

28 April 2022

Utmost Group plc announces its Full Year Results to 31 December 2021

"Our strategy is informed by our focus on good client outcomes, our vigilant approach to risk and our scalable operational platform."

Paul Thompson, Group CEO

Today, Utmost Group plc ("UGP") has announced a strong set of results. 2021 was a seminal year with the Group achieving a number of milestones and delivering on its KPIs.

2021 Highlights

- **Quilter International Acquisition:** The Group completed the strategic acquisition of Quilter International in November 2021, cementing Utmost International's position as the leading global provider of insurance-based wealth solutions
- **Capital Raise:** The Group issued its inaugural public debt instrument in September 2021 consisting of £400m Tier 2 notes. It completed a second issuance in January 2022, raising £300m of Restricted Tier 1 notes
- The Group has locked in long-term funding at attractive yields in an environment of rising interest rates and heightened geopolitical tensions
- The proceeds of the Restricted Tier 1 issue were paid as a dividend to UGP's immediate parent, Utmost Holdings (Guernsey) Limited ("UHGL") which in turn used the money to repay all outstanding external bank debt and to return capital to shareholders
- **Pathway to Net Zero:** The Group committed to reach net zero in its investments by 2050, with a 50% reduction by 2030. It became a signatory to the UN-supported PRI, demonstrating our commitment to running a sustainable business. The Group has a net zero carbon status in its operations achieved via Verified Carbon Standard offsets
- **Board Appointments:** The appointment of two new independent directors to the Utmost Group Board in October 2021 reinforces the culture of strong governance and risk management as the Group embarks on the next phase of its development

Commenting on the results, Paul Thompson, Group CEO, said:

"2021 has been a seminal year for the Group. As the results for 2021 demonstrate, every strategic decision we have made has contributed to our strong growth momentum. Our ethos of making a positive difference kept us on track through the pandemic.

"The Group is at an exciting juncture. Driven by the entrepreneurial spirit of our teams, I am confident we can capitalise on Utmost's excellent progress to further strengthen our leadership position in the insurance and savings market."

Delivering on our KPIs

- **Assets under Administration (AUA):** AUA was £63.7bn at YE 2021, increasing by 74% from £36.7bn at end 2020, as a result of the acquisition of Quilter International and strong net flows

- **Annual Premium Equivalent (APE):** APE was £279m in 2021 compared to £180m in 2020, an increase of 55%. Utmost Wealth Solutions generated £268m and Utmost Corporate Solutions, our employee benefits business, generated £11m of APE. On a pro-forma basis, as if Quilter International had been part of the Group for the whole of 2021, APE was £484m
- The Group previously announced strong sales figures for 2021, with gross sales of £4.8bn and net inflows of £1.5bn on a pro-forma basis
- **Value of New Business (VNB):** VNB was £42m in 2021, an increase of 40% compared to the 2020 figure of £30m. The increase reflects the higher quantum of new business written. Total VNB on a pro-forma basis was £66m, meaning the Group is well placed to deliver its target of increasing annual VNB to £100m within three years
- **Operating Profit (OP):** OP was £132m in 2021 compared to £92m in 2020. The strong increase in OP reflects the continued robust operating profit in Utmost International and favourable insurance results in Utmost Life and Pensions
- On a pro-forma basis, as if the Quilter International business had been owned for the whole year, the OP for 2021 was £220m, reflecting the strong profit performance of the acquired businesses in the year. We expect each business to continue to contribute to the Group's OP, generating cash and capital to be deployed in accordance with the Group's strategy
- **Solvency II Economic Value (SII EV):** Gross SII EV increased by £933m from £1,642m at the end of 2020 to £2,575m at YE 2021. Gross SII EV increased due to the acquisition of the Quilter International businesses, strong performance by investment markets and the delivery of expense synergies
- **Client Retention:** Client retention is reported separately for each business given their different dynamics. UWS client retention was 94% in 2021 (2020: 95%) and exceeded 90% across all businesses. High retention rates reflect good client servicing and the delivery of appropriate solutions

Resilient Capital Position

- **Solvency Position:** The Group maintained a strong capital position throughout 2021, with a Group Solvency Coverage ratio of 177% at 31 December 2021 and Group Own Funds of £1,964m. The mix of the Group's income, between fixed per policy fees and variable AUA based charges, contributed to the stability in the Solvency Coverage Ratio in 2021
- Total capital emergence over the projected life of the in-force business is estimated at £2.9bn including £331m of existing capital in excess of capital policies at 2021 year-end. The increased value relative to the Gross SII EV reflects a simple cash flow, rather than a discounted approach and the inclusion of real-world investment returns
- **Capital Structure:** The Group maintains a prudent capital structure and aims to target a leverage ratio between 20-30% of Gross SII EV
- At 31 December 2021, the SII EV leverage ratio was 16%. This ratio increased to 27% on a pro-forma basis allowing for the RT1 issuance in January 2021 and the subsequent £290m dividend
- **Strong Credit Ratings:** The Utmost International operating subsidiaries maintained their Insurer Financial Strength ratings of "A" with a Stable Outlook throughout 2021. Fitch

assigned Insurer Financial Strength ratings of “A” with a Stable Outlook to the two acquired Quilter International entities

- UGP maintained its Issuer Default Rating of BBB+ reflecting the strong capitalisation and stable leverage ratios of the Group. Fitch rated UGP’s Tier 2 notes BB+ and the RT1 notes BB
- **Sensitivities:** The Group has a resilient solvency position due to the active management of key risks. The Group’s Own Funds and Solvency Coverage Ratios have limited sensitivities to market and life risks, as shown in the table below:

	Own Funds £m	Solvency Capital Requirement £m	SCR Coverage Ratio %
Base Position	1,964	1,110	177%
Interest Rates +100bps	51	(24)	9%
Interest Rates -100bps	(71)	20	(9)%
GBP Appreciates by 20%	(144)	(119)	7%
Equity & Property -40%	(294)	(242)	15%
Mass Lapse of 40%	(591)	(361)	6%
Expenses +10%	(112)	(3)	(10)%
Credit Spreads +200bps	(78)	(28)	(3)%
Inflation +200bps	(109)	68	(20)%

- The sensitivities are on a pro-forma basis allowing for the impact of the £300m RT1 issuance in January 2021 and the subsequent £290m dividend to UHGL

Customers and Proposition

- **French Market Entry:** Utmost International announced its entry into the French market with the launch of a new expatriate product in September 2021. France is a key strategic market for insurance-based wealth solutions. Utmost International’s entry into this market marks a significant milestone in the development of its growth strategy. A second product for French HNW residents was launched in April 2022
- **Online Servicing:** The Group continued to develop its online capabilities during the year to better serve its clients and meet increasing client expectations. Utmost Life and Pensions will launch an online client service platform, MyUtmost, in mid-2022 and we continue to add functionality to our Utmost International online platforms. Underscoring our commitment to digitalisation, the Group hired a Chief Technology Officer in 2021 to bring strategic and operational leadership to our IT functions

The full UGP 2021 Annual Report and 2021 Group SFCR will be available on 6 May 2022.

Basis of Preparation

The full year 2021 results add the results for the Quilter International companies since acquisition to the Utmost Group plc results for the whole of 2021. They incorporate the operating performance for the month of December 2021 for Quilter International, given the acquisition completed on 30 November 2021. Any synergies generated by 31 December

2021 are included in these results. Where pro-forma figures are given, they include the results of Quilter International as if it had been owned by the Group for the whole of 2021.

For further information, please contact:

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About Utmost Group plc

Utmost Group plc is a leading provider of insurance and savings solutions. Its principal businesses are Utmost International and Utmost Life and Pensions, which together are responsible for approx. £63.7bn of primarily unit linked policyholder assets for around 560,000 customers. Utmost Group plc is subject to Group Supervision by the PRA.

About Utmost International

Utmost International is a leading provider of insurance-based wealth solutions. Utmost International operates across the UK, Europe, Latin America, Asia and the Middle East. Its solutions are based on unit linked insurance policies. Utmost International manages £58bn assets under administration on behalf of 210,000 policyholders and wrote £4.8bn of new business in 2021.

About Utmost Life and Pensions

Utmost Life and Pensions is a closed UK life and pensions business focused on the acquisition of life and pension businesses in the UK. Utmost Life and Pensions manages £7bn of assets on behalf of 350,000 policyholders. Utmost Life and Pensions is authorised by the PRA and regulated by the FCA and the PRA.