment markets ending the period below the levels at YE 2021. Strong net flows of £0.7bn were seen in the period representing gross inflows of £2.2bn offset by outflows of £(1.5)bn."

£57.6bn

LINK TO STRATEGIC GOALS

ANNUAL PREMIUM EQUIVALENT

APE

APE is a measure of sales calculated as the value of regular premiums plus 10% of any new single premiums written in the year.

MEASURE

APE was £211m in H1 2022 compared to APE of £133m in H1 2021 and pro forma APE of £484m in FY 2021. Our UWS business generated £209m of APE and our UCS business generated £2m of new business.

COMMENTARY

"Utmost International’s new business figures were robust in our core markets of the UK and Europe. The acquisition of Quilter International has strengthened our position in the key growth regions of Latin America and Asia."

£211m

LINK TO STRATEGIC GOALS

NEW BUSINESS

VNB

VNB is a measure of the economic value of the profits expected to emerge from new business. It is calculated as the present value of future income arising from new business written in the year, less costs associated with writing the business, calculated on a Solvency II basis.

MEASURE

VNB was £24m in H1 2022 compared to VNB of £21m in H1 2021 and a pro forma FY 2021 figure of £66m.

COMMENTARY

"The increase in VNB vs H1 2021 primarily reflects the increase in the quantum of new business written, largely as a result of the inclusion of the QI business. The reduction in VNB relative to the pro forma FY 2021 figure reflects the reduction in APE and some changes in the mix of business written."

£24m

LINK TO STRATEGIC GOALS

OUR STRATEGIC GOALS

1. GOOD CLIENT OUTCOMES

- The delivery of good client outcomes remains front and centre of our strategy.
- Focus on our mission of building a brighter future for our clients and better serving all stakeholders.
- Developing our proposition with consistent, reliable client service being key to this objective.

2. GROWTH THROUGH ACQUISITIONS

- Add scale to our operations through further acquisitions, focused on our closed UK business.
- Acquisitions are subject to extensive due diligence and must meet our strict deal criteria.
- The Group has readily available access to significant capital via our shareholders and long-term capital market funding.

KEY PERFORMANCE INDICATORS (CONTINUED)

IFRS OPERATING PROFIT

OPERATING PROFIT

Operating Profit measures the profit emerging from the key operations of the business. A measure of IFRS earnings before interest, taxation, depreciation and amortisation ("EBITDA"). Operating Profit excludes any non-recurring items.

MEASURE

Operating Profit was £78m in H1 2022 compared to £54m in H1 2021 and £220m pro forma operating profit in FY 2021.

COMMENTARY

"The reduction of Operating Profit compared to the pro forma FY 2021 outcome reflects lower charges received as a result of declines in the value of unit funds, short term losses on currency hedging positions (which hedge Group SII EV rather than IFRS operating profits) and adverse claims experience on life and disability business."

£78m

LINK TO STRATEGIC GOALS

SOLVENCY II ECONOMIC VALUE

SII EV

SII EV is the Group view of the aggregate value of the business. It is calculated by adding the Solvency II Economic Value of its insurance companies and the IFRS net asset value of its non-insurance companies and includes the value of the Group's Guernsey holding companies.

MEASURE

Net SII EV decreased by £484m from £2,175m at the end of 2021 to £1,691m at HY 2022.

COMMENTARY

"The primary drivers of the change in SII EV in the period included the payment of £445m of dividends, £19m of coupon payments, the impact of market movements and the addition of VNB."

£1,691m

LINK TO STRATEGIC GOALS

CLIENT RETENTION

Client retention is a measure of the clients who held an Utmost policy at the start of the year, and still held that policy at the end of the year. Client retention is an indicator that our strategic goals, especially around good client outcomes, are being met.

MEASURE

Client retention has been measured separately across each business given their different dynamics. UWS client retention was 97% in 2022 (2021: 94%) and exceeded 95% across all our businesses.

COMMENTARY

"High retention rates are a reflection of good client servicing and the delivery of appropriate solutions. UWS high retention rates are driven by a strong proposition and good client service as well as the inherent product features, where some benefits may be lost or tax payments crystallised upon early surrender."

97%

LINK TO STRATEGIC GOALS

OUR STRATEGIC GOALS

3. ORGANIC GROWTH

- Utmost International is a leading provider of international life assurance writing over £2.2bn new business in HY 2022.
- The growth strategy focuses on enhancing our proposition and the provision of good client service including through enhanced online service functionality.

4. OPTIMISED AND EFFICIENT OPERATIONS

- Efficient operations across the Group support an improvement in Operating Profit and a lower cost-per-policy.
- The Group's growing scale demands focus on efficiency initiatives and streamlining of processes and systems.
- Successful integration of acquired businesses is key to the Group's consolidation strategy.

CHIEF FINANCIAL OFFICER'S REVIEW

"In the first half of 2022, the Utmost Group performed well despite the market volatility arising from the invasion of Ukraine by the Russian Federation. The integration of the Quilter International business with our existing business is proceeding on track and the overall financial performance of our businesses remains strong.

IAN MAIDENS
GROUP CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Utmost Group delivered strong results for the first half of 2022, in a period in which financial markets were volatile as a result of the invasion of Ukraine by the Russian Federation which exacerbated already strong inflationary pressures in the UK, Europe and the United States.

In this CFO review, the results for the first half of 2022 ("H1 2022") are compared with those for the first half of 2021 ("H1 2021") and the full year 2021 ("FY 2021"). The results for the Quilter International ("QI") companies are only included in the prior comparisons for the period since completion of the acquisition. The full year 2021 results therefore incorporate the operating performance for the month of December 2021 for Quilter International, given the acquisition completed on 30 November 2021. The H1 2021 performance does not reflect the performance of the Quilter International businesses at all. Any synergies generated to 30 June 2022 are included in these results. Reference is also made to pro forma figures for FY 2021 which are prepared as if the Quilter International business had been owned for the whole of 2021.

The financial performance of the Group is assessed using a variety of financial measures including our six KPIs (see pages 14 and 15 of the Interim Report), each of which is discussed in detail below. These KPIs are considered APMs and are reconciled back to IFRS information on pages 43 and 44 of this Interim Report.

ASSETS UNDER ADMINISTRATION

The Group's AUA was £57.6bn at 30 June 2022, a reduction of 9.6% from the YE 2021 AUA of £63.7bn. This reduction largely results from negative returns across most asset classes in H1 2022 and the run-off of business in our closed Utmost Life and Pensions business, offset by positive net fund flows from Utmost International clients as shown in Figure 1 below. The majority of the assets are backing unit linked policies within our UWS and Utmost Life and Pensions businesses, with a small proportion of assets (approximately 3%) backing pension and savings products within the Utmost Corporate Solutions ("UCS") business and non-linked business within ULP.

The majority of the UWS AUA is held in respect of UK-based clients and Italian clients. The remainder of the UWS AUA is held in respect of clients based in our remaining Continental European markets and our international markets. As we continue to focus on the organic growth of the business, the expectation is for a growing proportion of the UWS AUA to be held in respect of clients outside our two core markets as we continue to invest in new product development for these regions, as well as entering new markets.

Our UWS platform offers clients and advisers access to a full range of asset classes, investment managers and investment solutions, enabling them to tailor their investments to meet their risk and return appetites. Clients or their advisers can select from a broad selection of funds on our Open Architecture range, or from a more selective Guided Architecture range, whose constituent funds are selected by Utmost Portfolio Management ("UPM"), which was acquired in 2019 as part of the acquisition of Utmost Worldwide Limited ("UW").

The performance of the ULP fund range was strong in H1 2022 with two-thirds of AUA ahead of benchmark in the period. Longer term performance demonstrated good investment outcomes for clients, with 98% of AUA ahead of benchmark over one year and 86% ahead of benchmark over two years. ULP consistently monitors asset performance, including that of the unit linked funds, particularly in relation to the Managed Funds operated by J.P. Morgan Asset Management ("JPMAM"), which form the majority of the unit linked AUA.

FIGURE 1: AUA ANALYSIS SHOWING UWS NET FLOWS (IN £BN)

£BN	Opening AUA	Inflows	Outflows	Net Flows	Market	Closing AUA
H1 2021 Pro Forma	51.1	2.4	(1.8)	0.6	2.2	53.9
FY 2021 Pro Forma	51.1	4.8	(3.3)	1.5	3.4	55.9
H1 2022 Actual	55.9	2.2	(1.5)	0.7	(5.8)	50.8

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

FIGURE 2: KEY PERFORMANCE INDICATORS

	H1 2022 £M	H1 2021 £M	FY 2021 £M
AUA	**57,586**	38,092	63,669
APE	**211**	133	279[1]
VNB	**24**	21	42[1]
Operating Profit	**78**	54	132[1]
Net SII EV	**1,691**	1,362	2,175

CLIENT RETENTION

	H1 2022	H1 2021	FY 2021
ULP[2]	99%	98%	97%
UWS	97%	97%	94%
UCS[3]	96%	96%	95%

OTHER FINANCIAL HIGHLIGHTS

	H1 2022	H1 2021	FY 2021
IFRS (loss) / profit before tax	(22)	17	388
Expenses	92	58	124

1. Full Year 2021 APE, VNB and Operating Profit includes one month of Quilter International results, reflecting completion of the acquisition on 30 November 2021.
2. Individual business only excluding Group Additional Voluntary Contribution ("AVC") business.
3. UCS persistency is calculated based on policy count across the UPE and UW entities, excluding the Retirement and Savings business.

NEW BUSINESS ANNUAL PREMIUM EQUIVALENT

Actual APE was £211m in H1 2022 compared to APE of £133m in H1 2021 and £279m for FY 2021. On an unaudited pro forma basis, as if QI had been part of the Group for the whole of 2021, APE was £484m in 2021. H1 2022 APE has reduced by circa 13% compared to half of the pro forma full year figure for 2021. Our sales and marketing teams did an excellent job working closely with our distribution partners to generate resilient new business flows in H1 2022 despite the challenges of operating in a very difficult economic environment and the considerable uncertainties arising from both the war in Ukraine and the current elevated level of inflation across the UK, Europe and the United States.

UWS APE was £209m in H1 2022 compared to £129m in H1 2021. UCS APE was £2m in H1 2022 compared to £4m in H1 2021. The continued support of Generali Employee Benefits ("GEB") and employee benefit brokers also contributed to our UCS performance. Retention rates within UCS remained strong, reflecting our commitment to market-leading service and efficient claims administration in this business.

VALUE OF NEW BUSINESS

VNB is a measure of the profitability of new business written after allowing for the cost of administering it. VNB is calculated on an economic basis, consistent with the Solvency II balance sheet and adjusted to include value that would otherwise be excluded by the application of contract boundaries. In H1 2022, Utmost International VNB was £24m compared to H1 2021 when VNB was £21m. The increase in VNB primarily reflects the increase in the quantum of new business written, as demonstrated by the increase in APE, largely as a result of the inclusion of the QI business for the full six month period. Unaudited pro forma VNB for 2021, including the QI business as if it was part of the Utmost Group for the whole of 2021, was £66m. The reduction in VNB relative to half of the pro forma 2021

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

figure reflects both the reduction in APE referred to above and some changes in the mix of business written resulting in lower average VNB margins than were achieved in 2021.

The solutions provided by UWS and UCS tailor to the bespoke and often complex requirements of our client base which extend well beyond simple purely online propositions. An increasingly complex pensions, savings and taxation landscape means our clients demand tailored solutions and advice. As such, while technology-driven solutions offer opportunities to ease client interactions and deliver operational and administrative efficiency, a purely technology-driven solution cannot meet all our clients' financial needs.

SOLVENCY II ECONOMIC VALUE

SII EV is the Group's preferred measure of the economic value of the business.

› For the operating life companies, SII EV is largely derived from components of the Solvency II balance sheet and the calculation methodology results in an outcome which is broadly equivalent to an old style "market consistent embedded value" before allowance for the cost of non-hedgeable risks.

› For all other entities, the SII EV is the IFRS net asset value.

The Group SII EV (net of debt) reduced from £2,175m at 31 December 2021 to £1,691m at 30 June 2022. The most significant influences on this reduction in net SII EV were:

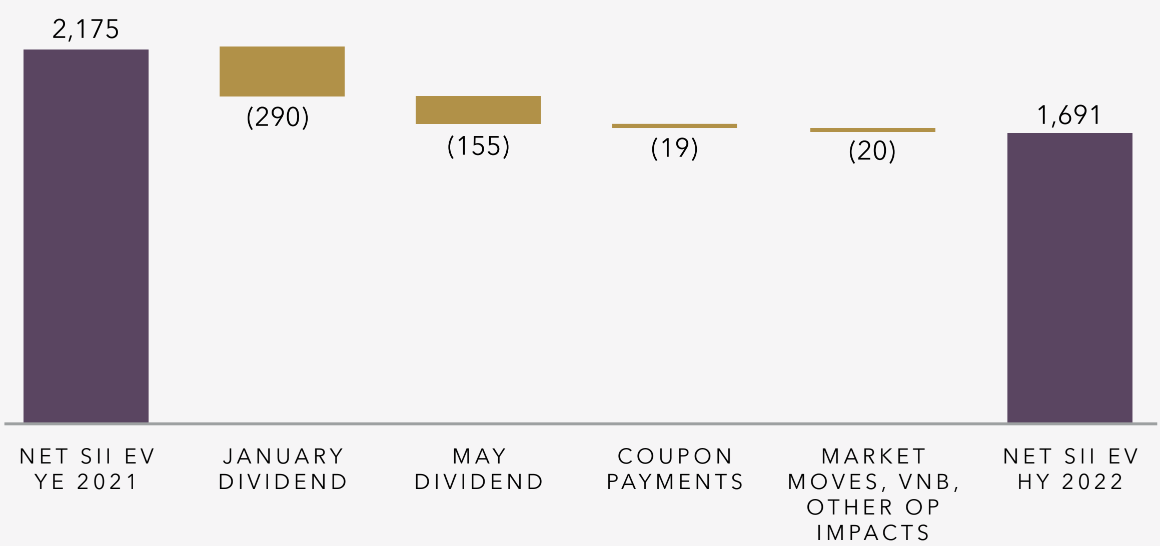
i. the issuance in early January 2022 of £300m of 6.125% Restricted Tier 1 ("RT1") notes by Utmost Group plc ("the Company") followed by an immediate dividend of £290m to the Company's immediate parent company, which was utilised to repay all outstanding UHGL bank debt and to return capital to the Company's ultimate shareholders;

ii. the payment of a £155m dividend to UHGL in May 2022 which was used to return capital to the Company's ultimate shareholders; and

iii. underlying operational impacts of £(39)m.

The underlying operational impacts of £(39)m are a strong result reflecting the net impact of falls in equity and bond markets, increases in risk free rates and inflation, offset by the value of new business written and the unwind of existing business. Of this £(39)m, approximately £(19)m represents the coupon payments on the Tier 2 and RT1 notes with the performance of the underlying life businesses delivering a reduction in Group SII EV of only £(20)m.

FIGURE 3: UTMOST GROUP SOLVENCY II NET ECONOMIC VALUE (IN £M)



CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

OPERATING PROFIT

The Group's actual Operating Profit for H1 2022 is £78m, compared to £54m for H1 2021 and £220m on an unaudited pro forma basis for 2021 including the QI business for the full year; the reduction of Operating Profit compared to half of the pro forma 2021 full year outcome reflects lower charges received as a result of declines in the value of unit funds, short term losses on currency hedging positions (which hedge Group SII EV rather than IFRS operating profits) and adverse claims experience on life and disability business.

CLIENT RETENTION

The Group uses client retention as a non-financial KPI as a measure of client experience. We have elected to report this for each business (ULP, UWS, UCS) separately given the different dynamics of each business. Across each business, client retention was above an annualised rate of 95% for H1 2022.

UWS client retention was 97%. High retention rates are driven by a strong proposition and good client service as well as the inherent product features, where some benefits may be lost, or tax payments crystallised upon early surrender.

UCS' competitive renewal rates and tailored client service drove a high level of client retention. Corporate clients delayed retender processes in 2020 and 2021 and many chose to stay with their existing employee benefit providers through the pandemic, with a number of clients requesting shorter extension periods. We expect pricing to continue to increase in 2022/3 in domestic lines due to uncertainty surrounding the pandemic, driven by concerns around long Covid, higher frequency of undiagnosed medical conditions due to impaired access to health care over the last couple of years and increased incidents of mental ill health as a consequence of the lockdowns.

ULP retained the vast majority of individual clients with a retention rate in line with or better than our long-term assumptions in H1 2022. Overall, the UK business continues to maintain a high retention rate, helped by the launch of a Flexible Drawdown proposition.

A key factor underlying the modest reduction in Group SII EV is that whilst VNB achieved in H1 2022 was lower than the pro forma 2021 equivalent, client retention was generally better than the assumptions underlying the calculation of the Group SII EV at 31 December 2021 as discussed further below. As a result, net flows in H1 2022 were broadly in line with the pro forma net flows for H1 2021.

IFRS PROFIT BEFORE TAX ("IFRS PBT")

The Group's IFRS PBT for H1 2022 was a loss of £21.5m, compared to a profit of £17m in H1 2021 and a profit of £388m for full year 2021, as reported in the financial statements. IFRS PBT includes one-off items such as gains arising on bargain purchases, which totalled £310m in 2021. This gain arose as a result of the acquisition of the QI business. There was no gain arising on bargain purchase in H1 2022 and the H1 2022 IFRS PBT reflects the increased amortisation of acquired value of in force business compared to H1 2021 following the acquisition of the QI business in late 2021 (amortisation of £81m in H1 2022 compared to £25m in H1 2021). Due to the impact of these one-offs, the directors consider Operating Profit to be the key performance indicator of the Group's profitability for internal purposes, and review IFRS PBT as a further financial metric of profitability.

IFRS EQUITY

The IFRS equity of the Group reduced from £1,450m at 31 December 2021 to £1,289m at 30 June 2022. These figures are both net of the Company's Tier 2 notes, but the 30 June 2022 figure is inclusive of the RT1 as the latter are treated as equity for IFRS purposes. The £161m decrease in IFRS equity during H1 2022 primarily reflects the £155m dividend paid to UHGL in May 2022, the £6.3m coupon paid on the RT1 notes and the IFRS loss after tax of £15.4m for the period.

EXPENSES

On an actual basis, as included in the consolidated financial statements, administrative expenses were £92.5m in H1 2022 compared to £57.6m in H1 2021. This increase reflects the inclusion of the acquired QI business for H1 2022 and the impact of integration costs incurred in relation to this acquisition. A breakdown is shown in Figure 4 below.

Cost control remains a key pillar of our Target Operating Model and will continue to create operational savings and drive synergies throughout the business in the coming years.

FIGURE 4: EXPENSES £M

	H1 2022	**H1 2021**
Operating expenses	76.2	48.6
Development expenses	6.9	6.5
Quilter International integration costs	5.9	0.4
Depreciation/amortisation	3.5	2.1
TOTAL	**92.5**	**57.6**

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

OPERATING COMPANY LIQUIDITY

Utmost Group's liquidity management processes and policies are designed to ensure that both policyholder liabilities and non-policyholder liabilities can be paid on a timely basis.

Due to the nature of the unit linked product set, policyholder-related liquidity requirements are relatively low.

The main liquidity requirements in our operating companies relate to expenses and policyholder claims on non-linked business. Utmost International does not have any material requirements in respect of collateral.

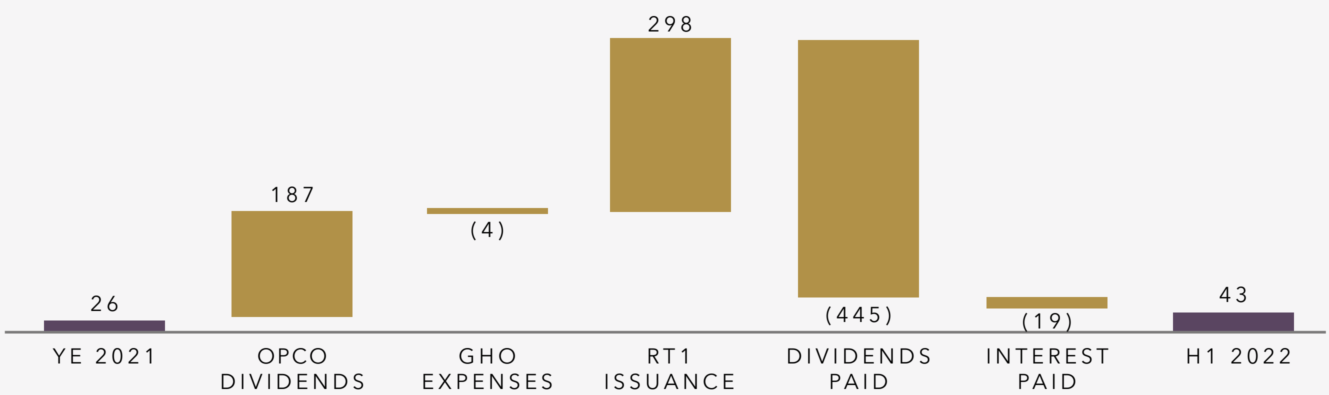
The Utmost Group requires each of its operating companies to assess liquidity on a 3, 6 and 12-month basis. All cash inflows and outflows in each period are assessed under a central and stressed scenario. The stress considers a 10% fall in inflows, 10% increase in outflows and a 5% loss on non-cash assets. Hard and soft limits are set under the central and stressed scenarios to ensure the Group remains liquid at all times.

HOLDING COMPANY CASH

Cash is held at the holding company level to cover group head office ("GHO") costs and one year's interest costs on the Group's debt capital instruments. Excess cash not required for these purposes is available to be reinvested in the business, to fund future acquisitions, or to be paid as a dividend to the Group's immediate shareholder, UHGL.

Cash held at holding companies at 30 June 2022 was £43m compared to £26m at 31 December 2021. An analysis of the change in cash held at holding companies over the period is shown in Figure 5 below. £187m of dividends were received from operating companies during the period. After allowing for GHO expenses and the coupon payments on the Tier 2 and RT1 loan notes, the bulk of the cash received at GHO was used to pay dividends to UHGL with the net holding company cash at the end of the period being £43m.

FIGURE 5: H1 2022 HOLDING COMPANY CASH DEVELOPMENT £M



CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

CAPITAL STRENGTH AND SOLVENCY POSITION

The Group applies a disciplined approach to capital management. The Group aims to maintain a strong capital position and has prudent capital policies in place. Each of its life companies is subject to local solvency regulation.

The UK business and the Group are subject to the requirements of PRA Solvency II. The Irish life companies are subject to the requirements of the European Insurance and Occupational Pensions Authority ("EIOPA") Solvency II. The solvency regime introduced by the Isle of Man on 1 July 2018 is broadly similar to the Solvency II regime and, in addition to complying with the Isle of Man solvency regime, the Isle of Man business also calculates its solvency coverage in accordance with PRA Solvency II requirements. UW has agreed with the Guernsey Financial Services Commission ("GFSC") that its capital position should be calculated in accordance with the full PRA Solvency II requirements. There are additional solvency requirements imposed on the Group's branches.

The nature of the business written by the Group is such that it is appropriate for all its life company subsidiaries to determine their Solvency II balance sheets using the "Standard Formula" approach. The Group does not utilise an internal model.

The Group's life companies seek to maintain a strong solvency position and have each adopted capital policies to ensure that this is the case.

The capital policies for the various life companies within the Group are summarised in Figure 6 together with their actual Solvency Coverage Ratios as at 30 June 2022. In each case the capital policy specifies a minimum level of Solvency Coverage Ratio which the entity seeks to exceed at all times and a higher level of Solvency Coverage Ratio which the entity must exceed immediately after payment of a dividend. The Solvency Coverage Ratio of each entity at 30 June 2022 was comfortably in excess of this second higher threshold.

FIGURE 6: ENTITY SOLVENCY AND CAPITAL POLICIES

ENTITY	SOLVENCY COVERAGE RATIO 30 JUNE 2022	AT ALL TIMES	IMMEDIATELY POST DIVIDEND
Utmost Limited	165%	125%	150%
Quilter International Isle of Man Limited	198%	125%	150%
Utmost PanEurope DAC (inc. WTA[1])	194%	135%	150%
UPE (exc. WTA)	146%	100%	110%
Quilter International Ireland DAC	222%	135%	150%
Utmost Worldwide Limited	185%	135%	150%
Utmost Life and Pensions Limited	202%	135%	150%
Utmost Group	193%	135%	150%

1 Withholding Tax Asset as detailed further in note 17 of the consolidated financial statements of the Annual Report 2021.

FIGURE 7: GROUP SOLVENCY II CAPITAL

	30 June 2022 £m	31 December 2021 £m
Own Funds	**1,836**	1,964
Solvency Capital Requirement	**950**	1,110
Solvency Coverage Ratio	**193%**	177%

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

UW and QIIOM are also required to ensure that they meet the regulatory capital standards in respect of each of their branches. In the case of most of these branches, the branch solvency reporting applies to the relevant branch business only. However, UW and QIIOM currently have to satisfy Hong Kong capital standards on a whole company basis. At 30 June 2022 the Solvency Coverage Ratios of UW and QIIOM on a Hong Kong basis were 421% and 21,532% respectively.

Utmost Group is subject to full Group-level solvency regulation by the PRA. OCM Utmost Holdings Ltd ("OUHL"), the ultimate parent company of the Group, is subject to group regulation by the PRA on an "Other Methods" basis. In addition, in the absence of an agreement between the UK and the EU on equivalence, the Central Bank of Ireland ("CBI") undertake group regulation on an "Other Methods" basis of Utmost Topco Limited ("UTL") and its subsidiaries. UTL is the immediate subsidiary of OUHL. The Group Solvency Coverage Ratio is calculated as Group Own Funds as a percentage of Group SCR (on a standard formula basis). Following the RT1 issue in January 2022 and repayment of all outstanding bank debt there is no material differences between the "Other Methods" reporting to the PRA and the CBI and the full Group reporting undertaken by UGP.

Utmost Group's approach to managing capital at Group level mirrors the approach at life company level, i.e. to maintain a Group Solvency Coverage Ratio of at least 135% at all times, and a Group Solvency Coverage Ratio of at least 150% immediately after payment of a dividend.

Throughout H1 2022, the Group maintained its strong capital position, with a Group Solvency Coverage Ratio of 193% at 30 June 2022 and Own Funds of £1,836m despite the payment of a £155m dividend to UHGL in May 2022. The mix of our fee base, between fixed and AMC-based charges, and the equity symmetric adjustment contributed to the stability in the Solvency Coverage Ratio in H1 2022. The Group's Solvency Coverage Ratio position is summarised in Figure 7.

BORROWINGS

UGP undertook an issuance of £300m of 6.125% perpetual RT1 notes with a first call date of 15 December 2028 in January 2022. The net proceeds of the RT1 issuance were £296m. Following the RT1 debt issuance, the Group now has two debt instruments in place: a £400m 4.0% Tier 2 loan note issued in September 2021 and a £300m 6.125% RT1 loan note. Both instruments are listed on the Global Exchange Market ("GEM") in Ireland. Interest on both the Tier 2 loan notes and the RT1 notes for the period from issuance was paid on 15 June 2022 as scheduled.

The Group maintains a prudent capital structure and aims to target a leverage ratio of between 20%–30% of SII EV, gross of debt. As at 30 June 2022, the UGP leverage ratio on this basis was approximately 29% and the Fitch financial leverage ratio was 23%.

CREDIT RATING

The Utmost International operating subsidiaries maintained their Insurer Financial Strength ratings of 'A' with a Stable Outlook throughout H1 2022. This reflects the strong capitalisation and stable leverage ratios of the Group. Following completion of the Fitch annual ratings review, the UGP Issuer Default Rating was upgraded from 'BBB+' to 'A-'. As a result of this upgrade the Fitch ratings of UGP's Tier 2 and RT1 notes were also upgraded to 'BBB-' and 'BB+' respectively, each with a Stable Outlook.

DIVIDENDS

Following completion of UGP's RT1 issuance in January 2022, UGP paid a dividend of £290m to UHGL. A further dividend of £155m was paid to UHGL in May 2022 utilising dividends paid by UGP's operating subsidiaries following completion of the YE 2021 financial and regulatory reporting. UHGL used part of the aggregate dividends received from UGP to repay all of its outstanding bank debt of approx. £125m. The remainder of the dividends received by UHGL were passed up the group holding companies and returned to the ultimate shareholders.

SUMMARY

The Group has made good progress in H1 2022. Our balance sheet is strong and resilient, enabling us to provide a high level of security to our clients. Our strong financial position enables the Group to invest in the continued development of our business through organic growth and further acquisitions. The strength of the Group is evidenced through the consistency of its financial strength and operating performance through the uncertain environment in the first half of the year.

IAN MAIDENS

GROUP CHIEF FINANCIAL OFFICER

Our balance sheet is strong and resilient, enabling us to provide a high level of security to our clients. Our strong financial position enables the Group to invest in the continued development of our business through organic growth and further acquisitions.

IAN MAIDENS
GROUP CHIEF FINANCIAL OFFICER

DIRECTORS' REPORT

The Directors present their condensed consolidated interim financial statements for Utmost Group plc, for the period ended 30 June 2022. The Company is a public limited company incorporated in England and Wales (registered no. 12268786) under the Companies Act 2006. The Company was incorporated on 17 October 2019.

Comparative information has been presented for the period ended 30 June 2021 and the year ended 31 December 2021.

The Directors of the Company confirm that to the best of their knowledge:

› the condensed consolidated interim financial statements for the half year ended 30 June 2022, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK, give a fair view of the assets, liabilities, financial position and results of Utmost Group plc and its consolidated subsidiaries taken as whole;

› the Interim Report includes a fair view of the state of affairs of Utmost Group plc and its consolidated subsidiaries as at 30 June 2022 and for the financial half year to which the Interim Report relates. This includes a description of the important events that occurred during the first half of the year and refers to the principal risks and uncertainties facing Utmost Group plc and its consolidated subsidiaries for the remaining six months of the year; and

› the Interim Report includes a fair view of the information required on material transactions with related parties and any material changes in related party transactions described in the last Annual Report.

The financial statements were authorised for issue by the Board of Directors on 14 September 2022.

IAN MAIDENS

GROUP CHIEF FINANCIAL OFFICER

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2022

	NOTE	HY 2022	HY 2021	FY 2021
REVENUE		£'000	£'000	£'000
Fees and charges receivable	4	176,485	87,680	85,884
Net premiums earned	10	35,549	30,884	191,854
Other operating income		3,161	2,367	7,405
TOTAL REVENUE		**215,195**	**120,931**	**285,143**
INVESTMENT RETURN	**5**	**(7,081,141)**	**1,989,879**	**3,591,121**
NET POLICYHOLDER CLAIMS AND BENEFITS INCURRED				
Policyholder claims	10	(104,937)	(97,132)	(177,799)
Transfer from / (to) unallocated surplus		16,589	(12,859)	(12,633)
Changes in insurance contract liabilities		122,945	87,747	181,077
Changes in investment contract liabilities	9	7,020,009	(1,957,675)	(3,543,094)
		7,054,606	**(1,979,919)**	**(3,552,449)**
EXPENSES				
Administrative expenses	6	(92,471)	(57,558)	(124,065)
Commission and adviser fees		(27,903)	(21,228)	(43,634)
Amortisation of acquired value of in-force business	7	(81,039)	(25,422)	(59,650)
		(201,413)	**(104,208)**	**(227,349)**
GAINS ARISING ON BARGAIN PURCHASES		-	-	309,643
(LOSS) / PROFIT FOR THE PERIOD / YEAR BEFORE INTEREST AND TAX		**(12,753)**	**26,683**	**406,109**
Finance costs		(8,764)	(9,453)	(18,450)
(LOSS) / PROFIT FOR THE PERIOD / YEAR BEFORE TAX		**(21,517)**	**17,230**	**387,659**
Tax credit / (charge)		6,105	(4,932)	(20,447)
(LOSS) / PROFIT FOR THE PERIOD / YEAR AFTER TAX		**(15,412)**	**12,298**	**367,212**
OTHER COMPREHENSIVE INCOME / (EXPENSE)				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS				
Change in fair value of financial assets at fair value through OCI		(3,755)	(3,433)	(5,507)
Foreign currency translation movements in the year		6,784	(16,029)	(19,419)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS				
Fair value movements of owner occupied land and buildings		-	-	110
Re-measurement on retirement benefit asset/obligation		4,869	2,736	3,047
Shareholder tax on items that will not be reclassified subsequently to profit and loss		(105)	283	(74)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD / YEAR		**(7,619)**	**(4,145)**	**345,369**

Income and expenses for the period / year derive wholly from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	30 JUNE 2022	30 JUNE 2021	31 DECEMBER 2021
ASSETS		£'000	£'000	£'000
Acquired value of in-force business	7	1,019,224	450,877	1,096,051
Deferred acquisition costs		78,331	51,024	58,386
Other intangible assets		505	563	585
Property, plant and equipment		25,506	21,284	27,214
Reinsurers' share of insurance contract liabilities		1,081,364	1,208,220	1,188,038
Withholding tax asset		107,394	101,754	108,899
Deferred tax asset		2,527	5,891	2,580
Financial assets at fair value held to cover linked liabilities	8			
Financial investments		52,114,767	34,704,581	58,717,032
Cash and cash equivalents		3,869,634	1,841,171	3,253,320
TOTAL FINANCIAL ASSETS AT FAIR VALUE HELD TO COVER LINKED LIABILITIES		**55,984,401**	**36,545,752**	**61,970,352**
Other investments		1,745,075	2,125,365	2,042,435
Other receivables		373,892	165,697	314,477
Deposits		69,386	5,109	39,166
Assets held for sale		-	-	3,560
Cash and cash equivalents		393,018	293,858	452,186
TOTAL ASSETS		**60,880,623**	**40,975,394**	**67,303,929**
LIABILITIES				
Investment contract liabilities	9	53,940,950	36,004,216	59,983,184
Insurance contract liabilities	10	4,562,315	3,268,098	4,738,424
Reinsurance liability	10	48,251	32,988	57,895
Unallocated surplus		91,317	108,465	107,332
Borrowings		400,645	302,490	404,690
Deferred tax liabilities		49,484	35,799	57,774
Reinsurance payables		129,526	148,249	114,664
Payables related to direct insurance contracts		16,362	21,197	28,619
Deferred front end fees		74,525	57,068	62,070
Other payables		278,557	188,379	299,287
TOTAL LIABILITIES		**59,591,932**	**40,166,949**	**65,853,939**
CAPITAL AND RESERVES				
Called up share capital	11	392,500	100,000	392,500
Retained earnings		603,430	710,849	1,065,358
Other reserves		(3,833)	1,996	(78)
Tier 1 notes		297,600	-	-
Foreign currency translation reserve		(1,006)	(4,400)	(7,790)
TOTAL EQUITY		**1,288,691**	**808,445**	**1,449,990**
TOTAL EQUITY AND LIABILITIES		**60,880,623**	**40,975,394**	**67,303,929**

The financial statements on pages 27 to 42 were approved and authorised for issue by the Board of directors on 14 September 2022 and signed on its behalf by:

DIRECTOR ____________________ DIRECTOR ____________________

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2022

	CALLED UP SHARE CAPITAL £'000	RETAINED EARNINGS £'000	TIER 1 NOTES £'000	OTHER RESERVES* £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	TOTAL £'000
BALANCE AS AT 1 JANUARY 2021	**100,000**	**739,063**	**-**	**6,358**	**11,629**	**857,050**
Profit for the year	-	367,212	-	-	-	367,212
Foreign currency translation movements in the year	-	-	-	-	(19,419)	(19,419)
Re-measurement on retirement benefit asset	-	3,047	-	-	-	3,047
Other comprehensive income	-	36	-	(929)	-	(893)
Dividends paid	-	(44,000)	-	-	-	(44,000)
Change in fair value of financial assets at fair value through OCI	-	-	-	(5,507)	-	(5,507)
Share capital issued in the year	292,500	-	-	-	-	292,500
BALANCE AS AT 1 JANUARY 2022	**392,500**	**1,065,358**	**-**	**(78)**	**(7,790)**	**1,449,990**
Loss for the period	-	(15,412)	-	-	-	(15,412)
Foreign currency translation movements in the period	-	-	-	-	6,784	6,784
Re-measurement on retirement benefit asset	-	4,869	-	-	-	4,869
Change in fair value of financial assets at fair value through OCI	-	-	-	(3,755)	-	(3,755)
Dividends paid	-	(445,000)	-	-	-	(445,000)
Other comprehensive income	-	(105)	-	-	-	(105)
Tier 1 notes issuance	-	-	297,600	-	-	297,600
Coupon paid on Tier 1 notes, net of tax relief	-	(6,280)	-	-	-	(6,280)
BALANCE AS AT 30 JUNE 2022	**392,500**	**603,430**	**297,600**	**(3,833)**	**(1,006)**	**1,288,691**

*Other reserves primarily consists of the accumulated movement on financial assets held at fair value through other comprehensive income.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2022

	NOTE	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	12	**115,320**	**71,913**	**105,528**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries – net of cash acquired and distribution received		-	-	(255,872)
Acquisition of property, plant and equipment		(652)	(294)	(706)
Acquisition of intangible assets		(17)	(43)	(152)
Proceeds on disposals of property, plant and equipment		3,541	27	26
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		**2,872**	**(310)**	**(256,704)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of share capital		-	-	292,500
Issue of Tier 1 notes		297,600	-	-
Increase in borrowings		-	-	400,000
Repayments of borrowings		-	-	(300,000)
Dividends paid		(445,000)	(44,000)	(44,000)
Finance costs paid		(32,477)	(9,028)	(17,012)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(179,877)**	**(53,028)**	**331,488**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(61,685)**	**18,575**	**180,312**
Cash and cash equivalents at the beginning of the year		452,186	278,452	278,452
Exchange differences on cash and cash equivalents		2,517	(3,169)	(6,578)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR		**393,018**	**293,858**	**452,186**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

The principal activity of Utmost Group plc is investment holding, and of its subsidiaries (together, the "Group") is the writing of long-term assurance business through the Utmost Wealth Solutions business, the majority of which are classified as investment contracts because of the absence of significant insurance risk. These contracts are primarily written into the UK, Ireland, Italy, Switzerland and other European countries. The Group also writes employee benefits insurance business through the Utmost Corporate Solutions business, following the acquisition of Utmost PanEurope dac ("UPE") in 2018 and the acquisition of Utmost Worldwide Limited ("Utmost Worldwide" or "UW") in 2019. Through Utmost Life and Pensions ("ULP"), the Group is a UK consolidator focused upon the provision of life and pension policies (predominantly closed book of business) by pursuing its strategy of acquiring and consolidating businesses in the UK to deliver economies of scale to the benefit of policyholders and shareholders. The Company was incorporated as a company limited by shares in England and Wales and converted to a plc on 19 July 2021. The address of the Company's registered office is 5th Floor Saddlers House, 44 Gutter Lane, London, EC2V 6BR.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial statements ('the interim financial statements') for the half year ended 30 June 2022 comprise the interim financial statements of Utmost Group plc ('the Company') and its subsidiaries (together referred to as "the Group") and were authorised by the Board of Directors for issue on 14 September 2022. The interim financial statements are unaudited.

The interim financial statements do not include all the information and disclosures required in the 2021 consolidated financial statements, and should be read in conjunction with the Group's 2021 Annual Report and Accounts, which have been prepared in accordance with UK-adopted international accounting standards.

The interim financial statements are presented in thousand pounds sterling (£) rounded except where otherwise stated. Assets and liabilities are offset in the condensed statement of consolidated financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Income and expenses are not offset in the condensed consolidated income statement unless required or permitted by an International Financial Reporting Standard ("IFRS") or interpretation, as specifically disclosed in the accounting policies of the Group.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

There is no seasonality or cyclicality in Utmost's business operations.

2.1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and each of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated primary statements.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.1.2 Going concern

At the time of preparing and approving the financial statements, the directors have a reasonable expectation that the Company and Group have sufficient resources to continue in operational existence for the foreseeable future. The Company and Group therefore continue to adopt the going concern basis in preparing its individual and consolidated interim financial statements.

In making the going concern assessment for the foreseeable future, the directors considered various assessments. Stresses are applied to those positions to understand potential impacts of market downturns. These stresses, including the additional considerations applied in response to Covid-19, do not give rise to any material uncertainties over the ability of the Group to continue as a going concern. Based upon the available information, the directors consider that the Group has the plans and resources to manage its business risks successfully and that it remains financially strong.

The directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the interim financial statements. Therefore, they have considered it appropriate to continue to adopt the going concern basis of accounting when preparing the interim financial statements.

3. SEGMENTAL ANALYSIS

The Group defines and presents operating segments in accordance with IFRS 8 Operating Segments which requires operating segments to be identified based on the information provided to the Chief Operating Decision Maker ("CDM"). The profit and loss information provided to the CDM and as presented in this note is on a different basis to that presented in the consolidated Statement of Comprehensive Income.

IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's CDM to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Based on the above criteria the operating segments of the Group are determined to be:

Utmost Wealth Solutions ("UWS")

A provider of wealth solutions through the sale of unit linked life assurance products.

Utmost Corporate Solutions ("UCS")

A provider of employee benefits business including life cover, income protection and critical illness cover to corporate clients to protect their employees. UCS specialises in the provision of benefits to multinational corporations with employees in multiple jurisdictions.

Utmost Life and Pensions ("ULP")

A consolidator of UK life and pensions books of business. ULP is focused on unit linked solutions and also provides annuity and with-profits solutions to policyholders.

Other Group activities

Centrally held assets and group head office expenses together with financing costs arising on the Tier 2 loan notes are included in 'Other Group activities'. The elimination of inter-segment transactions and consolidation adjustments are also included within this segment.

The performance of the segments is based upon the non-GAAP measure operating profit. The Group's internal definition of operating profit is considered by management to provide a better view of the Group's underlying quality of earnings compared to the IFRS profit before interest and tax figure and the definition of operating profit is provided in the APMs section.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

A reconciliation of the segmental operating profit to the Group profit before tax is provided below:

OPERATING PROFIT £'000	HY 2022	HY 2021	FY 2021
UWS	73,695	30,468	75,621
UCS	(5,786)	7,784	20,821
ULP	17,680	19,262	45,012
Other Group activities	(7,846)	(3,302)	(9,611)
TOTAL SEGMENTAL OPERATING PROFIT	**77,743**	**54,212**	**131,843**
Gain arising on bargain purchases	-	-	309,643
Amortisation of AVIF and depreciation	(84,554)	(27,529)	(64,985)
Interest charge	(8,764)	(9,453)	(18,450)
Non-recurring items	(5,942)	-	29,608
(LOSS) / PROFIT BEFORE TAX	**(21,517)**	**17,230**	**387,659**

A breakdown of revenue by segment is provided below:

HY 2022 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Net premiums earned	3,424	34,551	(2,426)	-	35,549
Fees and charges receivable	155,354	5,654	17,422	(1,945)	176,485
Other operating income	6,538	1,250	-	(4,627)	3,161
TOTAL SEGMENTAL REVENUE	**165,316**	**41,455**	**14,996**	**(6,572)**	**215,195**

HY 2021 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Net premiums earned	257	34,423	(3,796)	-	30,884
Fees and charges receivable	72,399	1,443	16,841	(3,003)	87,680
Other operating income	2,404	1,847	-	(1,884)	2,367
TOTAL SEGMENTAL REVENUE	**75,060**	**37,713**	**13,045**	**(4,887)**	**120,931**

FY 2021 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Net premiums earned	14,500	76,000	(4,616)	-	85,884
Fees and charges receivable	146,287	15,938	35,136	(5,507)	191,854
Other operating income	5,637	5,936	-	(4,168)	7,405
TOTAL SEGMENTAL REVENUE	**166,424**	**97,874**	**30,520**	**(9,675)**	**285,143**

Of the revenue from external customers presented in the table above, £81,562k is attributable to customers in the United Kingdom and £133,633k to the rest of the world. No revenue transaction with a single customer external to the Group amounts to greater than 10% of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

4. FEES AND CHARGES RECEIVABLE

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
Fee income from investment contracts	171,794	80,011	173,390
Net movement in deferred front-end fees	(6,165)	(2,796)	(5,167)
Other fee income – including commission and rebate income	10,856	10,465	23,631
Total fee income	176,485	87,680	191,854

5. INVESTMENT RETURN

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
Interest income on financial investments	27,494	29,878	63,492
Dividend income	143,634	47,424	103,169
Net gains on realisation of financial investments	141,815	440,475	747,542
Change in fair value of financial investments	(7,259,906)	1,371,546	2,478,286
Net foreign exchange gains	(134,178)	100,556	198,632
	(7,081,141)	**1,989,879**	**3,591,121**

6. ADMINISTRATIVE EXPENSES

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
STAFF COSTS			
Wages and salaries	40,807	26,262	56,301
Social insurance costs	5,020	2,626	5,652
Pension costs – defined contributions	3,500	1,973	4,439
Termination costs	1,439	-	1,078
Other staff costs	1,046	941	2,806
	51,812	**31,802**	**70,276**
Depreciation of property, plant and equipment	3,418	2,776	5,160
Amortisation of intangible assets – software	97	87	175
Auditor's fees	3,058	1,402	3,213
Auditor's fees non-audit services	134	585	506
Professional fees	10,216	1,953	21,172
Other administrative costs	23,736	18,953	23,563
Total administrative expenses	**92,471**	**57,558**	**124,065**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

7. ACQUIRED VALUE OF IN-FORCE BUSINESS

COST	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
At start of period	1,321,318	652,564	652,564
Value of in-force policies acquired	-	-	681,752
Foreign exchange movement	6,420	(8,944)	(12,998)
At end of period	1,327,738	643,620	1,321,318
ACCUMULATED AMORTISATION			
At start of period	225,267	169,420	169,420
Charge for the period	81,039	25,422	59,650
Foreign exchange movement	2,208	(2,099)	(3,803)
At end of period	**308,514**	**192,743**	**225,267**
Net book value at end of period	**1,019,224**	**450,877**	**1,096,051**
Current (within 12 months)	145,950	45,400	156,206
Non-current (after 12 month)	873,274	405,477	939,845
	1,019,224	**450,877**	**1,096,051**

8. FINANCIAL ASSETS AT FAIR VALUE HELD TO COVER LINKED LIABILITIES

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
Fixed income securities	1,715,562	1,545,236	1,557,727
Deposits and loans	357,849	364,075	996,247
Ordinary shares and funds	48,743,011	32,076,924	55,128,036
Other investments	890,899	303,683	626,079
Modified coinsurance account	407,446	414,663	408,943
Cash and cash equivalents	3,869,634	1,841,171	3,253,320
	55,984,401	**36,545,752**	**61,970,352**

Included in the analysis above are investments of £1,924,370k (FY 2021: £1,791,364k and HY 2021: £291,067k) which are level 3 assets in the Fair Value Hierarchy. The nature of these assets means there may be limited liquidity through suspensions, liquidations or by the nature of assets the underlying fund invests into.

Other investments includes structured notes and collateralised securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

Interest in structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group considers its investments in collective investment schemes to be investments in unconsolidated structured entities, which are recognised within 'Financial assets at fair value held to cover linked liabilities' on the Statement of Financial Position. These investments largely represent assets held to back policyholder linked liabilities, and as such any market movements (recognised within 'Investment return' in the Statement of Comprehensive Income) is matched by a change in investment contract liabilities in the Statement of Comprehensive Income.

The Group determines it does not have any interests in consolidated structured entities as at 30 June 2022 (2021: £nil).

9. INVESTMENT CONTRACT LIABILITIES

The following table summarises the movement in financial liabilities under investment contracts during the year:

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
Balance at start of period	**59,983,184**	**34,556,745**	**34,556,745**
Addition on acquisition of subsidiaries	-	-	22,548,738
Deposits to investment contracts	2,203,432	1,340,813	2,803,062
Withdrawals from investment contracts	(1,663,564)	(1,351,543)	(2,662,317)
Fees and charges deducted including third party charges	(184,025)	(63,886)	(145,696)
Commissions and rebates receivable	258	232	595
Change in investment contract liabilities	(7,020,009)	1,957,675	3,543,094
Other movements	1,790	1,302	(1,379)
Foreign exchange movement	619,884	(437,122)	(659,658)
Movement in the period	**(6,042,234)**	**1,447,471**	**25,426,439**
Closing balance carried forward	53,940,950	36,004,216	59,983,184

Any policy can be surrendered at any time; investment contract liabilities therefore have a minimum maturity of 0-1 years. In practice, this is unlikely to happen given that these products are long term investment contracts and more specifically, may reflect the settlement terms achieved on the disposal of assets in the terms it offers on the settlement of liabilities backed by those assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

10. INSURANCE CONTRACT LIABILITIES

	GROSS LIABILITIES HY 2022 £'000	REINSURERS' SHARE HY 2022 £'000	GROSS LIABILITIES HY 2021 £'000	REINSURERS' SHARE HY 2021 £'000	GROSS LIABILITIES FY 2021 £'000	REINSURERS' SHARE FY 2021 £'000
Insurance contracts	4,522,082	1,033,113	3,223,719	1,175,232	4,695,549	1,130,143
Investment contracts with DPF	40,233	-	44,379	-	42,875	-
As at end of period	**4,562,315**	**1,033,113**	**3,268,098**	**1,175,232**	**4,738,424**	**1,130,143**

	GROSS LIABILITIES HY 2022 £'000	REINSURERS' SHARE HY 2022 £'000	GROSS LIABILITIES HY 2021 £'000	REINSURERS' SHARE HY 2021 £'000	GROSS LIABILITIES FY 2021 £'000	REINSURERS' SHARE FY 2021 £'000
As at start of period	4,738,424	1,130,143	3,383,456	1,193,523	3,383,456	1,193,523
Additions on acquisition of subsidiaries	-	-	-	-	1,627,813	7,236
Policyholder premiums	102,482	66,933	111,159	80,276	232,703	146,819
Policyholder claims	(151,476)	(46,539)	(158,054)	(60,923)	(296,443)	(118,644)
Other changes in liabilities	(176,337)	(132,154)	(21,097)	2,280	(152,648)	(65,723)
Foreign exchange movements	49,222	14,730	(47,366)	(39,924)	(56,457)	(33,068)
As at end of period	**4,562,315**	**1,033,113**	**3,268,098**	**1,175,232**	**4,738,424**	**1,130,143**

The reinsurers' share balance above consists of the reinsurers' share of insurance contract liabilities balance of £1,081,364k (FY 2021: £1,188,038k and HY 2021: £1,208,220k) offset by the reinsurance liability balance of £48,251k (FY 2021: £57,895k and HY 2021: £32,988k).

The table below provides a breakdown of the gross liabilities balance between the respective components:

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
Life assurance provision	4,156,016	2,859,698	4,383,293
Unearned premium reserve	72,808	72,231	21,455
Incurred but not reported reserve	61,220	63,903	57,275
Reported but not settled reserve	248,771	248,561	251,484
Other	23,500	23,705	24,917
	4,562,315	**3,268,098**	**4,738,424**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

11. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

ALLOTTED, CALLED UP AND FULLY PAID	HY 2022 NUMBER	HY 2021 NUMBER	FY 2021 NUMBER
Ordinary shares of £1 each	392,500,000	100,000,000	392,500,000
	£'000	**£'000**	**£'000**
Ordinary shares of £1 each	392,500	100,000	392,500

12. CASH FLOW STATEMENT

	HY 2022 £'000	HY 2021 £'000	FY 2021 £'000
(Loss) / profit before taxation	(21,517)	17,230	387,659
NON-CASH MOVEMENTS			
Amortisation of acquired VIF	81,039	25,422	59,650
Depreciation of property, plant and equipment	3,418	2,302	5,160
Amortisation and write off of intangible assets	97	87	175
Gains arising on bargain purchases	-	-	(309,643)
CHANGE IN WORKING CAPITAL			
Movement in investment contract and insurance contract liabilities, net of policyholder claims	(6,611,769)	2,395,302	4,236,963
Movement in unallocated surplus	16,589	12,859	12,633
Net movement in financial assets	6,718,605	(2,394,268)	(4,300,668)
Change in other working capital item	(71,142)	12,979	13,599
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	**115,320**	**71,913**	**105,528**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

13. FAIR VALUE DISCLOSURES

Fair value, as defined by IFRS 13 "Fair Value Measurement", is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with IFRS 13, the Group has applied the fair value hierarchy classification to all assets and liabilities measured at fair value. This requires the Group to classify such assets and liabilities according to a hierarchy based on the significance of the inputs used to arrive at the overall fair value of these instruments:

- **Level 1:** Fair value measurements derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.
- **Level 3:** Includes valuations for assets that are not based on observable market data (unobservable inputs) or where only stale prices are available.

Investments are transferred from level 1 to level 2 and vice versa when dealing/pricing frequencies change. Transfers into Level 3 occur when an equity or collective investment scheme is suspended or enters liquidation, as notified by its fund administrator or investment manager. Transfers out of level 3 occur when such suspension is lifted, as notified by the fund administrator or investment manager.

A proportion of the assets are valued at a fair value derived using unobservable level 3 inputs. The majority of these are valued using valuations obtained from external parties which are reviewed internally to ensure they are appropriate. The Group has limited access to the key assumptions and data underlying these valuations and most of these investments are in hedge funds, collective investment schemes, suspended funds or funds in liquidation; therefore no sensitivity analysis has been presented. The level 3 assets shown below are primarily unit linked assets backing policyholder liabilities, and as such there is minimal exposure of the Group to changes in the valuation of these assets.

30 June 2022

ASSETS	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
› Financial assets held at fair value to cover linked liabilities	55,984,401	43,972,805	10,087,226	1,924,370
› Debt securities – fair value through profit and loss	1,316,211	865,862	450,349	-
› Debt securities – fair value through other comprehensive income	167,624	167,624	-	-
› Other investments at fair value	468,032	318,488	101,266	48,278
	57,936,268	**45,324,779**	**10,638,841**	**1,972,648**
Total assets not at fair value	2,944,355			
TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION	**60,880,623**			
Investment contract liabilities	53,940,950	-	52,016,580	1,924,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

13. FAIR VALUE DISCLOSURES (CONTINUED)

31 December 2021

ASSETS	TOTAL	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
› Financial assets held at fair value to cover linked liabilities	61,970,352	48,850,301	11,328,687	1,791,364
› Debt securities – fair value through profit and loss	1,517,125	967,625	549,500	-
› Debt securities – fair value through other comprehensive income	254,344	254,344	-	-
› Other investments at fair value	433,091	289,613	138,932	4,546
	64,174,912	**50,361,883**	**12,017,119**	**1,795,910**
Total assets not at fair value	3,129,017			
TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION	**67,303,929**			
Investment contract liabilities	59,983,184	-	58,191,820	1,791,364

30 June 2021

ASSETS	TOTAL	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
› Financial assets held at fair value to cover linked liabilities	36,545,752	25,298,215	10,956,470	291,067
› Debt securities – fair value through profit and loss	1,583,185	1,025,608	556,658	919
› Debt securities – fair value through other comprehensive income	257,152	257,152	-	-
› Other investments at fair value	275,097	121,286	149,501	4,310
	38,661,186	**26,702,261**	**11,662,629**	**296,296**
Total assets not at fair value	2,314,208			
TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION	**40,975,394**			
Investment contract liabilities	36,004,216	-	35,713,149	291,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2022

13. FAIR VALUE DISCLOSURES (CONTINUED)

A reconciliation of the opening to closing balances in the level 3 fair value hierarchy is shown in the table below:

	FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS £'000
Balance at 1 January 2021	**272,999**
Additions on acquisition of subsidiaries	1,546,568
Transfers into level 3	51,078
Transfers out of level 3	(41,191)
Total gains or losses:	
› In profit or loss	1,623
› In policyholder liabilities	(15,629)
Disposals	(5,134)
Foreign exchange movements	(14,404)
Balance at 31 December 2021	**1,795,910**
Transfers into level 3	243,491
Transfers out of level 3	(27,722)
Total gains or losses:	
› In profit or loss	(58,506)
› In policyholder liabilities	32,355
Disposals	(20,543)
Foreign exchange movements	7,663
Balance at 30 June 2022	**1,972,648**

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred. The Group aims to minimise undue exposure to level 3 assets, and regularly reviews the composition of the portfolio including level 3 assets through the Investment Committee. Restrictions and criteria are in place in Ireland, the UK and Guernsey to limit exposure to level 3 assets, and the Isle of Man has a general policy of no further investment into level 3 assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 30 JUNE 2022

14. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The following disclosures are in accordance with the provisions of IAS 24 Related Party Disclosures, in respect of the compensation of Key Management Personnel. Under IAS 24, Key Management Personnel are defined as comprising executive and non-executive directors together with senior executive officers.

	DIRECTORS' SALARIES & SHORT TERM BENEFITS £'000	POST EMPLOYMENT BENEFITS £'000	TOTAL £'000
HY 2022	1,133	100	1,233
HY 2021	1,112	100	1,212
FY 2021	2,266	200	2,466

Transactions with related parties

The Group has holdings in the European Senior Loan Fund of a related party Oaktree. The ultimate parent company which maintains a majority controlling interest in the Group is recognised by the directors as OCM Utmost Holdings Ltd, a Cayman Island incorporated entity. OCM Utmost Holdings Ltd is an investment vehicle owned by funds which are managed and advised by Oaktree Capital Management L.P., a subsidiary of the ultimate controlling party Oaktree Capital Group LLC.

ALTERNATIVE PERFORMANCE MEASURES

Within the interim report various alternative performance measures ("APMs") are used in order to analyse the performance of the Group over the reporting period. APMs represent performance indicators / metrics which are not directly shown in the financial statements prepared in accordance with the applicable financial reporting framework but are derived from the financial statements usually by including or excluding certain items. APMs are considered to provide a more relevant and informative measure for stakeholders in assessing the performance of the Group. The APMs presented in these financial statements may change over time as management deem necessary in order to appropriately monitor and report the Group's performance.

The following section includes a definition of each APM and additional information to enable the stakeholders to understand how the APM differs from, and where possible reconciles to, information presented in the IFRS Financial Statements.

ASSETS UNDER ADMINISTRATION

The Group's definition of AUA includes assets administered by the Group on behalf of clients. AUA provides a measure of the scale of the Group, and a sense of the Group's potential earnings capability through the annual management charges ("AMCs") which are partly calculated as a percentage of the value of assets under administration. The Group's AUA primarily includes assets held to cover linked liabilities, in addition to reinsurance assets held to back policyholder liabilities; the former includes assets held under the Modified Coinsurance Account and the latter includes assets backing with-profits business in UPE and UL which are fully reinsured with Aviva Life and Pensions UK Limited. A reconciliation of the Group's AUA metric to the consolidated IFRS Statement of Financial Position is as follows:

	HY 2022 £m	FY 2021 £m
Financial assets at fair value held to cover linked liabilities	55,984	61,970
Reinsurers' share of insurance contract liabilities	1,081	1,188
Other investments	521	511
Total (as per Statement of Financial Position)	**57,586**	**63,669**

The Group's AUA at HY 2022 has fallen from the FY 2021 figure as a result of adverse market movements in the period offset by positive net flows into the Group's unit linked products. The Group's AUA is largely attributable to customers of unit linked products (approximately 97% of the AUA represent assets backing unit linked liabilities) and accordingly the investment loss in the period is matched by a decrease in the unit linked liability.

OPERATING PROFIT

The Group's internal definition of operating profit is considered by management to provide a better view of the Group's underlying quality of earnings compared to the IFRS PBIT figure. The items excluded from operating profit, but included in IFRS PBIT, are generally related to M&A activity and considered to be more strategic in nature than representing the underlying operating performance of the businesses. These items include the following:

Gains on bargain purchases / related party acquisition:

A gain on bargain purchase is recognised when the fair value of the acquired assets and liabilities exceeds the consideration paid in the business combination, representing 'negative goodwill' which is credited directly to the Statement of Comprehensive Income. These gains represent one-off benefits to IFRS PBIT, and as such the Group looks to exclude these from operating profit to provide a better view of underlying performance.

Amortisation, depreciation and impairments/write-offs:

Operating profit also excludes the amortisation charge and any impairments relating to acquired value of in-force business ("AVIF"), which are not considered part of underlying operating performance, and depreciation of tangible assets.

Expenses incurred relating to M&A activity:

Certain expenses are incurred directly in relation to the acquisition activity, including inter alia due diligence fees and associated professional fees, and taxes associated with M&A activity (stamp duty, for example).

Non-recurring items:

Non-recurring items relate to provisions or assumption changes which are not expected to recur in future periods, and as such are excluded from operating profit to provide a more reflective view of quality of earnings.

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

A reconciliation between the Group's operating profit and IFRS PBIT for HY 2022 and FY 2021 is shown below:

£M	HY 2022	FY 2021
IFRS PBIT as per Statement of Comprehensive Income	(13)	406
Gain on bargain purchase	-	(310)
Amortisation of AVIF & depreciation	85	65
Non-recurring items	6	(29)
Group Operating Profit	**78**	**132**

NEW BUSINESS ANNUAL PREMIUM EQUIVALENT

APE represents an industry-recognised sales metric used to allow comparisons of new business written over the year. Management monitor APE on a monthly basis across each business to align with the strategic pillar of growing the business organically in addition to by acquisition. The Group calculates APE in line with industry norm, which is as the value of regular premiums written in the year plus 10% of any new single premiums written. Whilst this metric is not directly reconcilable to the IFRS financial statements (as the split between single premiums and regular premiums is not shown) the majority of the Group's single premiums are written as investment contracts through the Utmost Wealth Solutions business, and most of the regular premiums are written as insurance contracts through the Utmost Corporate Solutions business.

VALUE OF NEW BUSINESS

Whereas APE provides a view of how much new business is written in the year, VNB provides a view of the profitability of new business to the Group. VNB is calculated as the present value of future income streams arising from new business written in the year, after deducting costs associated with writing this new business. VNB is not directly reconcilable to any of the IFRS metrics presented in the financial statements, given it provides a view of the profitability of new business from an actuarial view as opposed to an accounting view.

SOLVENCY II ECONOMIC VALUE

Whilst AUA provides a view of the scale of the business, SII EV provides an overall view of the underlying value of the Group attributable to shareholders. SII EV is considered by management to better reflect the commercial value of the Group than IFRS equity, as the latter excludes components of value such as the present value of future earnings arising from in-force business. SII EV represents a metric which better aligns with the traditional Embedded Value reporting which preceded the Solvency II regulations which became effective on 1 January 2016.

The Group's SII EV is calculated by adding the economic value of its insurance companies and its non-insurance companies. The Group's internal metric to calculate the value of its insurance companies is calculated as follows:

- Solvency II Own Funds;
- plus Risk Margin;
- plus Value of In-force business outside Contract Boundaries;
- plus Foreseeable dividends;
- less Transitional Measures on Technical Provisions; and
- less Intra-group balances which qualify as Tier 2 capital in the receiving entity.

The Group calculates the value of its non-insurance companies on an IFRS net asset value basis. Solvency II Own Funds is shown net of external debt. Other components of value are considered based on circumstances, to ensure that solvency capital on a regulatory basis is adjusted to a view of economic capital.

The Group's net SII EV as at 30 June 2022 is £1,691m (31 December 2021: £2,175m).

CLIENT RETENTION

Client retention is broadly calculated as the proportion of customers at the start of the year, who remained as customers at the end of the year.

GLOSSARY

AMCs	Annual Management Charges
APE	Annual Premium Equivalent; APE = Regular Premiums + 10% * Single Premiums
APMs	Alternative Performance Measures
AUA	Assets under Administration
AVC	Additional Voluntary Contributions
AVIF	Acquired Value of In-Force Business
Board (the)	Board of directors of Utmost Group plc
CBI	Central Bank of Ireland
CDM	Chief Operating Decision Maker
Company (the)	Utmost Group plc
Covid-19	Highly virulent disease caused by a new strain of Coronavirus discovered in 2019
CTO	Chief Technology Officer
DAC	Designated Activity Company (Irish entities)
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIOPA	The European Insurance and Occupational Pensions Authority
ESG	Environment, Social, Governance
ExCo	Executive Committee
FCA	Financial Conduct Authority
Fitch	Fitch Ratings Agency
Fitch FLR	Fitch Financial Leverage Ratio
Founders	Paul Thompson (Group CEO) and Ian Maidens (Group CFO)
FTE	Full-Time Employee
GEB	Generali Employee Benefits
GEM	Euronext Dublin's Global Exchange Market
GFSC	Guernsey Financial Services Commission
GHO	Group Head Office
Group	Utmost Group plc and its direct and indirect subsidiaries
HNW	High-Net Worth
HNWI	High-Net Worth Individual – someone with a net worth of over US$1m excluding their primary residence
HoldCo	The HoldCos within the Utmost Group structure including Utmost Group plc and Utmost Topco Limited
IDR	Issuer Default Rating
IFAs	Independent Financial Advisers
IFRS	International Financial Reporting Standards
IFRS PBT	IFRS Profit Before Tax
IFS	Insurer Financial Strength
IoM	Isle of Man
IoM FSA	Isle of Man Financial Services Authority
IRR	Internal Rate of Return
JPMAM	JPMorgan Asset Management
KPIs	Key Performance Indicators
LifeCo	The LifeCos within the Utmost Group including UL, UW, UPE, ULP, QIIOM, QIID

GLOSSARY (CONTINUED)

MCR	Minimum Capital Requirement
Midco	Utmost Midco Limited
NAV	Net Asset Value
NED	Non-Executive Director
Oaktree	Oaktree Capital Group LLC, deemed the ultimate significant controller of the Utmost Group, and/or its subsidiaries as they relate to the Utmost Group
Other Methods basis	Reporting submission in accordance with specific information requested by a regulator
Own Funds	Own Funds represents the amount of capital available to cover the Solvency Capital Requirement (“SCR”) and Minimum Capital Requirement (“MCR”) under Solvency II
PRA	Prudential Regulation Authority
QI	Quilter International – the entire Quilter International business across Isle of Man, Ireland and its international branches and operations
QIID	Quilter International Ireland dac – one of the regulated Ireland entities
QIIOM	Quilter International Isle of Man Limited – one of the regulated Isle of Man entities
RT1	Restricted Tier 1
SCR	Solvency Capital Requirement
SII	Solvency II
SII EV	Solvency II Economic Value
Standard Formula	Solvency II Standard Formula for calculation of the SII Balance Sheet
Subsidiary board	Board of directors of the operating businesses
TCFD	Task Force on Climate-Related Financial Disclosures
TOM	Target Operating Model
Topco	Utmost Topco Limited
UCS	Utmost Corporate Solutions
UHGL	Utmost Holdings (Guernsey) Limited
UHIL	Utmost Holdings Ireland Limited
UL	Utmost Limited – one of the regulated Isle of Man insurance companies
ULP	The UK business, Utmost Life and Pensions
ULPL	Utmost Life and Pensions Limited – the regulated UK insurance company
UN PRI	UN-supported Principles for Responsible Investment
UPE	Utmost PanEurope dac - one of the regulated Ireland insurance companies
UPM	Utmost Portfolio Managers
UT1	Unrestricted Tier 1
UTL	Utmost Topco Limited is a Guernsey based holding company of Utmost Group
Utmost Group	"Utmost Group" or "The Group" refers to the business of UGP and all its subsidiaries, the combined Ireland, Isle of Man, Guernsey and UK businesses
Utmost Group plc	Utmost Group plc is the holding company of the Utmost International and Utmost Life and Pensions businesses
Utmost International	Utmost International refers to the combined Ireland, Isle of Man and Guernsey businesses. It comprises two distinct businesses: Utmost Wealth Solutions and Utmost Corporate Solutions
UW	Utmost Worldwide Limited - the regulated Guernsey insurance company
UWS	Utmost Wealth Solutions
VIF	Value in Force
VIF outside CB	Value in Force outside Contract Boundaries
VNB	Value of New Business

FORWARD – LOOKING STATEMENTS

The words: 'intends', 'aims', 'projects', 'anticipates', 'plans', 'believes', 'expects', 'may', 'should', 'could', 'will', 'seeks', 'targets', 'continues', 'outlook', 'likely', 'goal', 'estimates', 'set to', and words of similar meaning, are forward-looking.

By their nature, all forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Utmost Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forwardlooking statements. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that we have estimated. Other factors that could cause actual results to differ materially from those identified by forward-looking statements include, but are not limited to, domestic and global economic and business conditions, asset prices, market risks, changes in pricing and reserving assumptions, risks associated with third-party arrangements, government and regulatory policy in our operating jurisdictions, and the political, legal and economic effects of the UK's vote to leave the European Union and the impact of natural and man-made catastrophic events (including the impact of Covid-19).

Utmost Group plc undertakes no obligation to update any of the forward-looking statements contained within this Report or any other forward-looking statements it may publish. Nothing in the 2022 Interim Report is or should be construed as a profit forecast or estimate.

REASSURINGLY DIFFERENT