
UTMOST GROUP PLC

HY 2024 RESULTS

September 2024

REASSURINGLY DIFFERENT

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GROUP



AGENDA

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HY 2024 REVIEW

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ROBUST KPI DELIVERY

APE	VNB	AUA
£140m	£25m	£64.7bn
-9% ¹	+19% ¹	+3% ²

Preserving Quality

- › Growth in VNB reflects improvement in margin, as management focused on the preservation of quality, partially offset by reduction in the volume of new business written
- › Increase in AUA driven by higher market values while net flows were impacted by a challenging macroeconomic backdrop

Operating Profit	SII EV	Solvency Coverage Ratio
£104m	£1,768m	209%
-12% ¹	+5% ²	+1ppt ²

Growing Profitability & Capital Strength

- › Operating profit declined by 12% from HY 2023, due to foreign exchange gains that arose in HY 2023 that have not reoccurred in H1 2024.
- › SII EV, showing the economic value of the business, increased by 5% due to strong VNB and improved equity and bond market performance
- › Solvency Coverage Ratio remains robust following disciplined approach to capital management

Client Retention ²	Employee Engagement ³	Scope 1 & 2 Emissions (tCO ₂ e) ³
92%	83%	665.04
-	+2ppt	-26%

Achieving Successful Outcomes

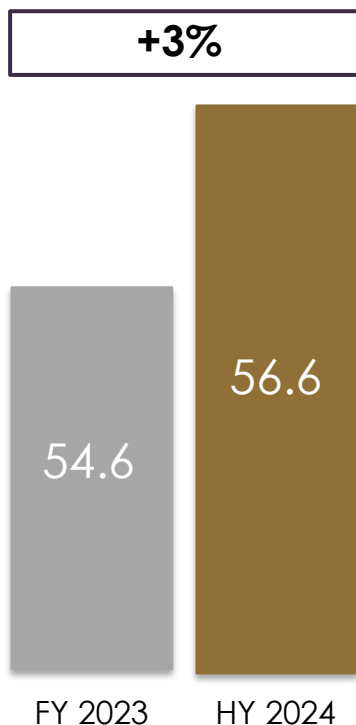
- › Stable client retention driven by a strong proposition and good client service
- › Improving employee engagement score, reflecting the work undertaken to ensure staff are fulfilled and engaged at work
- › Significant reduction in emissions following proactive actions to move to renewable energy in our offices

UTMOST INTERNATIONAL

FLOWS & AUA

Assets Under Administration

(£bn)



- › AUA growth of +3% from FY 2023 from favourable equity and bond market conditions.
- › Robust gross inflows of £1.5bn, in line with HY 2023 (£1.6bn). Investors continue to adopt a “wait and see” attitude to long-term investments, impacting net flows, with HY 2024 recording £(0.7)bn (HY 2023: £(0.3)bn) driven primarily by elevated withdrawals alongside lower volume inflows earlier in the year.
- › APE was £140m (HY 2023: £154m), lower than prior year due to a slow but improving momentum to new business volumes across the UK and continental Europe.

£bn	Opening AUA	Inflows	Outflows	Net Flows	Market Movement	Closing AUA
HY 2024	54.6	1.5	(2.2)	(0.7)	2.7	56.6
FY 2023	51.9	3.6	(4.2)	(0.6)	3.3	54.6
HY 2023	51.9	1.6	(1.9)	(0.3)	0.8	52.4

HY 2024 STRATEGIC UPDATE

FITCH RATINGS UPGRADE

- › The Group's Insurer Financial Strength (IFS) Ratings and Issuer Default Rating (IDR) were **upgraded to 'A+' from 'A' and to 'A' from 'A-' respectively**
- › Both IFS and IDR outlooks are Stable
- › The upgrade reflects the Group's **strong financial strength and improved business risk profile** following the completion of the Quilter International integration
- › Fitch assessment highlighted the strong operating performance and scale of the Group, underpinned by an 'Extremely Strong' capital and leverage position

FitchRatings

LOMBARD INTERNATIONAL ACQUISITION

- › **Announced acquisition of Lombard International**, subject to regulatory and other approvals
- › Incorporates a **leading Luxembourg-based provider** with significant European presence
- › **Strengthens** the Group's position in **key markets throughout Europe**
- › **Adds scale and reach:** £43bn of AUA and over 20,000 policies
- › Expected **completion by the end of 2024**
- › Transaction to be financed by **(i) a new £200m senior bank facility** and **(ii) existing excess capital**
- › Utmost Group **capital policies will remain unchanged** and solvency will remain well in excess of Capital Policy

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LOMBARD
INTERNATIONAL
ASSURANCE

BULK PURCHASE ANNUITY

- › **Good progress made to date**, building on existing capabilities and establishing market credibility
- › **Built an experienced team**, with both internal and external recruitment
- › **Regulator engaged**
- › **Clear pathway established to transaction readiness.** On track to formally enter the market by the end of 2024



(2)

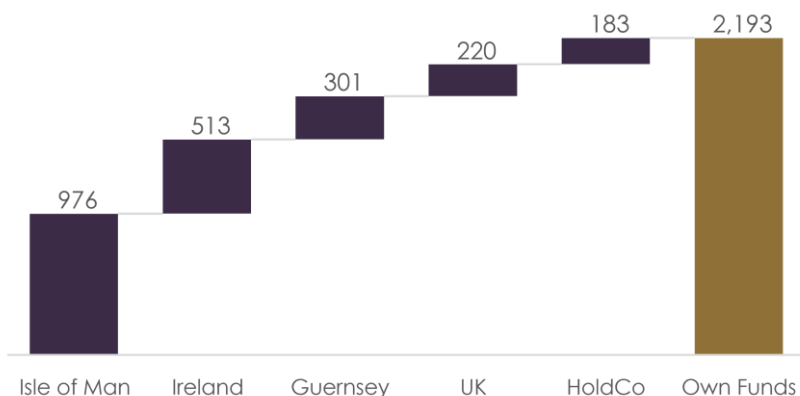
CAPITAL MANAGEMENT

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OWN FUNDS AND SII EV

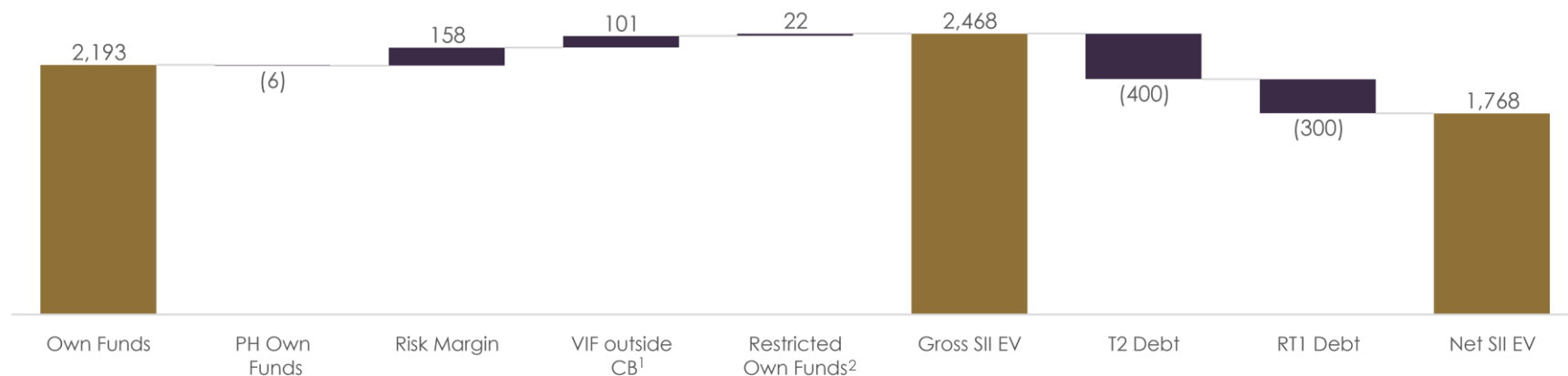
Own Funds Build-Up HY 2024 £m



SII EV Components HY 2024 £m

NAV	876	35%
<i>International VIF</i>	1,453	59%
<i>UK VIF</i>	139	6%
Group VIF	1,592	65%
Gross SII EV	2,468	100%

Own Funds to SII EV HY 2024 £m

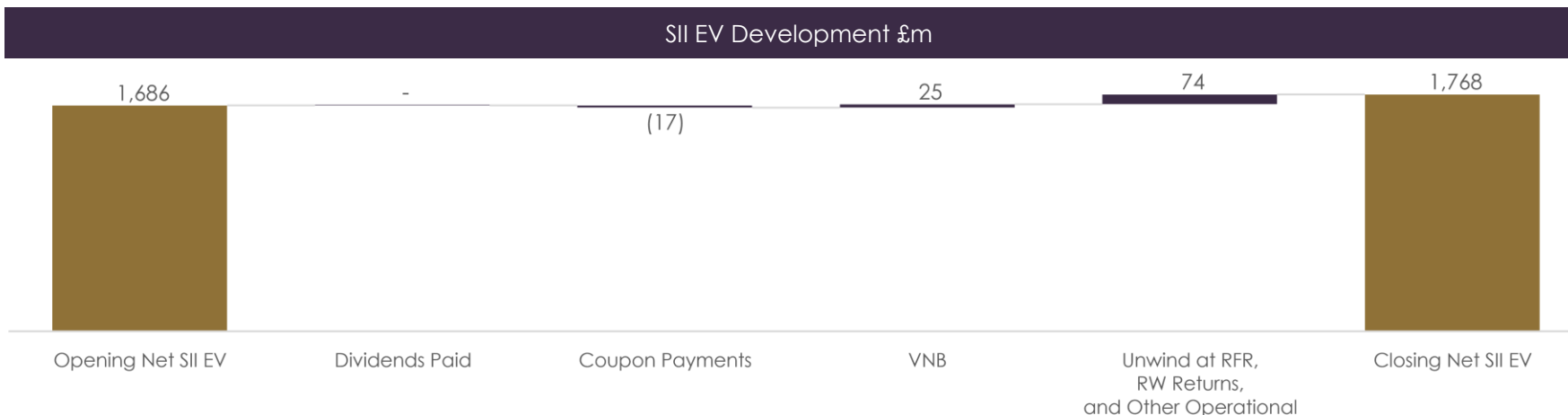


¹ VIF outside CB = Value of In Force Business outside Contract Boundaries

² Restricted Own Funds primarily refers to restrictions in the ULP Matching Adjustment portfolio

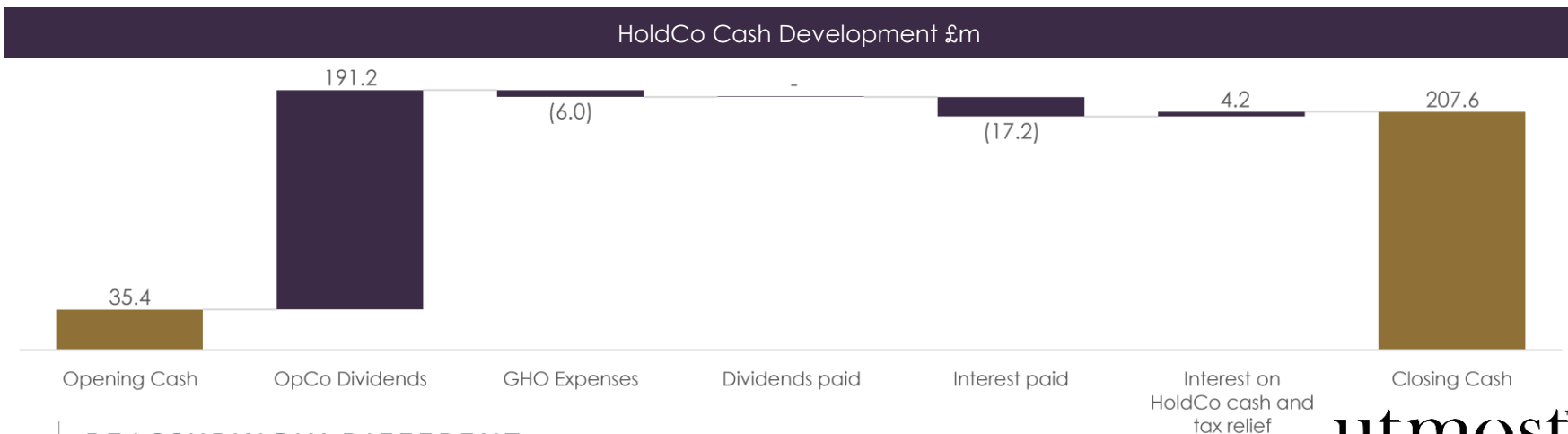
SII EV AND CASH DEVELOPMENT

SII EV Development £m



- Net SII EV of £1,768m at HY 2024 increased by 5% from £1,686m at the end of 2023. This was primarily as a result of underlying operational impacts of £74m (which reflects improved performance of equity and bond markets, increases in risk free rates and the unwind of the discount rates used to value existing business) and strong VNB, offset by coupon payments. No dividends were paid in the period, pending the funding required for the expected acquisition of the Lombard International business.

HoldCo Cash Development £m



UGP FINANCIAL POLICIES

PRUDENT CAPITAL AND LEVERAGE POLICIES

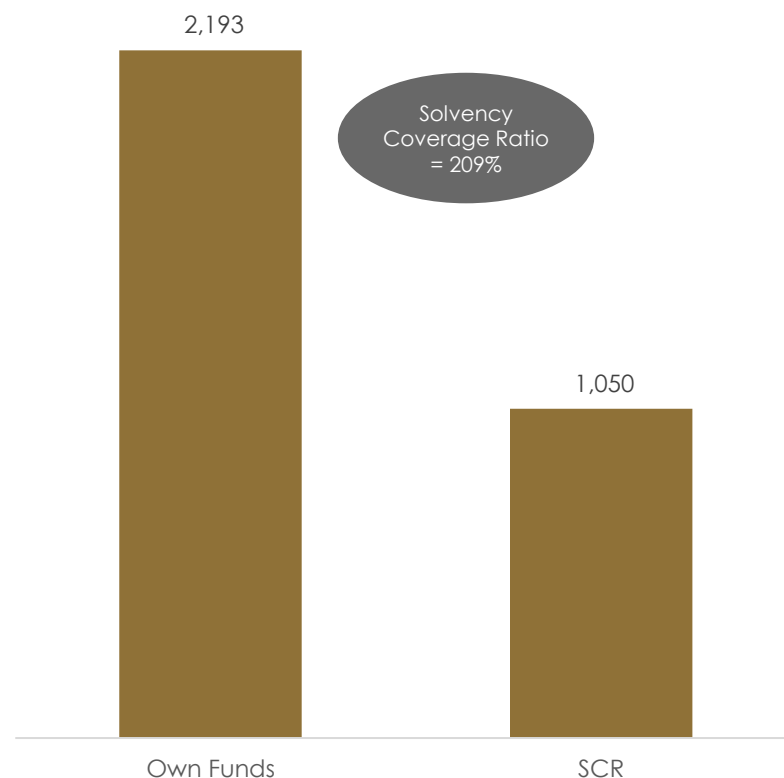
Capital Policy

- › UGP has a prudent capital policy to:
 - › Maintain a Solvency Coverage Ratio in excess of 135% at all times
 - › Maintain a Solvency Coverage Ratio of at least 150% immediately after payment of a dividend

Leverage Policy

- › Utmost Group aims to maintain a prudent capital structure and aims to target a leverage ratio between 20-30% of SII EV, gross of debt
- › UGP's SII EV leverage ratio was 28.4% at HY 2024. The ratio incorporates the £300m RT1 notes and £400m T2 notes as debt
- › The Fitch Financial Leverage Ratio ("FLR")¹ was 24.1% at HY 2024. The FLR awards the £300m RT1 equity credit within its calculation. The Ratio is comfortably within in the range required to maintain our credit ratings

Solvency Coverage Ratio HY 2024 £m








SUMMARY

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HY 2024 SUMMARY

-  Announced the acquisition of Lombard International Assurance, which will enhance Utmost's position as a leading global provider of insurance and savings solutions
 -  Achieved strong, robust financial results despite a difficult macroeconomic backdrop
 -  Received a Fitch Ratings upgrade, reflecting the Group's successes in the delivery and execution of our strategy over recent years, and confirming our integration strength
-



APPENDIX

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LOMBARD INTERNATIONAL: TRANSACTION FINANCING

- › Transaction to be financed by (i) a new £200m senior bank facility and (ii) existing excess capital in Utmost Group holding companies which would otherwise have been paid to UGP shareholders as a dividend during 2024
 - › New senior bank facility will be at Utmost Group plc level and will sit across the entire Utmost Group
 - › Repayable in tranches of £50m on 15 December 2025 and £25m every six months thereafter until fully repaid around the 4th anniversary of completion of the acquisition
- › Outstanding Bank Debt will be a deduction from Group Own Funds at Utmost Group plc level
- › Utmost currently holds additional excess cash in an “interest reserve account” at holding company level equal to one year of interest payments, net of available tax relief, on its Tier 2 and Restricted Tier 1 Notes
 - › This amount will be increased to include one year of interest payments, net of available tax relief, on the Bank Debt

LOMBARD INTERNATIONAL: CAPITAL POLICIES

- › Utmost Group capital policies will remain unchanged
 - › Above 135% SCR Coverage at all times and above 150% immediately after a dividend
 - › Lombard International Assurance (“LIA”) to adopt Utmost Group capital policies
 - › LIA will not pay dividends to Group until SCR Coverage exceeds 150%

- › Utmost Group solvency to remain well in excess of Capital Policy

- › Utmost Group leverage ratios on both an economic basis (Face Value of Debt / Gross Economic Value) and on a Fitch Financial Leverage Ratio basis will remain within target ranges post-acquisition

- › Fitch Ratings (“Fitch”) have confirmed that the transaction is not expected to impact Utmost Group's ratings.
 - › Fitch will be asked to provide LIA with an Insurer Financial Strength rating at completion of the transaction
 - › Likely that other external ratings held by LIA will be dropped in due course

UTMOST GROUP

KEY FINANCIAL METRICS

UGP POSITION SHOWN PROFORMA FOR TRANSACTION AS IF COMPLETED ON 31 DEC 23

£m	Utmost Group YE23	Lombard International Group YE23	Proforma UGP at 31 Dec 23
Group Own Funds	2,110	605	2,550
Group SCR	1,016	457	1,470
SCR Coverage	208%	132%	173%
Gross SII EV	2,386	846	3,150
RT1 and Tier 2 Debt	-700		(700)
Senior Debt Facility			(200)
Net SII EV	1,686	846	2,250
Economic Leverage Ratio	29%	n/a	29%
Fitch Financial Leverage Ratio	25%	n/a	25%