utmost GROUP

INTERIM REPORT 2023

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 515,000 clients and £59.0bn 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. Utmost Group is committed to being a positive force in the fight against climate change.

CHIEF EXECUTIVE OFFICER'S REVIEW

"The first half of 2023 has been marked by a cacophony of competing forces. The negative dynamics of geopolitical tension, persistent inflation, and interest rate rises have been confronted by resilient consumer confidence, strong employment prospects and equity markets performing better than expected. This is an environment where our robust insurance and savings solutions can support our clients."

PAUL THOMPSON
GROUP CHIEF
EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

The first half of 2023 has been marked by a cacophony of competing forces. The headlines have been dominated by ongoing geopolitical tensions, persistent inflation, interest rate hikes by central banks and tightening credit conditions. Meanwhile consumer confidence and employment prospects have remained strong helping to stave off the looming threat of a recession in all major economies.

These realities notwithstanding, 2023 has seen openings for optimism. Equity markets have performed above expectation and global economies remain resilient. UK inflation, which has remained stubborn amongst its peers, declined marginally at the end of Q2.

This has created a murky macroeconomic environment for our customers who are looking to secure their long-term financial futures. This is where our significant industry expertise and robust insurance and savings solutions can support our clients.

CHANGING MARKET CONDITIONS

Macroeconomic headwinds have remained pervasive in 2023 despite positive noises from the equity markets and developed economies. The fragility of global growth remains, and risks remain tilted to the downside. Weak growth forecasts, persistent inflation, geopolitical uncertainty and increased risk from weather-related shocks could all contribute to more restrictive monetary policy. We are monitoring these risks across the Group, and we are positioned strongly to respond and prosper in these conditions.

In light of this, I was pleased with our International AUA result of £52.4bn (FY 2022: £51.9bn) which has remained resilient in the face of uncertainty. Utmost Wealth Solutions ("UWS") client retention on an annualised basis remains strong at 93%.

Sales in the first half of the year have been subdued due to market uncertainty and volatility, with Annual Premium Equivalent ("APE") down by 27% from the equivalent period in 2022. Given the long-term nature of the Group's value proposition, clients have postponed their purchase until there is greater clarity around the future macroeconomic direction. Our Sales team have worked closely with their network of advisers and private banks to position us strongly to respond once confidence has been restored.

The Group was pleased to receive a revision to our Fitch Ratings to a Positive Outlook. The Insurer Financial Strength ("IFS") Ratings were affirmed at 'A' and Issuer Default Rating ("IDR") at 'A-'. The Positive Outlook reflects the Group's improving business risk profile, supported by our progress with the integration of Quilter International. The revision reflects our increased scale which has been achieved while maintaining our strong operating profitability, robust capitalisation and conservative financial leverage.

Our finance teams across the Group have been focused on the implementation of IFRS 17, the new accounting standard for insurance contracts. For the Group, the introduction of IFRS 17 will not have a significant impact on our total equity. The Group predominantly writes unit linked products, which are largely excluded from the requirements of IFRS 17 on the basis that these are considered investment products under IFRS.

The Group is monitoring the Solvency UK reforms. The expectation is that these reforms will enable insurers to release capital while retaining high prudential standards and strong policyholder protection. The immediate impact to the Group is expected to be a reduction in the Group risk margin which would come into effect by year end 2023. The Group is positioned well to implement this once the final details are confirmed.

FOCUS ON THE FUTURE

At Utmost, we are dedicated to making a positive difference, building a brighter future for our clients and better serving all stakeholders. To achieve this, we must remain attentive to the changing risk environment. Climate change is one of the most pressing risks facing businesses today. Europe and parts of the USA have experienced record temperatures over the past few months, and June was the hottest month on record globally. These record-breaking extremes of temperature are predicted to become more frequent and the ferocity of the impacts more severe. There is a pressing need to act with urgency. Utmost Group is committed to being a positive force in the fight against climate change. We are cognisant that significant and sustained work will need to be done by all.

The Group was pleased to welcome the EU Commissioner for Financial Services, Financial Stability and Capital Markets Union, Mairead McGuinness, to our office in Ireland earlier this year. Discussions were held around her current priorities at a European level as well as the latest on the geopolitical and legislative agendas.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

The past six months we have focused on embedding our Responsible Investment Policy, which was approved by the Utmost Group Board at the end of last year. This policy forms the cornerstone of our commitment to be net zero by 2050 in our shareholder assets. This commitment is aligned with a maximum temperature rise of 1.5 degrees above pre-industrial levels as outlined in the Paris Agreement. Achieving the targets set out in the Paris Agreement is vital to reduce the severity and impacts of climate change. The Group is completing its first UN-supported Principles for Responsible Investment ("UN PRI") reporting cycle and we will use the feedback to guide our further Responsible Investment steps.

Delivering good customer outcomes is one of the Group's core strategic objectives. Over the past year our proposition and technical teams across the Group have been working to integrate the UK FCA's new Consumer Duty. The Duty came into force in July of this year, and we welcome the introduction of higher and clearer standards that reinforce protection for consumers. The legislation's aim is to ensure that all customers receive good outcomes, echoing a key strategic priority of the Group.

The acquisition of Quilter International enabled us to establish a best-in-class portfolio of products in our International business. We continually review and enhance our product features to maintain a competitive and compelling product portfolio that delivers for our customers. Our sales and proposition team performs horizon scanning for new opportunities to ensure our solutions meet the needs of our present and future customers.

Our Sales and Proposition team continue to demonstrate their market-leading position and were rewarded recently by winning the Professional Paraplanner Best Offshore Product Provider Award. This is the fourth time the team has won this award and it is credit to the hard work and tenacity of the whole team as they strive to achieve our strategic goal of delivering good client outcomes.

OPTIMISED AND EFFICIENT OPERATIONS

A strategic objective of the Group is the delivery of optimised and efficient operations to improve customer experience and increase operating profit. The Group has updated its digital strategy to leverage emerging technology trends and best practises, and over the coming years, the Group will migrate towards its target technology end state. The Group's digital strategy will ensure our technology estate is durable, secure, and supports the streamlining of processes and systems. It will also support the Group's growing scale and will provide a modern, robust foundation for future acquisitions.

The Quilter International integration is on track to complete by early Q4 2023, in line with the original deadline. Our people across the Group have worked tirelessly to ensure that systems, teams, and infrastructure have been integrated seamlessly and I thank them for their hard work. Further books of business have been migrated onto our Online Service Centre, which provides customers and partners digital access to view policy details and update information. New security controls and capabilities have been deployed to ensure that our technology estate remains robust and secure in the face of the evolving threat of cyber-crime.

DELIVERING FOR OUR EMPLOYEES AND COMMUNITIES

Our people are paramount to the delivery of our strategic objectives. As a Group, we are constantly striving to broaden our skills to ensure that we deliver appropriate and effective solutions to our customers. We have invested in our French and Singaporean sales teams with senior appointments in these regions. These senior hires will expand our presence in these key wealth solutions markets and help position us as leaders in these geographies.

It is an important priority of the Group that our employees enjoy a diverse and vibrant work environment. Our Community Engagement Working Group have worked across the Group to deliver coordinated focus weeks that spotlight diverse topics on a quarterly basis. The first half of the year saw an emphasis on wellbeing – with attention on educating staff on the importance of mental, physical, and financial wellbeing.

We remain focused on the communities in which we operate to ensure that we leave a lasting and positive legacy. Our local offices have forged strong ties through partnerships with schools and charities to deliver meaningful impact. Our colleagues in Ireland participated in the Business in the Community World of Work programme. The programme connects local businesses and secondary schools to provide students an insight into the professional work environment. It was pleasing to see the positive impact that this programme had on both employees and students.

2023 marked ten years of Utmost's sponsorship of the Guernsey team in the Island Games, which culminated in Guernsey hosting the Island Games this year. I was delighted to see a number of our colleagues using their volunteering days to contribute to the success of these Games. It also brought out a healthy dose of competitive spirit between our Isle of Man and Guernsey offices, with both islands represented at the Games.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

MARKET OUTLOOK

It is clear that the challenging market conditions that have characterised the first half of the year look to persist in to the second half of 2023. Macroeconomic headwinds are expected to continue and act as a drag on activity. While there is optimism, the rising potential of downside risks given the ongoing stickiness of inflation, and the threat of a worsening geopolitical environment, has a stranglehold on market confidence.

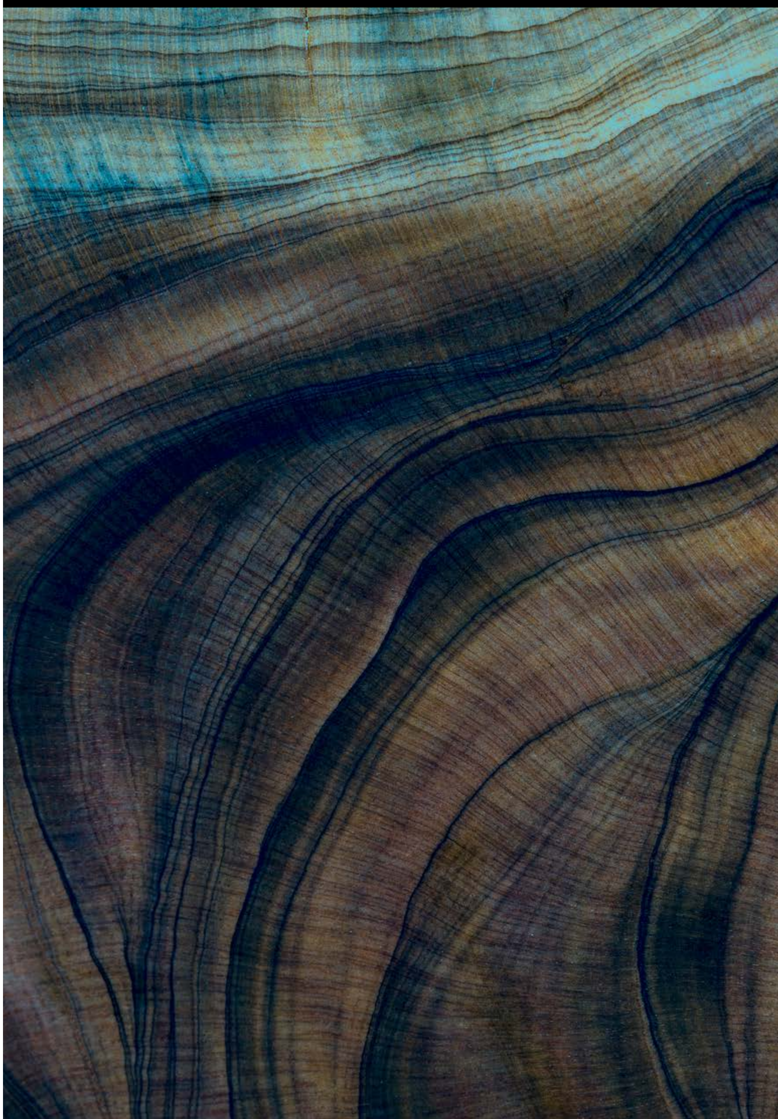
In the face of these challenges, and buoyed by our solvency position and supportive long-term majority shareholder, we remain quietly confident in our ability to deliver on our core strategic objectives. We will continue to invest in our systems and infrastructure to accelerate the execution of the Group's strategy. Our people will be provided with the resources to face the challenges that the external environment presents with strength.

As I look to the latter part of 2023, I remain assured that Utmost Group will continue to capitalise on its leading market position and drive forward with our ambitious goals.

> Utmost Group is committed to being a positive force in the fight against climate change. We are cognisant that significant and sustained work will need to be done by all.

PAUL THOMPSON

GROUP CHIEF EXECUTIVE OFFICER



In the face of these challenges, and buoyed by our solvency position and supportive long-term majority shareholder, we remain quietly confident in our ability to deliver on our core strategic objectives. We will continue to invest in our systems and infrastructure to accelerate the execution of the Group's strategy.

PAUL THOMPSON
GROUP CHIEF
EXECUTIVE OFFICER

SUSTAINABILITY

SUSTAINABILITY IS AT THE HEART OF THE GROUP'S STRATEGY

Utmost Group is guided by its mission and its values to behave and invest sustainably.

CUSTOMER OUTCOMES

Strong customer service demonstrated by being awarded the "Best Offshore Product Provider" in the 2023 Professional Paraplanner Awards

The Group welcomes the FCA Consumer Duty which reinforces protection for consumers and echoes a key strategic priority of the Group

Ongoing enhancements to our existing product range to ensure the suite remains competitive and compelling

RESPONSIBLE INVESTMENTS

The Group is implementing its Responsible Investment policy including incorporating E, S and G factors into investment decision making

The Group is implementing its Thermal Coal restriction across the portfolio

The Group is completing its first round of UN PRI reporting, as a part of its being a signatory to this body

COMMUNITY ENGAGEMENT

Our employees' physical and mental health continues to be a priority. The Group has run a number of Utmost-wide wellbeing themed weeks to continue the focus on this important topic

The Group celebrated 10 years of sponsorship of the Guernsey Island Games team. Throughout the 10 years, Utmost have supported the athletes in their trips to Gotland in 2017 and Gibraltar in 2019, and the home games in Guernsey in 2023

Our colleagues in Ireland supported the Business in the Community World of Work programme

ENVIRONMENTAL IMPACT

Our business entities continue to explore opportunities to move electricity contracts to renewable energy suppliers at our offices

We are continuing our support of conservation work in our local ecosystems including the Clean Coasts dune restoration project and rewilding efforts in the Isle of Man

SUSTAINABILITY

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

SIGNATORY OF:

PRI Principles for Responsible Investment

MEMBER OF:

IIGCC The Institutional Investors Group on Climate Change

SUPPORTER OF:

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

KEY PERFORMANCE INDICATORS

ASSETS UNDER ADMINISTRATION

AUA

AUA is a measure of the assets held by Utmost Group on behalf of its policyholders.

MEASURE

AUA was £59.0bn at HY 2023 increasing from the £58.4bn at YE 2022, as a result of positive market movements in the period.

COMMENTARY

"AUA increased in the period due to positive market movements offset by net outflows. Net outflows comprised gross inflows of £1.6bn and outflows of £(1.9)bn."

£59.0bn

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 £154m in HY 2023 compared to APE of £397m in FY 2022. Our UWS business generated £153m of APE and our Utmost Corporate Solutions ("UCS") business generated £1m of new business.

COMMENTARY

"Sales in the first half of the year have been subdued due to market uncertainty and volatility. Our Sales team have worked closely with their network of advisers and private banks to position us strongly to respond once confidence has been restored."

£154m

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 £21m in HY 2023 compared to the FY 2022 figure of £48m.

COMMENTARY

"The decrease in VNB reflects the impact of the reduction in APE offset to some extent by an increase in margin. The solutions provided by UWS and UCS tailor to the bespoke and often complex requirements of our client base."

£21m

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 £118m in HY 2023 compared to £184m on an IFRS 17 basis in FY 2022.

COMMENTARY

"The proportional increase in Operating Profit reflects strong performance across both core businesses of the Group and expense discipline against a backdrop of inflationary pressures."

£118m

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 £65m from £1,770m at the end of 2022 to £1,705m at HY 2023 driven by the payment of £100m of dividends offset by the value of new business written, operational improvements and positive market movements.

COMMENTARY

"SII EV decreased due to the payment of £100m of dividends paid, in the period to the Group's immediate parent company. Excluding the dividends paid, SII EV increased by £35m driven by the value of new business written, operational improvements and positive market movements."

£1,705m

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 on an annualised basis was 93% in HY 2023 (2022: 94%).

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."

93%

LINK TO STRATEGIC GOALS

OUR STRATEGIC GOALS

3. ORGANIC GROWTH

- Utmost International is a leading provider of international life assurance writing over £1.6bn new business in HY 2023.
- 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 2023, the Utmost Group performed well despite the difficult economic environment. The integration of the Quilter International business with our existing business is nearing completion 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 2023, in a period in which financial markets continued to be difficult with weak equity markets, rising short term interest rates and stubbornly high inflation levels, particularly in the UK.

In this CFO review, the results for the first half of 2023 ("H1 2023") are compared with those for the first half of 2022 ("H1 2022") and the full year 2022 ("FY 2022"). The results for H1 2022 and FY 2022 have been restated to reflect the adoption of IFRS 17 (Insurance Contracts). No acquisitions have been completed since 1 January 2022 and the results for all three time periods therefore reflect the same underlying businesses and are on a fully consistent basis. Any synergies generated up to 30 June 2023 as a result of the integration of the Quilter International businesses into the Group are reflected in these results.

The financial performance of the Group is assessed using a variety of financial measures including our six KPIs (see pages 14 and 15, each of which is discussed in detail below. These KPIs are considered APMs and are reconciled back to IFRS information on pages 74 and 75.

ASSETS UNDER ADMINISTRATION

The Group's AUA was £59.0bn at 30 June 2023, an increase of 1.0% from the YE 2022 AUA of £58.4bn. This increase results from small positive returns in aggregate across invested assets in H1 2023 largely offset by the run-off of business in our closed Utmost Life and Pensions ("ULP") business and slightly negative 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 ULP businesses, with a small proportion of assets (approximately 3%) backing pension and savings products within the 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, which was acquired in 2019 as part of the acquisition of Utmost Worldwide ("UW").

The performance of the ULP fund range was strong with longer term performance demonstrating good investment outcomes for clients, with 95% of AUA ahead of benchmark over 3y. 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 2022	55.9	2.2	(1.5)	0.7	(5.8)	50.8
FY 2022	55.9	4.2	(2.9)	1.3	(5.3)	51.9
H1 2023	51.9	1.6	(1.9)	(0.3)	0.8	52.4

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

FIGURE 2: KEY PERFORMANCE INDICATORS

	H1 2023 £M	H1 2022 £M	FY 2022 £M
AUA	**58,961**	57,586	58,367
APE	**154**	211	397
VNB	**21**	24	48
Operating Profit (restated to IFRS 17)	**118**	70	184
Net SII EV	**1,705**	1,691	1,770

CLIENT RETENTION

ULP[1]	92%	93%	93%
UWS	93%	94%	94%
UCS[2]	80%	84%	88%

OTHER FINANCIAL HIGHLIGHTS

IFRS profit / (loss) before tax	44	(22)	(7)
Expenses	117	114	225

1. Individual business only excluding Group Additional Voluntary Contribution ("AVC") business.
2. UCS persistency is calculated based on policy count across the Utmost PanEurope dac ("UPE") and UW entities, excluding the Retirement and Savings business.

NEW BUSINESS ANNUAL PREMIUM EQUIVALENT

APE was £154m in H1 2023 compared to APE of £211m in H1 2022 and £397m for FY 2022. Whilst H1 2023 APE has reduced by circa 27% compared to H1 2022, the latter benefitted from a particularly high pipeline of new business immediately following completion of the Quilter International acquisition. Our sales and marketing teams did an excellent job working closely with our distribution partners to generate strong new business flows in H1 2023 despite the challenges of operating in a very difficult economic environment with relatively weak equity markets, rising short term interest rates and inflation remaining stubbornly high.

UWS APE was £153m in H1 2023 compared to £209m in H1 2022. UCS APE was £1m in H1 2023 compared to £2m in H1 2022.

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 2023, VNB was £21m compared to H1 2022 when VNB was £24m. The reduction in VNB primarily reflects the decrease in the quantum of new business written, as demonstrated by the reduction in APE, offset by an improvement in VNB Margin (VNB divided by APE). VNB Margin was 13.6% in H1 2023 compared to 11.4% in H1 2022 and 12.1% for FY 2022.

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.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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 £1,770m at 31 December 2022 to £1,705m at 30 June 2023. The most significant influences on this reduction in net SII EV were:

i. the payment of £100m of dividends to Utmost Holdings (Guernsey) Limited ("UHGL") in H1 2023 which was used to return capital to the Company's ultimate shareholders;

ii. the payment of £17m of coupons on the Group's Tier 2 and RT1 notes;

iii. VNB of £21m; and

iv. other underlying operational impacts of £31m.

The underlying operational impacts of £31m are a strong result reflecting the net impact of weak equity markets, falls in bond markets, increases in risk free rates and continued high inflation, offset by the unwind of the discount rates used to value existing business.

OPERATING PROFIT

The Group's Operating Profit for H1 2023 is £118m, compared to £70m for H1 2022 and £184m for FY 2022. The comparables are both restated to reflect the transition to IFRS 17, the actual Operating Profits published in H1 2022 and FY 2022 were £78m and £224m respectively. The increase in Operating Profit compared to the restated H1 2022 figure reflects an increase of £23.6m in Other Income (reflecting higher returns earned on shareholders assets) and an increase of £6.5m in the Insurance Service Result offset by a reduction of £6.9m in fee income on investment contracts.

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 (UWS, UCS, ULP) separately given the different dynamics of each business.

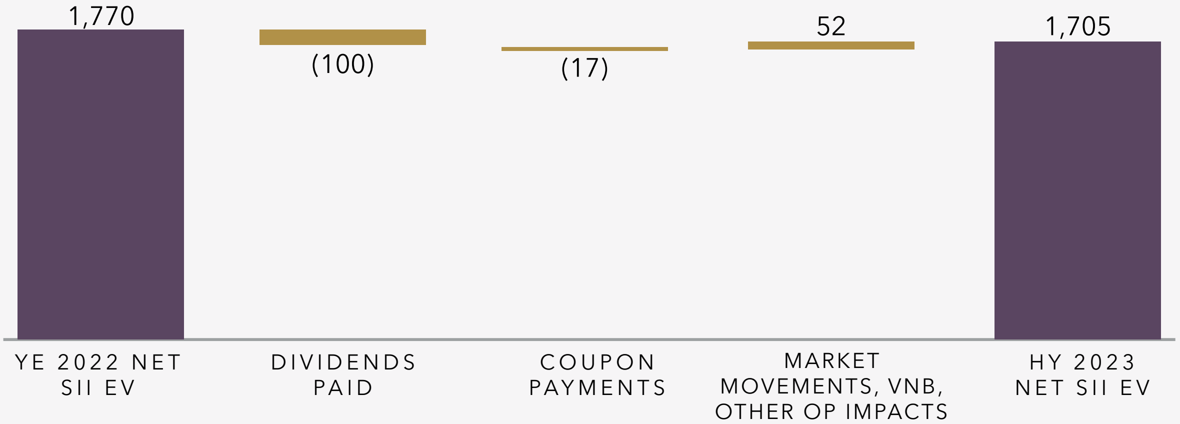
UWS' client retention was an annualised rate of 93% in H1 2023. High retention rates are driven by a strong proposition and good client service as well as the inherent product features, where some benefits may be lost, or tax payments crystallised upon early surrender.

UCS' annualised retention rate was 80% in H1 2023 reflecting the loss of some business as a result of the continuing "catch up" of re-tendering processes which were postponed in 2020, 2021 and the first half of 2022.

Pricing on UCS business has continued to increase in H1 2023, a factor in the Group's insurance revenue increasing from £111.8m in H1 2022 to £127.2m in H1 2023, notwithstanding the reduction in the UCS retention rate from an annualised rate of 88% in 2022.

ULP retained the vast majority of individual clients with a retention rate in line with our long-term assumptions in H1 2023. Overall, the UK business continues to maintain a high retention rate, helped by the launch of a Flexible Drawdown proposition.

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



CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

IFRS PROFIT BEFORE TAX ("IFRS PBT")

The Group's IFRS PBT for H1 2023 was a profit of £43.6m, compared to a restated loss of £22.3m in H1 2022 and a restated loss of £6.6m for FY 2022, as reported in the financial statements. IFRS PBT includes one-off items such as acquisition and integration expenses and gains arising on bargain purchase when an acquisition completes as well as the amortisation of acquired value of in force business ("AVIF") over time. The H1 2023 IFRS PBT reflects the amortisation of £63.9m of AVIF compared to a restated £142.0m in FY 2022 and £73.8m in H1 2022. The amortisation schedule in relation to AVIF tends to be front end loaded so that, in the absence of further acquisitions, the charge in relation to AVIF amortisation is expected to continue to reduce period on period, bringing the IFRS PBT closer to Operating Profit all other things being equal. There was no gain arising on bargain purchase in H1 2023 or in FY 2022.

Due to the impact of one-offs in the calculation of IFRS PBT, 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 to £1,176m at 30 June 2023 from a restated £1,252m at 31 December 2022. These figures are both net of the Company's Tier 2 notes but are not net of the RT1 notes as the latter are treated as equity for IFRS purposes. IFRS equity is also calculated net of the Contractual Service Margin ("CSM") on Insurance business under IFRS 17.

The £76m decrease in IFRS equity during H1 2023 primarily reflects the £100m dividend paid to UHGL in H1 2023, the £9.2m coupon paid on the RT1 notes and the IFRS profits after tax of £39.4m for the period. The Group's Net (of reinsurance) CSM increased to £68.4m at 30 June 2023 from £59.4m at 31 December 2023.

Fitch Ratings ("Fitch") use "Adjusted Shareholders' Equity" for the purpose of calculating the Fitch financial leverage ratio. The adjustments add back both the Group's Net CSM and the Fund for Future Appropriations ("FFA") in the ULP business as shown in Figure 4 below.

FIGURE 4: ADJUSTED SHAREHOLDERS EQUITY (IN £M)

	H1 2023	FY 2022
Reported IFRS Equity	1,176	1,252
Group Net CSM	68	59
ULP FFA	60	69
Adjusted Shareholders' Equity	**1,304**	**1,380**

The Fitch financial leverage ratio increased to 23.5% at 30 June 2023 from a restated 22.5% at 31 December 2022, remaining well within the range appropriate for the ratings currently assigned to the Group by Fitch.

EXPENSES

On an actual basis, as included in the consolidated financial statements, operating expenses were £117.3m in H1 2023 compared to £114.0m in H1 2022. This increase reflects inflationary pressures offset by the delivery of further synergies as the integration of the acquired Quilter International business moves towards completion together with reduced new business acquisition costs and development expenses in H1 2023. A breakdown is shown in Figure 5 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 5: EXPENSES (IN £M)

	H1 2023	H1 2022
Insurance acquisition cash flows amortisation	5.5	3.0
Other operating expenses	96.9	94.7
Development expenses	4.6	6.9
Quilter International integration costs	6.9	5.9
Depreciation/amortisation	3.4	3.5
TOTAL	**117.3**	**114.0**

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.

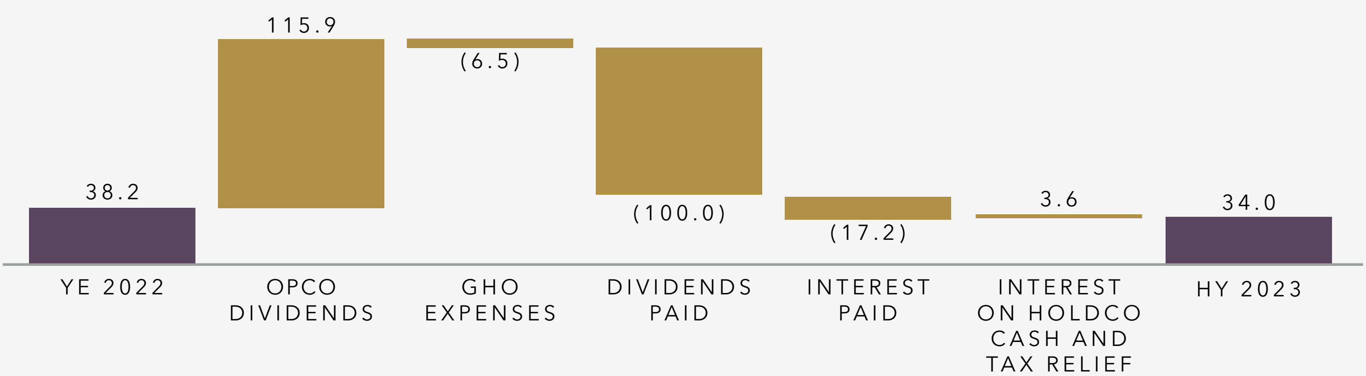
The Utmost Group requires each of its operating companies to assess liquidity on a 3, 6 and 12-month basis. All cash inflows and outflows in each period are assessed under a central and stressed scenario. The stress considers a 10% fall in inflows, 10% increase in outflows and a 5% loss on non-cash assets. 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 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 2023 was £34m compared to £38m at 31 December 2022. An analysis of the change in cash held at holding companies over the period is shown in Figure 6 below. £116m of dividends were received from operating companies during the period. After allowing for Group Head Office ("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 £34m.

FIGURE 6: H1 2023 HOLDING COMPANY CASH DEVELOPMENT (IN £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 UK. The Irish life companies are subject to the requirements of 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 Capital Requirement ("SCR") coverage in accordance with PRA Solvency UK 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 UK requirements.

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 balance sheets using the "Standard Formula" approach. The Group does not utilise an internal model and does not make use of any transitional measures on technical provisions ("TMTP").

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 7 together with their actual SCR Coverage Ratios as at 30 June 2023. 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 2023 was in excess of this second higher threshold, as shown in Figure 7.

FIGURE 7: ENTITY SOLVENCY AND CAPITAL POLICIES

ENTITY	SCR COVERAGE RATIO 30 JUNE 2023	AT ALL TIMES	IMMEDIATELY POST DIVIDEND
Utmost International Isle of Man Limited[1]	190%	125%	150%
Utmost PanEurope dac (inc. WTA[2])	157%	135%	150%
Utmost PanEurope dac (exc. WTA[2])	120%	100%	110%
Utmost Worldwide Limited	188%	135%	150%
Utmost Life and Pensions Limited	207%	135%	150%
Utmost Group plc	185%	135%	150%

1. Utmost International Isle of Man Limited paid a dividend of £64m to GHO in July 2023, adjusting for this dividend would have reduced its SCR Coverage Ratio to 177% at 30 June 2023.

2. Withholding Tax Asset as detailed further in note 17 of the consolidated financial statements in the Utmost Group plc ("UGP") 2022 Annual Report.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

UW and Utmost International Isle of Man ("UIIOM") 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 UIIOM currently have to satisfy Hong Kong capital standards on a whole company basis. At 30 June 2023 the Solvency Coverage Ratios of UW and UIIOM on a Hong Kong basis were 564% and 32,453% respectively. Solvency on a Hong Kong basis does not act as a biting constraint on the ability of the company concerned to pay dividends in either UW or UIIOM. The Hong Kong Insurance Authority is introducing a new risk based capital regime for insurance companies in 2024. This new capital regime, which is similar in nature to the capital regimes in the other jurisdictions In which the Group operates, will only apply to the relevant Hong Kong branch business.

UGP and its subsidiaries are subject to full Group supervision by the PRA. OCM Utmost Holdings Ltd ("OUHL"), the ultimate parent company of the Group is currently subject to group regulation by the PRA on an "Other Methods" basis in accordance with a PRA Direction issued in September 2020 and amended in August 2023. In addition, in the absence of an agreement between the UK and the EU on equivalence, the Central Bank of Ireland undertake group supervision of Utmost Topco Limited ("UTL") and its subsidiaries on an "Other Methods" basis. UTL is the immediate subsidiary of OUHL. The Group SCR Coverage Ratio is calculated as Group Own Funds as a percentage of Group SCR (on a standard formula basis).

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

Throughout H1 2023, the Group maintained its strong capital position, with a Group SCR Coverage Ratio of 185% at 30 June 2023 and Group Own Funds of £1,840m. The reduction in Group Own Funds of £60m over H1 2023 reflects the payment of £100m of dividends during the period offset by £40m of operating capital generation. 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 2023.

FIGURE 8: GROUP SOLVENCY II CAPITAL

	30JUNE 2023 £m	31 DECEMBER 2022 £m
Own Funds	1,840	1,900
Solvency Capital Requirement	994	996
Solvency Coverage Ratio	185%	191%

Both the PRA and EIOPA are currently conducting reviews of their respective solvency regimes. In the UK, HM Treasury published proposed reforms to the calculation of the Risk Margin in June 2023 and noted that the revised calculation methodology is expected to take effect before the end of 2023. Other elements of the proposed changes to Solvency UK are expected to take effect during 2024.

The proposed changes to the calculation of the Risk Margin are expected to reduce the Risk Margin and to improve SCR coverage to the extent that the reduction in the Risk Margin is not offset by an increase in TMTP. As noted above, the Group does not utilise TMTP in any of its operating life companies or at Group level so there will be nothing to offset in the case of the Group. Any reductions in Risk Margin will only apply to those of the Group's life companies which adopt Solvency UK and for the purposes of determining Group SCR coverage.

BORROWINGS

The Group 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 issued in January 2022. Both instruments are listed on the Global Exchange Market ("GEM") in Ireland. Interest of £8.0m and £9.2m was paid as scheduled on the Tier 2 loan notes and the RT1 loan notes respectively on 15 June 2023.

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 2023, the UGP leverage ratio on this basis was approximately 29.1% and the Fitch financial leverage ratio was 23.5%.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

CREDIT RATING

The Utmost International operating subsidiaries maintained their Insurer Financial Strength ratings of "A" and UGP maintained its Issuer Default Rating of A- throughout H1 2023. This reflects the strong capitalisation and stable leverage ratios of the Group. Following completion of the Fitch annual ratings review, all of the Group's ratings were adjusted from Stable Outlook to Positive Outlook. Fitch noted that this improvement in Outlook reflected the Group's "improving business risk profile, supported by meaningful progress in integrating the Quilter International business and Fitch Ratings' view of substantially reduced integration and execution risks".

DIVIDENDS

UGP paid dividends to UHGL of £40m in March 2023 and £60m in May 2023 utilising dividends paid by UGP's operating subsidiaries. The dividends received by UHGL were passed up the group holding companies and returned to the ultimate shareholders.

POST BALANCE SHEET EVENT

The Isle of Man business paid a dividend of £64m to GHO in July 2023.

Two of UGP's holding companies undertook a merger by amalgamation process under Guernsey Law in July 2023. This process, which completed on 2 August 2023, resulted in Utmost Midco Limited being merged into Utmost Topco Limited. As a result UGP now has only two Guernsey holding companies - Utmost Holdings (Guernsey) Limited and Utmost Topco Limited.

SUMMARY

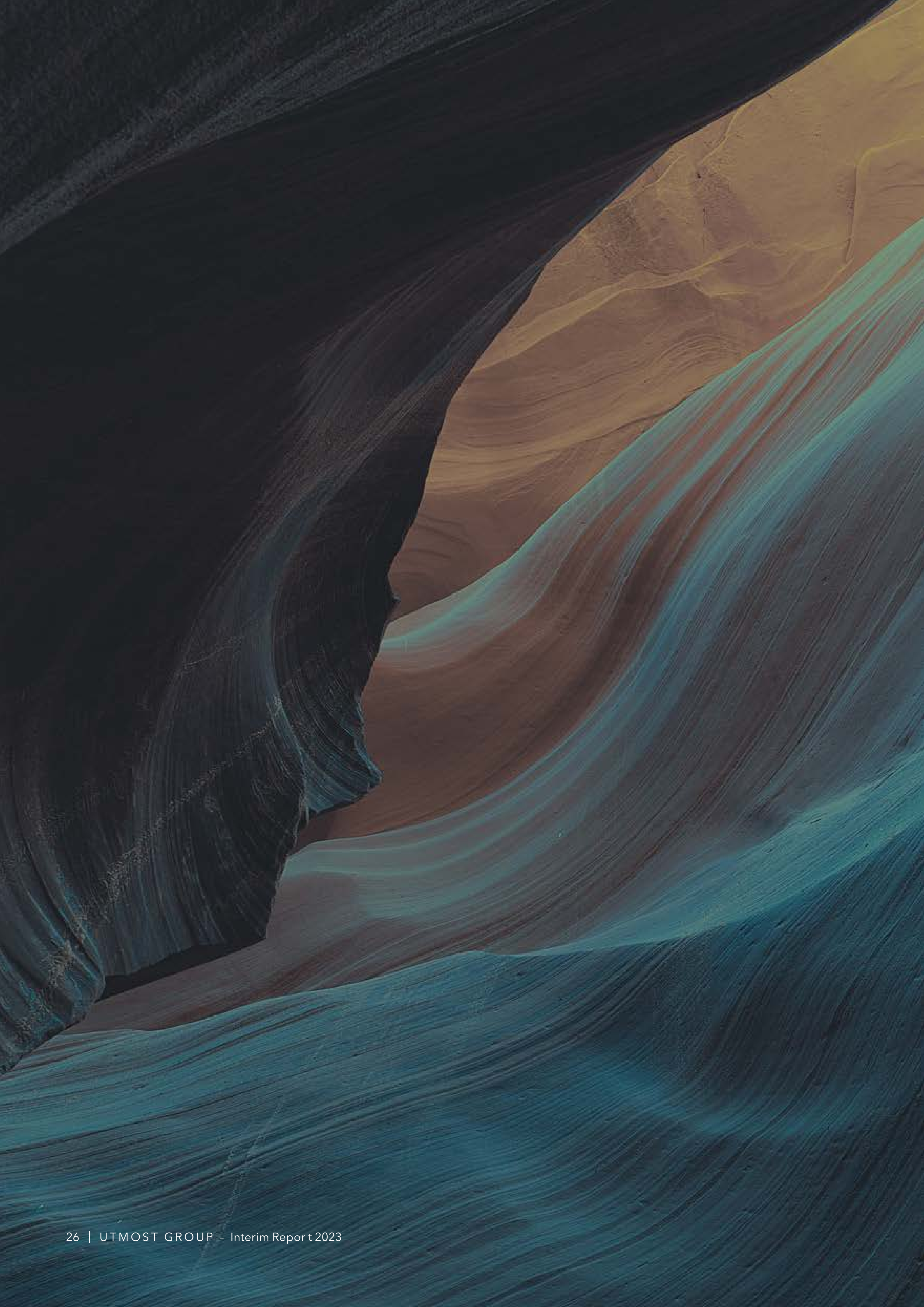
The Group has made good progress in H1 2023 in difficult market conditions. Our balance sheet is strong and resilient, enabling us to provide a high level of security to our clients. Our strong financial position enables the Group to invest in the continued development of our business through organic 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, (the "Company") for the period ended 30 June 2023. 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 2022 and the year ended 31 December 2022.

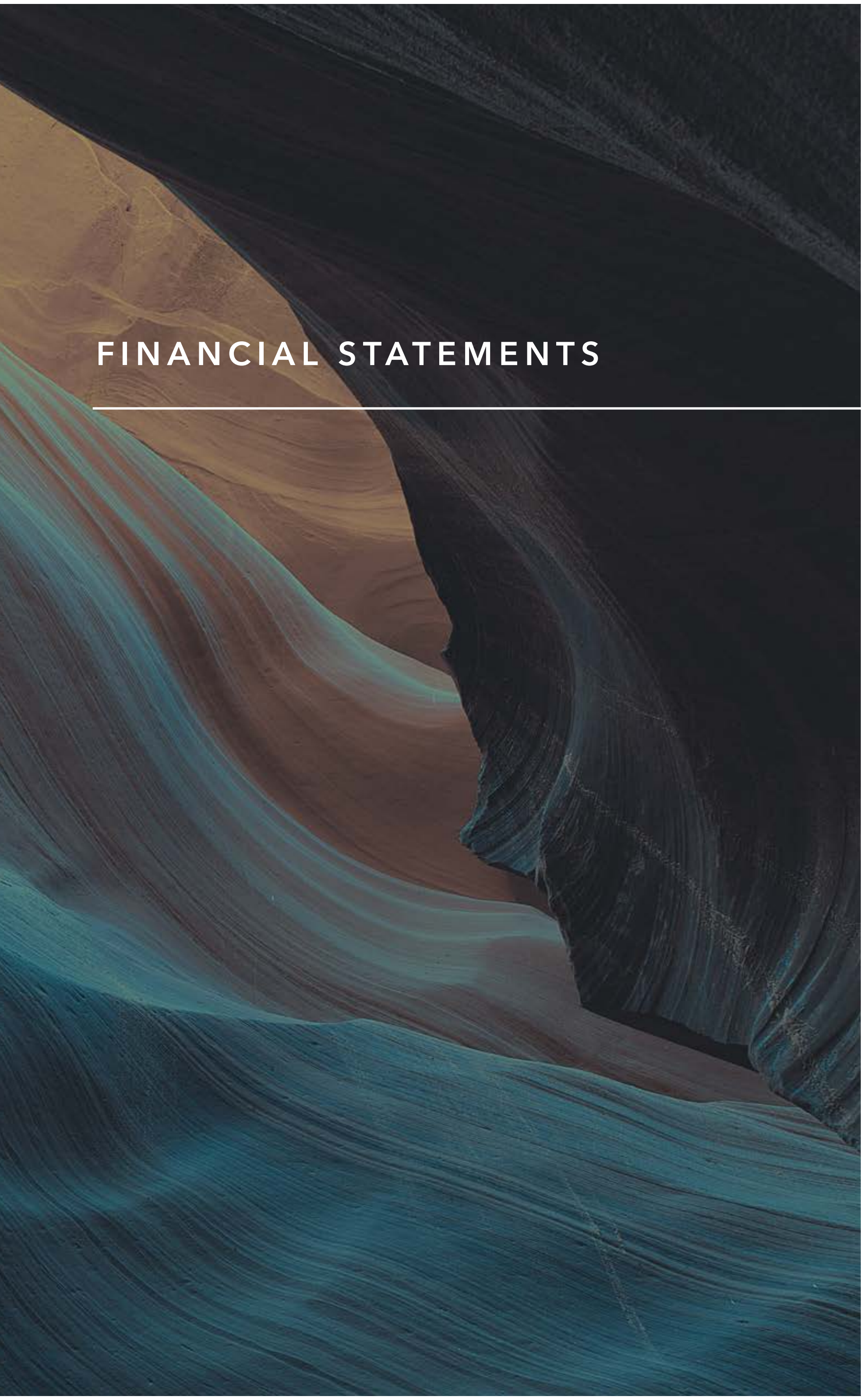
The Directors of the Company confirm that to the best of their knowledge:

- the condensed consolidated interim financial statements for the half year ended 30 June 2023, 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 2023 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 13 September 2023.

IAN MAIDENS

GROUP CHIEF FINANCIAL OFFICER



FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2023	RESTATED* 2022	
		HALF YEAR	HALF YEAR	FULL YEAR
		£'000	£'000	£'000
Insurance revenue		127,212	111,787	233,579
Insurance service expenses		(105,991)	(108,560)	(221,528)
Net expense from reinsurance contracts held		(11,773)	(377)	(859)
INSURANCE SERVICE RESULT	**10**	**9,448**	**2,850**	**11,192**
Fees and charges receivable on investment business	**4**	**161,262**	**168,181**	**335,348**
Investment return		1,724,094	(7,025,624)	(6,806,558)
Finance (expenses) / income from insurance contracts issued		(146,168)	513,087	756,563
Finance income / (expenses) from reinsurance contracts held		4,242	(137,144)	(195,196)
Movement in investment contract liabilities		(1,561,772)	6,644,921	6,257,054
NET FINANCIAL RESULT	**5**	**20,396**	**(4,760)**	**11,863**
Other income		28,611	4,954	21,576
Other operating expenses	**6**	(111,709)	(110,964)	(218,384)
Amortisation of acquired value of in-force business	**7**	(63,941)	(73,805)	(141,961)
(Impairment) of acquired value of in-force business and reversal of impairment	**7**	8,421	-	(8,421)
PROFIT / (LOSS) FOR THE PERIOD / YEAR BEFORE INTEREST AND TAX		**52,488**	**(13,544)**	**11,213**
Finance costs		(8,935)	(8,764)	(17,783)
PROFIT / (LOSS) FOR THE PERIOD / YEAR BEFORE TAX		**43,553**	**(22,308)**	**(6,570)**
Tax charge		(4,193)	(480)	(4,352)
PROFIT / (LOSS) FOR THE PERIOD / YEAR AFTER TAX		**39,360**	**(22,788)**	**(10,922)**
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		54	(4,092)	(5,756)
Foreign currency translation movements in the year		(6,971)	7,075	13,872
Items that will not be reclassified to profit and loss				
Re-measurement on retirement benefit asset/obligation		(1,690)	4,869	6,780
Shareholder tax on items that will not be reclassified subsequently to profit and loss		155	(105)	(41)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD / YEAR		**30,908**	**(15,041)**	**3,933**

Income and expenses for the year derive wholly from continuing operations.
*See note 2 for details of the restatement of comparative information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	2023	RESTATED* 2022	
		30 JUNE	30 JUNE	31 DECEMBER
ASSETS		**£'000**	**£'000**	**£'000**
Acquired value of in-force business	7	767,295	902,105	827,066
Deferred acquisition costs		97,110	77,754	88,706
Other intangible assets		311	506	408
Property, plant and equipment		30,702	25,508	31,162
Insurance contract assets	10	76	85	76
Reinsurance contract assets		977,144	1,052,029	962,937
Withholding tax asset		99,967	107,394	108,932
Deferred tax asset		1,286	-	1,740
Financial assets at fair value held to cover linked liabilities	8			
Financial investments		54,337,106	52,095,367	53,326,459
Cash and cash equivalents		3,080,899	3,861,381	3,574,618
Total financial assets at fair value held to cover linked liabilities		**57,418,005**	**55,956,748**	**56,901,077**
Other investments		1,534,134	1,745,009	1,580,304
Other receivables		420,151	388,141	362,179
Deposits		78,987	98,943	122,433
Cash and cash equivalents		469,897	372,659	464,910
TOTAL ASSETS		**61,895,065**	**60,726,881**	**61,451,930**
LIABILITIES				
Investment contract liabilities	9	52,271,526	50,951,897	51,872,159
Insurance contract liabilities	10	7,405,732	7,475,697	7,268,101
Reinsurance contract liabilities		24,773	32,354	26,072
Borrowings		400,645	400,646	400,710
Deferred tax liabilities		42,036	51,897	41,500
Deferred front end fees		79,301	73,691	76,328
Other payables		495,240	445,039	515,032
TOTAL LIABILITIES		**60,719,253**	**59,431,221**	**60,199,902**
CAPITAL AND RESERVES				
Called up share capital	11	392,500	392,500	392,500
Retained earnings		492,380	610,445	561,680
Other reserves		(5,779)	(4,170)	(5,834)
Restricted Tier 1 notes		297,600	297,600	297,600
Foreign currency translation reserve		(889)	(715)	6,082
TOTAL EQUITY		**1,175,812**	**1,295,660**	**1,252,028**
TOTAL EQUITY AND LIABILITIES		**61,895,065**	**60,726,881**	**61,451,930**

*See note 2 for details of the restatement of comparative information.

The financial statements on pages 29 to 72 were approved and authorised for issue by the Board of directors on 13 September 2023 and signed on its behalf by:

DIRECTOR ____________ DIRECTOR ____________

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	CALLED UP SHARE CAPITAL £'000	RETAINED EARNINGS £'000	RESTRICTED TIER 1 NOTES £'000	OTHER RESERVES* £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	TOTAL £'000
BALANCE AS AT 1 JANUARY 2022 AS PREVIOUSLY REPORTED	**392,500**	**1,065,358**	**-**	**(78)**	**(7,790)**	**1,449,990**
Impact of initial application of IFRS 17	-	14,288	-	-	-	14,288
RESTATED BALANCE AS AT 1 JANUARY 2022	**392,500**	**1,079,646**	**-**	**(78)**	**(7,790)**	**1,464,278**
Loss for the period	-	(22,788)	-	-	-	(22,788)
Foreign currency translation movements in the year	-	-	-	-	7,075	7,075
Re-measurement on retirement benefit asset	-	4,869	-	-	-	4,869
Dividends paid	-	(445,000)	-	-	-	(445,000)
Change in fair value of financial assets at fair value through OCI	-	-	-	(4,092)	-	(4,092)
Restricted Tier 1 notes issuance	-	-	297,600	-	-	297,600
Coupon paid on Restricted Tier 1 notes, net of tax relief	-	(6,282)	-	-	-	(6,282)
BALANCE AS AT 30 JUNE 2022	**392,500**	**610,445**	**297,600**	**(4,170)**	**(715)**	**1,295,660**

	CALLED UP SHARE CAPITAL £'000	RETAINED EARNINGS £'000	RESTRICTED TIER 1 NOTES £'000	OTHER RESERVES* £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	TOTAL £'000
BALANCE AS AT 1 JANUARY 2022 AS PREVIOUSLY REPORTED	392,500	1,065,358	-	(78)	(7,790)	1,449,990
Impact of initial application of IFRS 17	-	14,288	-	-	-	14,288
RESTATED BALANCE AS AT 1 JANUARY 2022	**392,500**	**1,079,646**	**-**	**(78)**	**(7,790)**	**1,464,278**
Loss for the year	-	(10,922)	-	-	-	(10,922)
Share capital issued in the year	-	-	-	-	-	-
Foreign currency translation movements in the year	-	-	-	-	13,872	13,872
Re-measurement on retirement benefit asset	-	6,780	-	-	-	6,780
Other comprehensive income	-	(41)	-	-	-	(41)
Dividends paid	-	(500,000)	-	-	-	(500,000)
Change in fair value of financial assets at fair value through OCI	-	-	-	(5,756)	-	(5,756)
Restricted Tier 1 notes issuance	-	-	297,600	-	-	297,600
Coupon paid on Restricted Tier 1 notes, net of tax relief	-	(13,783)	-	-	-	(13,783)
BALANCE AS AT 31 DECEMBER 2022	**392,500**	**561,680**	**297,600**	**(5,834)**	**6,082**	**1,252,028**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	CALLED UP SHARE CAPITAL £'000	RETAINED EARNINGS £'000	RESTRICTED TIER 1 NOTES £'000	OTHER RESERVES* £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	TOTAL £'000
BALANCE AS AT 1 JANUARY 2023	**392,500**	**561,680**	**297,600**	**(5,833)**	**6,082**	**1,252,029**
Profit for the period	-	39,360	-	-	-	39,360
Foreign currency translation movements in the year	-	-	-	-	(6,971)	(6,971)
Re-measurement on retirement benefit asset	-	(1,690)	-	-	-	(1,690)
Dividends paid	-	(100,000)	-	-	-	(100,000)
Change in fair value of financial assets at fair value through OCI	-	-	-	54	-	54
Coupon paid on Restricted Tier 1 notes, net of tax relief	-	(6,970)	-	-	-	(6,970)
BALANCE AS AT 30 JUNE 2023	**392,500**	**492,380**	**297,600**	**(5,779)**	**(889)**	**1,175,812**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2023	RESTATED* 2022	
	HALF YEAR	HALF YEAR	FULL YEAR
	£'000	£'000	£'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**141,828**	**94,961**	**242,516**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(17,308)	(652)	(2,071)
Acquisition of intangible assets	-	(17)	(26)
Proceeds on disposals of property, plant and equipment	25	3,541	3,915
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(17,283)**	**2,872**	**1,818**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of Restricted Tier 1 notes	-	297,600	297,600
Dividends paid	(100,000)	(445,000)	(500,000)
Finance costs paid	(17,188)	(32,477)	(37,053)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(117,188)**	**(179,877)**	**(239,453)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,357**	**(82,044)**	**4,881**
Cash and cash equivalents at the beginning of the year	464,910	452,187	452,187
Exchange differences on cash and cash equivalents	(2,370)	2,516	7,842
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR	**469,897**	**372,659**	**464,910**

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of Utmost Group plc (the "Company") is investment holding, and of its subsidiaries (together, the "Group") is the writing of long-term assurance business through the Utmost Wealth Solutions brand, 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 brand. Through Utmost Life and Pensions Limited ("ULPL"), 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 2023 comprise the interim financial statements of Utmost Group plc and its subsidiaries and were authorised by the Board of Directors for issue on 13 September 2023. The interim financial statements are unaudited.

The interim financial statements do not include all the information and disclosures required in the 2022 consolidated financial statements, and should be read in conjunction with the Group's 2022 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 2022 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 and stresses are applied to those positions to understand potential impacts of market downturns. These stresses do not give rise to any material uncertainties over the ability of the Company and Group to continue as a going concern. Based upon the available information, the directors consider that the Company and Group have the plans and resources to manage its business risks successfully and that it remains financially strong.

The directors are confident that the Company and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2.1 Accounting policies and changes in accounting policies

The accounting policies adopted are consistent with those of the Group's 2022 Annual Report and Accounts with the exception of the adoption of IFRS 17 – Insurance Contracts. The International Accounting Standards Board issued IFRS 17 in May 2017 (modified in 2020 and 2021) as a replacement to the previous insurance contracts standard IFRS 4 and applies to periods beginning on or after 1 January 2023. The standard has been applied retrospectively, subject to the transitional options provided for in the standard.

Scope

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features ("DPF"). When identifying contracts in the scope of IFRS 17 the Group have assessed the significance of any insurance risk accepted from the policyholder and for reinsurance contracts the insurance risk ceded to a reinsurer, whether a number of contracts needs to be treated as a single contract and whether investment components and goods and services are distinct and have to be separated and accounted for under another standard. Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation features issued by the Group fall under this category.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

All references to insurance contracts in these condensed consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

Measurement models

The General Measurement Model ("GMM") is the general accounting approach for the measurement of insurance and reinsurance contracts under IFRS 17. The GMM is formed of the following building blocks each of which are detailed further below:

- Fulfilment cashflows ("FCF")
- Risk adjustment
- Contractual service margin ("CSM")

Insurance and investments contracts with DPF (a contract with DPF and the transfer of significant insurance risk to the Group are classified as an insurance contract with DPF) are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on policy fees and management charges (withdrawn from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less other cashflows that do not vary based on the returns on underlying items. The measurement approach for insurance and investment contracts (excluding reinsurance contracts) with DPF is referred to as the Variable Fee Approach ("VFA"). The VFA modifies the GMM to reflect that a significant portion of the consideration an entity receives for the contracts is a variable fee.

Level of aggregation

Insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. IFRS 17 requires a portfolio of contracts to be divided into annual cohorts. As a result, a group may not include contracts issued more than one year apart. The Group judges that division of products into portfolios according to product type, currency and reinsurance arrangements meets the requirements of grouping products that are managed together and give rise to similar risks. The group, on initial recognition, further divides the portfolios into insurance groups according to whether the contracts have no significant possibility of becoming onerous, are onerous and all other contracts. Insurance contracts that would have a CSM at initial recognition even after including the risk adjustment are judged to have no significant possibility of becoming onerous. Insurance contracts where at initial recognition the total of the fulfilment cashflows, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow are recognised as onerous. All other contracts are grouped together. Reinsurance contracts are judged to be distinct and are not grouped together.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contract boundaries

The Group uses the concept of contract boundaries to determine the cash flows that should be considered in the measurement of groups of insurance contracts, reinsurance contracts and investment contracts with DPF. This assessment is reviewed for new contracts issued each reporting period. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date. For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

Insurance acquisition cashflows

The Group includes the following acquisition cash flows within the contract boundary that arise from selling, underwriting and starting a group of insurance contracts or investment contracts with DPF and that are:

a. costs directly attributable to individual contracts and groups of contracts; and

b. costs directly attributable to the portfolio of insurance contracts or investment contracts with DPF to which the group belongs, which are allocated on a systematic and rational basis to measure the group of insurance contracts or investment contracts with DPF.

Recognition and derecognition

Groups of insurance contracts and investment contracts with DPF issued are initially recognised from the earliest of the following:

› the beginning of the coverage period; or

› the date when the first payment from the policyholder is due or actually received, if there is no due date; or

› where a group of contracts is onerous, from when the group becomes onerous.

Insurance contracts and investment contracts with DPF acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

› the beginning of the coverage period of the group; or

› the initial recognition of any underlying insurance contract.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the earlier of:

› beginning of the coverage period of that group; or

› the date the entity recognises an onerous group of underlying insurance contracts if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the insurance groups. The start and end periods of each insurance group are selected to coincide with the Group's reporting periods. Composition of the insurance groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

› extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled); or

› the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparty or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract, as set out in the IFRS 17 standard, are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

   i. is not in scope of IFRS 17;

   ii. results in different separable components;

   iii. results in a different contract boundary; or

   iv. belongs to a different group of contracts;

b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

When an insurance contract is derecognised from within a group of insurance contracts, the Group adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group and adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the Liability for Remaining Coverage ("LRC") of the group), depending on the reason for the derecognition.

Measurement

(i) Fulfilment cash flows

The FCF are an explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

The estimates of future cash flows:

a. are based on a probability weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

Where the effect of future variations in experience on future cashflows are symmetric a single best estimate is assumed to represent the full range of possible outcomes. In a small number of cases, where the effect of future experience variances is not symmetric, then the best estimate is adjusted by probability weighting the effect on cashflows of a range of possible outcomes.

Underlying cashflows, where these arise in multiple currencies, are converted into a single functional currency at the appropriate prevailing foreign exchange rates. In order to discount the FCF the Group uses the bottom-up approach to determine in each applicable currency, a discount rate curve by applying a liquidity adjustment, where appropriate, to a risk-free yield. The risk-free yield curve is estimated from the published yield curve for the relevant currency.

The assumptions used to calculate the FCF on reinsurance contract assets are generally consistent with those used to calculate the FCF of the Insurance Contracts underlying the Reinsurance Contracts Held. Differences in assumptions relate to items that differ between the underlying Insurance Contracts and reinsurance contract assets, for example reinsurer default risk, reinsurance servicing expenses and liquidity risk. The reinsurance contract assets are modified for the risk of non-performance by the reinsurer. The impact is applied by adjusting the FCF discount rates.

An investment component is the amount that an insurance contract or investment contract with DPF requires the Group to repay to a policyholder even if an insured event does not occur. The Group has not separated any investment components from insurance contracts or investment contracts with DPF as the investment components are not considered to be distinct from the underlying contracts. Non-distinct investment components include the unit fund on unit-linked products and with-profit funds for with-profit products. Movements in investment components will not be included in insurance revenue and insurance service expenses under IFRS 17.

Risk Adjustment

An explicit risk adjustment for non-financial risk is calculated separately from the other estimates and is included in the fulfilment cashflows. The risk adjustment is determined as the difference between the fulfilment cashflows under a single, insurance group specific, stress scenario and the base scenario calculated using the probability weighted best estimate of the cash flows. The risk adjustment is calculated without consideration for any reinsurance in place and represents the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts. The risk adjustment for reinsurance is determined in the same way as for insurance business but with the stress scenario being determined from a scenario relevant to the underlying insurance portfolio. The risk adjustment for reinsurance represents the risk adjustment transferred to the reinsurer and as such will not exceed the risk adjustment on the underlying insurance contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a. the initial recognition of the FCF; and

b. cash flows arising from the contracts in the group at that date.

c. the derecognition at the date of initial recognition of:

 (i) any asset for insurance acquisition cash flows; and

 (ii) any other asset or liability previously recognised for cash flows related to the group of contracts.

For a group of insurance contracts or investment contracts with DPF issued where the CSM would be negative, this means the group of insurance contracts or investment contracts with DPF issued is onerous and groups of onerous contracts are recognised when the group becomes onerous. A loss from onerous insurance contracts or investment contracts with DPF is recognised in the Statement of Comprehensive Income immediately with no CSM recognised on the Statement of Financial Position.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired in a portfolio transfer or business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and

b. a proxy for premiums received in the portfolio transfer or business combination.

The premium proxy is either the fair value of assets transferred minus any consideration paid or the fair of liabilities received in insurance portfolio transfers or business combinations respectively. To the extent that amounts cannot be directly attributed to the acquired contracts the premium proxy is allocated to acquired insurance groups using weightings based on risk.

At initial recognition contracts are assessed as to whether they are onerous, profitable or initially profitable but have the potential to become unprofitable and are allocated to different groups depending upon this assessment.

The approach taken is to compare at initial recognition, for each insurance contract, the CSM with the Risk Adjustment. If the CSM is greater than the Risk Adjustment the insurance contract is classified as profitable, if the CSM is 0 the contract is classified as onerous. All other contracts are classified as having the potential to become onerous.

Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a. the LRC, comprising:

 i. the FCF related to future service allocated to the group at that date; and

 ii. the CSM of the group at that date; and

b. the liability for incurred claims (“LIC”), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a. the remaining coverage, comprising:

 i. the FCF related to future service allocated to the group at that date; and

 ii. the CSM of the group at that date; and

b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and

b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a, b and d are measured using the locked-in discount rates as described in the section on interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereon;

b. changes in the FCF relating to the LIC; and

c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts measured under the VFA, where the value of the variable fee is material (see simplifications and judgements below), the following adjustments relate to future service and thus adjust the CSM:

a. changes in the Group's share of the fair value of the underlying items; and

b. changes in the FCF that do not vary based on the returns of underlying items:

    i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;

    ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

    iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

    iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

    v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments ii.-v. are measured using the current discount rates.

For insurance contracts measured under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;

b. changes in the FCF that do not vary based on the returns of underlying items:

    i. changes in the FCF relating to the LIC; and

    ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts and investment contracts with DPF issued, at the end of each annual reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.

b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.

c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is negative, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and creates a CSM.

d. The effect of any currency exchange differences.

e. The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF. Where underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates).

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

For contracts issued, the Group determines the proportion of coverage provided in the period for the purpose of CSM recognition as follows:

a. Coverage units in the period divided by
b. The sum of:
   i. Coverage units in the period and
   ii. End of period coverage units total forecast.
c. Where all amounts included in this calculation are undiscounted.

The coverage units used by the Group are as follows:

Business Type	Proposed Coverage Units (proxy for "quantity of benefits")
Non-linked	Sum at Risk
Unit linked business	Higher of Unit reserves and sum assured
Unitised with-profits	Unit Fund
Annuities	Annuities paid in period (deferred annuities with a death benefit provide 20% of initial expected annuity payments in the deferral period).

Onerous contracts – loss components

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on amortising the loss component in line with the amortisation of the CSM (i.e. based on coverage units remaining).

The Group allocates the amortisation of the loss component to insurance revenue with an equivalent offset in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Amounts recognised in comprehensive income

Insurance revenue

As the Group provides services under a group of insurance contracts or investment contracts with DPF, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period represents the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

Insurance revenue comprises the following:

a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   - amounts related to the loss component;
   - repayments of investment components; and
   - amounts of transaction-based taxes collected in a fiduciary capacity.
b. changes in the risk adjustment for non-financial risk, excluding:
   - changes included in insurance finance income (expenses);
   - changes that relate to future coverage (which adjust the CSM); and
   - amounts allocated to the loss component;
c. amounts of the CSM recognised in profit or loss for the services provided in the period; and
d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits excluding investment components;

b. other incurred directly attributable insurance service expenses;

c. changes that relate to past service (i.e. changes in the FCF relating to the LIC);

d. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components); and

e. allocation of non-directly attributable expenses.

Expenses that do not relate to contracts in the scope of IFRS 17 will be presented in other operating expenses under the relevant accounting standard.

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

The Group presents the financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;

b. incurred claims recovery;

c. other incurred directly attributable insurance service expenses;

d. effect of changes in risk of reinsurer non-performance;

e. changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and

f. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

Reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

a. insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;

b. changes in the risk adjustment for non-financial risk, excluding:

- changes included in finance income (expenses) from reinsurance contracts held; and
- changes that relate to future coverage (which adjust the CSM);

c. amounts of the CSM recognised in profit or loss for the services received in the period; and

d. ceded premium experience adjustments relating to past and current service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and

b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM;

b. the effect of changes in interest rates and other financial assumptions; and

c. foreign exchange differences arising from contracts denominated in a foreign currency. Under IFRS 17 groups of insurance contracts are treated as monetary items

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

a. changes in the fair value of underlying items, excluding the shareholders' share of underlying items;

b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and

c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For the contracts measured under the GMM and the VFA, the Group includes all insurance finance income or expenses for the period in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Transition

The transition balance sheet has been prepared using the Fair Value Approach for all in-scope business as it is impracticable to use the Fully Retrospective Approach because it is not possible to determine a Risk Adjustment at historic reporting dates. This is a key judgement taken by the Group in preparing the transition balance sheet.

The Group had no basis upon which to determine the Risk Adjustment since it had no policy from which a reliable margin for taking on non-financial risk associated with the contracts in scope of IFRS 17 could be determined at the transition date and there was no explicit historical view of the compensation required for non-financial risk on acquired insurance contracts. Consideration was taken to deriving an approach that used margins from historical acquisitions however as the majority of the acquired policies have been investment contracts, with significant reinsurance on insurance contracts and investment contracts with DPF, it was not possible to accurately reflect the view of insurance risk at historic reporting dates.

Under the Fair Value Approach, the CSM or loss component at the transition date was calculated as the difference between the fair value of a group of contracts at that date and the FCF at that date. The Group measured the fair value of a group of contracts as the Solvency II best estimate liability of cashflows within the IFRS 17 Contract Boundary, calibrated using a market value adjustment to give a fair value calculated as 90% of:

› Solvency II best estimate experience assumptions plus best estimates for assumptions not required under Solvency II, plus

› a 50% share of the insurance company's Solvency II Risk Margin. The Solvency II Risk Margin is allocated to Groups of Insurance Contracts ("GICs") (the level of aggregation of contracts at which CSMs are determined) based on the relative contribution of those cohorts to the aggregated results.

Under the requirements of IFRS 4 the Group had previously recognised an asset for the Acquired Value of In-Force ("AVIF") policies which was measured as the difference between the fair value of acquired contracts and the value of the liability as measured in accordance with the Group's accounting policies under IFRS 4. Under the requirements of IFRS 17 the previously recognised AVIF no longer exists as the related cash flows are required to be included in measuring the FCF of the acquired contracts at the acquisition date. The elimination of balances under IFRS 4 and replacement with IFRS 17 balances leads to a corresponding increase in shareholders' equity which is primarily caused by the release of prudence margins under IFRS 4 offset by the elimination of AVIF on contracts in scope of IFRS 17.

In applying IFRS 17 the Group has used both the GMM and the VFA. The VFA is used where the Group has direct participation in an insurance contract or investment contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

On adoption of IFRS 17 the Group have restated the comparative information as presented in this Interim Report. The originally presented and restated information for the comparative periods is presented in the tables below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FOR THE YEAR ENDED 31 DECEMBER 2022 AS PREVIOUSLY REPORTED	RECLASSIFICATION/ RESTATEMENT	FOR THE YEAR ENDED 31 DECEMBER 2022 RESTATED
Net premiums earned	153,341	(153,341)	-
Fees and charges receivable	364,914	(29,566)	335,348
Other operating income	18,514	3,062	21,576
Investment return	(6,883,848)	77,290	(6,806,558)
Policyholder claims	(272,442)	272,442	-
Transfer from unallocated surplus	16,148	(16,148)	-
Changes in insurance contract liabilities	408,022	(408,022)	-
Movement in investment contract liabilities	6,632,124	(375,070)	6,257,054
Amortisation of acquired value of in-force business	(156,625)	14,664	(141,961)
Tax charge	(4,339)	(13)	(4,352)
Insurance revenue	-	233,579	233,579
Insurance service expenses	-	(221,528)	(221,528)
Net income / (expense) from reinsurance contracts held	-	(859)	(859)
Finance income / (expenses) from insurance contracts issued	-	756,563	756,563
Finance income / (expenses) from reinsurance contracts held	-	(195,196)	(195,196)

	FOR THE HALF YEAR ENDED 30 JUNE 2022 AS PREVIOUSLY REPORTED	RECLASSIFICATION/ RESTATEMENT	FOR THE HALF YEAR ENDED 30 JUNE 2022 RESTATED
Net premiums earned	35,549	(35,549)	-
Fees and charges receivable	176,845	(8,664)	168,181
Other operating income	3,161	1,793	4,954
Investment return	(7,081,141)	55,517	(7,025,624)
Policyholder claims	(104,937)	104,937	-
Transfer from unallocated surplus	16,589	(16,589)	-
Changes in insurance contract liabilities	122,945	(122,945)	-
Movement in investment contract liabilities	7,020,009	(375,088)	6,644,921
Amortisation of acquired value of in-force business	(81,039)	7,234	(73,805)
Tax credit / (charge)	6,105	(6,585)	(480)
Insurance revenue	-	111,787	111,787
Insurance service expenses	-	(108,560)	(108,560)
Net income / (expense) from reinsurance contracts held	-	(377)	(377)
Finance income / (expenses) from insurance contracts issued	-	513,087	513,087
Finance income / (expenses) from reinsurance contracts held	-	(137,144)	(137,144)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 DECEMBER 2022 AS PREVIOUSLY REPORTED	RECLASSIFICATION/ RESTATEMENT	AS AT 31 DECEMBER 2022 RESTATED
Acquired value of in-force business	939,844	(112,778)	827,066
Deferred acquisition costs	89,215	(509)	88,706
Insurance contract assets	-	76	76
Reinsurance contract assets	976,363	(13,426)	962,937
Financial assets at fair value held to cover linked liabilities	56,916,028	(14,951)	56,901,077
Investment contract liabilities	54,960,666	(3,088,507)	51,872,159
Insurance contract liabilities	4,185,894	3,082,207	7,268,101
Reinsurance contract liabilities	39,515	(13,443)	26,072
Unallocated surplus	92,499	(92,499)	-
Deferred front end fees	77,064	(736)	76,328

	AS AT 30 JUNE 2022 AS PREVIOUSLY REPORTED	RECLASSIFICATION/ RESTATEMENT	AS AT 30 JUNE 2022 RESTATED
Acquired value of in-force business	1,019,224	(117,119)	902,105
Deferred acquisition costs	78,331	(577)	77,754
Insurance contract assets	-	85	85
Reinsurance contract assets	1,081,364	(31,335)	1,050,029
Financial assets at fair value held to cover linked liabilities	55,984,401	(27,653)	55,956,748
Investment contract liabilities	53,940,950	(2,989,053)	50,951,897
Insurance contract liabilities	4,562,315	2,913,382	7,475,697
Reinsurance contract liabilities	48,251	(15,897)	32,354
Unallocated surplus	91,317	(91,317)	-
Deferred front end fees	74,525	(834)	73,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 ("PBIT") figure and the definition of operating profit is provided in the Alternative Performance Measures ("APMs") section.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENTAL ANALYSIS (CONTINUED)

A reconciliation of the segmental operating profit to the Group profit /(loss) before tax is provided below:

OPERATING PROFIT £'000	HALF YEAR 2023	RESTATED* HALF YEAR 2022	RESTATED* FULL YEAR 2022
UWS	100,864	73,558	186,854
UCS	8,675	(10,877)	(11,544)
ULP	13,507	13,974	19,318
Other Group activities	(4,732)	(6,937)	(10,907)
TOTAL SEGMENTAL OPERATING PROFIT	**118,314**	**69,718**	**183,721**
Amortisation of AVIF and depreciation	(67,324)	(77,320)	(148,714)
Interest charge	(8,935)	(8,764)	(17,783)
Non-recurring items	1,498	(5,942)	(23,794)
PROFIT / (LOSS) BEFORE TAX	**43,553**	**(22,308)**	**(6,570)**

A breakdown of revenue by segment is provided below:

HALF YEAR 2023 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Insurance revenue	4,318	83,500	39,394	-	127,212
Fees and charges receivable	149,701	24	13,148	(1,611)	161,262
TOTAL SEGMENTAL REVENUE	**154,019**	**83,524**	**52,542**	**(1,611)**	**288,474**

HALF YEAR 2022 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Insurance revenue	3,842	75,232	32,713	-	111,787
Fees and charges receivable	155,276	-	14,850	(1,945)	168,181
TOTAL SEGMENTAL REVENUE	**159,118**	**75,232**	**47,563**	**(1,945)**	**279,968**

FULL YEAR 2022 £'000	UWS	UCS	ULP	OTHER RECONCILING ITEMS	TOTAL
Insurance revenue	8,218	154,136	71,225	-	233,579
Fees and charges receivable	314,729	-	28,090	(7,471)	335,348
TOTAL SEGMENTAL REVENUE	**322,947**	**154,136**	**99,315**	**(7,471)**	**568,927**

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. FEES AND CHARGES RECEIVABLE

	2023	RESTATED* 2022	
	HALF YEAR	HALF YEAR	FULL YEAR
	£'000	£'000	£'000
Fee income from investment contracts	157,023	164,360	333,400
Net movement in deferred front-end fees	(5,805)	(6,039)	(10,886)
Other fee income - including commission and rebate income	10,044	9,860	12,834
TOTAL FEE INCOME	**161,262**	**168,181**	**335,348**

5. NET FINANCIAL RESULT

HY 2023	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
Net investment income (expenses) - underlying assets				
NET INVESTMENT INCOME / (EXPENSES) - UNDERLYING ASSETS	**1,588,261**	**(1,592)**	**120,018**	**1,706,687**
Net investment income / (expenses) - other investments				
Interest revenue from financial assets not measured at FVTPL	5,777	1,132	-	6,909
Net gains / (losses) on FVTPL investments	10,571	965	(3,187)	8,349
Net gains on investments in debt securities measured at FVOCI	193	2,010	-	2,203
NET INVESTMENT INCOME / (EXPENSES) - OTHER INVESTMENTS	**16,541**	**4,107**	**(3,187)**	**17,461**
Net investment expenses - other				
Net change in investment contract liabilities	(1,451,701)	(249)	(109,822)	(1,561,772)
NET INVESTMENT EXPENSES - OTHER	**(1,451,701)**	**(249)**	**(109,822)**	**(1,561,772)**
TOTAL NET INVESTMENT INCOME	**153,101**	**2,266**	**7,009**	**162,376**

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. NET FINANCIAL RESULT (CONTINUED)

HY 2023	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
Finance income / (expenses) from insurance contracts issued				
Change in fair value of underlying assets of contracts measured under the VFA	(133,575)	(20,312)	(11,835)	(165,722)
Interest accreted	(1,061)	(8,564)	(14,718)	(24,343)
Effect of changes in interest rates and other financial assumptions	(220)	2,706	25,151	27,637
Foreign exchange differences	(8,904)	25,164	-	16,260
FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED	**(143,760)**	**(1,006)**	**(1,402)**	**(146,168)**
Finance income / (expenses) from reinsurance contracts held				
FINANCE INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD	**5,549**	**1,291**	**(2,598)**	**4,242**
NET INSURANCE FINANCE (EXPENSES) / INCOME	**(138,211)**	**285**	**(4,000)**	**(141,926)**
SUMMARY OF THE AMOUNTS RECOGNISED IN PROFIT OR LOSS				
Net investment income - underlying assets	1,588,261	(1,592)	120,018	1,706,687
Net investment income / (expenses) - other investments	16,265	4,329	(3,187)	17,407
Net investment expenses - other	(1,451,701)	(249)	(109,822)	(1,561,772)
Net insurance finance (expenses) / income	(138,211)	285	(4,000)	(141,926)
	14,614	**2,773**	**3,009**	**20,396**
SUMMARY OF THE AMOUNTS RECOGNISED IN OCI				
Net investment income / (expenses) - other investments	276	(222)	-	54
Summary of the amounts recognised				
Insurance service result	1,943	4,754	2,751	9,448
Net investment income	153,101	2,266	7,009	162,376
Net insurance finance (expenses) / income	(138,211)	285	(4,000)	(141,926)
NET INSURANCE AND INVESTMENT RESULT	**16,833**	**7,305**	**5,760**	**29,898**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. NET FINANCIAL RESULT (CONTINUED)

HY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
Net investment income / (expenses) - underlying assets				
NET INVESTMENT EXPENSES - UNDERLYING ASSETS	**(6,346,499)**	**(16,284)**	**(522,165)**	**(6,884,948)**
Net investment income / (expenses) - other investments				
Interest revenue from financial assets not measured at FVTPL	-	1,088	-	1,088
Net losses on FVTPL investments	-	(6,825)	(129,315)	(136,140)
Net gains / (losses) on investments in debt securities measured at FVOCI	1,187	(6,811)	-	(5,624)
NET INVESTMENT INCOME / (EXPENSES) - OTHER INVESTMENTS	**1,187**	**(12,548)**	**(129,315)**	**(140,676)**
Net investment income - other				
Net change in investment contract liabilities	6,174,299	473	470,149	6,644,921
NET INVESTMENT INCOME - OTHER	**6,174,299**	**473**	**470,149**	**6,644,921**
TOTAL NET INVESTMENT EXPENSES	**(171,013)**	**(28,359)**	**(181,331)**	**(380,703)**
Finance income / (expenses) from insurance contracts issued				
Change in fair value of underlying assets of contracts measured under the VFA	243,711	39,777	87,140	370,628
Interest accreted	(141)	(427)	(11,837)	(12,405)
Effect of changes in interest rates and other financial assumptions	1,188	38,141	159,402	198,731
Foreign exchange differences	(803)	(43,064)	-	(43,867)
FINANCE INCOME FROM INSURANCE CONTRACTS ISSUED	**243,955**	**34,427**	**234,705**	**513,087**
Finance income / (expenses) from reinsurance contracts held				
FINANCE EXPENSES FROM REINSURANCE CONTRACTS HELD	**(67,901)**	**(13,207)**	**(56,036)**	**(137,144)**
NET INSURANCE FINANCE INCOME	**176,054**	**21,220**	**178,669**	**375,943**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. NET FINANCIAL RESULT (CONTINUED)

HY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
SUMMARY OF THE AMOUNTS RECOGNISED IN PROFIT OR LOSS				
Net investment expenses - underlying assets	(6,346,499)	(16,284)	(522,165)	(6,884,948)
Net investment income / (expenses) - other investments	1,187	(12,548)	(129,315)	(140,676)
Net investment income - other	6,174,299	473	470,149	6,644,921
Net insurance finance income	176,054	21,220	178,669	375,943
	5,041	**(7,139)**	**(2,662)**	**(4,760)**
SUMMARY OF THE AMOUNTS RECOGNISED IN OCI				
Net investment income / (expenses) - other investments	1,254	(5,346)	-	(4,092)
Summary of the amounts recognised				
Insurance service result	1,476	(6,057)	7,431	2,850
Net investment expense	(169,759)	(33,705)	(181,331)	(384,795)
Net insurance finance income	176,054	21,220	178,669	375,943
NET INSURANCE AND INVESTMENT RESULT	**7,771**	**(18,542)**	**4,769**	**(6,002)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. NET FINANCIAL RESULT (CONTINUED)

FY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
Net investment income (expenses) - underlying assets				
NET INVESTMENT EXPENSES - UNDERLYING ASSETS	**(6,090,459)**	**(3,429)**	**(514,712)**	**(6,608,600)**
Net investment income / (expenses) - other investments				
Interest revenue from financial assets not measured at FVTPL	1,607	2,129	-	3,736
Net losses on FVTPL investments	(7,372)	(12,859)	(179,450)	(199,681)
Net losses on investments in debt securities measured at FVOCI	(1,679)	(6,089)	-	(7,768)
NET INVESTMENT EXPENSES - OTHER INVESTMENTS	**(7,444)**	**(16,819)**	**(179,450)**	**(203,713)**
Net investment income - other				
Net change in investment contract liabilities	5,792,729	458	463,867	6,257,054
NET INVESTMENT INCOME - OTHER	**5,792,729**	**458**	**463,867**	**6,257,054**
TOTAL NET INVESTMENT EXPENSES	**(305,174)**	**(19,790)**	**(230,295)**	**(555,259)**
Finance income / (expenses) from insurance contracts issued				
Change in fair value of underlying assets of contracts measured under the VFA	406,618	40,853	86,808	534,279
Interest accreted	(98)	(929)	(10,581)	(11,608)
Effect of changes in interest rates and other financial assumptions	1,180	66,175	207,685	275,040
Foreign exchange differences	11,029	(52,177)	-	(41,148)
FINANCE INCOME FROM INSURANCE CONTRACTS ISSUED	**418,729**	**53,922**	**283,912**	**756,563**
Finance income / (expenses) from reinsurance contracts held				
FINANCE EXPENSES FROM REINSURANCE CONTRACTS HELD	**(94,669)**	**(29,570)**	**(70,957)**	**(195,196)**
NET INSURANCE FINANCE INCOME	**324,060**	**24,352**	**212,955**	**561,367**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. NET FINANCIAL RESULT (CONTINUED)

FY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
SUMMARY OF THE AMOUNTS RECOGNISED IN PROFIT OR LOSS				
Net investment expenses - underlying assets	(6,090,459)	(3,429)	(514,712)	(6,608,600)
Net investment expenses - other investments	(6,126)	(12,382)	(179,450)	(197,958)
Net investment income - other	5,792,729	458	463,867	6,257,054
Net insurance finance income	324,060	24,352	212,955	561,367
	20,204	**8,999**	**(17,340)**	**11,863**
SUMMARY OF THE AMOUNTS RECOGNISED IN OCI				
Net investment expenses - other investments	(1,318)	(4,438)	-	(5,756)
Summary of the amounts recognised				
Insurance service result	2,996	(7,083)	15,279	11,192
Net investment expenses	(305,174)	(19,790)	(230,295)	(555,259)
Net insurance finance income	324,060	24,352	212,955	561,367
NET INSURANCE AND INVESTMENT RESULT	**21,882**	**(2,521)**	**(2,061)**	**17,300**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. EXPENSES

	2023 HALF YEAR £'000	2022 HALF YEAR £'000	2022 FULL YEAR £'000
Insurance acquisition cash flows amortisation	5,541	3,007	7,091
Other operating expenses	111,709	110,964	218,384
TOTAL EXPENSES	**117,250**	**113,971**	**225,475**

7. ACQUIRED VALUE OF IN-FORCE BUSINESS

	2023 HALF YEAR	RESTATED* 2022 FULL YEAR
COST	**£'000**	**£'000**
At start of period	1,177,114	1,165,110
Foreign exchange movement	(7,286)	12,004
At end of period	**1,169,828**	**1,177,114**
ACCUMULATED AMORTISATION		
At start of period	350,048	195,190
Charge for the period	63,941	141,961
Foreign exchange movement	(3,035)	4,476
Reversal of impairment and impairment	(8,421)	8,421
At end of period	**402,533**	**350,048**
Net book value at end of period	**767,295**	**827,066**
Current (within 12 months)	114,852	123,488
Non-current (after 12 months)	652,443	703,578
	767,295	**827,066**

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

	2023 HALF YEAR £'000	RESTATED* 2022 FULL YEAR £'000
Fixed income securities	3,146,581	2,226,839
Deposits and loans	324,629	294,696
Ordinary shares and funds	50,054,096	49,576,002
Other investments	552,240	862,932
Modified coinsurance account	259,560	365,990
Cash and cash equivalents	3,080,899	3,574,618
	57,418,005	**56,901,077**

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Included in the analysis above are investments of £2,417,122k (FY 2022: £2,469,181k) 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.

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 2023 (2022: £nil).

9. INVESTMENT CONTRACT LIABILITIES

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

	2023 HALF YEAR £'000	RESTATED* 2022 FULL YEAR £'000
Balance at start of period	**51,872,159**	**57,020,389**
Deposits to investment contracts	1,372,609	3,744,424
Withdrawals from investment contracts	(1,860,569)	(3,216,437)
Fees and charges deducted including third party charges	(157,204)	(293,228)
Commissions and rebates receivable	165	449
Change in investment contract liabilities	1,561,772	(6,257,054)
Other movements	2,438	(1,913)
Foreign exchange movement	(519,844)	875,529
Movement in the period	**399,367**	**(5,148,230)**
CLOSING BALANCE CARRIED FORWARD	**52,271,526**	**51,872,159**

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.

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES

INSURANCE REVENUES AND EXPENSES

HY 2023	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
INSURANCE REVENUE				
Amounts relating to the changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	2,460	56,436	35,640	94,536
- Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	538	4,347	607	5,492
- CSM recognised in profit or loss for the services provided	1,297	17,288	3,147	21,732
Insurance acquisition cash flows recovery	23	5,429	-	5,452
TOTAL INSURANCE REVENUE	**4,318**	**83,500**	**39,394**	**127,212**
INSURANCE SERVICE EXPENSES				
Incurred claims, other directly attributable expenses and changes that relate to past service	(2,051)	(61,408)	(27,091)	(90,550)
Losses on onerous contracts and reversal of the losses	51	(4,695)	(5,256)	(9,900)
Insurance acquisition cash flows amortisation	(94)	(5,447)	-	(5,541)
TOTAL INSURANCE SERVICE EXPENSES	**(2,094)**	**(71,550)**	**(32,347)**	**(105,991)**
NET INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD				
Reinsurance expenses				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	(14)	(36,945)	(20,781)	(57,740)
- Changes in the risk adjustment recognised for the risk expired	(86)	(2,445)	(322)	(2,853)
- CSM recognised for the services received	(175)	(13,009)	(1,632)	(14,816)
REINSURANCE EXPENSES	**(275)**	**(52,399)**	**(22,735)**	**(75,409)**
Other incurred directly attributable expenses	(8)	-	-	(8)
Effects of changes in the risk of reinsurers non-performance	-	(1,499)	211	(1,288)
Claims recovered and adjustments to incurred claims	-	40,390	18,210	58,600
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	2	6,312	18	6,332
TOTAL NET (EXPENSES) / INCOME FROM REINSURANCE CONTRACTS HELD	**(281)**	**(7,196)**	**(4,296)**	**(11,773)**
TOTAL INSURANCE SERVICE RESULT	**1,943**	**4,754**	**2,751**	**9,448**

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

INSURANCE REVENUES AND EXPENSES

HY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
INSURANCE REVENUE				
CONTRACTS NOT MEASURED UNDER THE PAA				
Amounts relating to the changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	2,343	62,672	30,723	95,738
- Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	628	4,475	231	5,334
- CSM recognised in profit or loss for the services provided	832	5,984	1,759	8,575
Insurance acquisition cash flows recovery	39	2,101	-	2,140
TOTAL INSURANCE REVENUE	**3,842**	**75,232**	**32,713**	**111,787**
INSURANCE SERVICE EXPENSES				
Incurred claims, other directly attributable expenses and changes that relate to past service	(2,013)	(70,011)	(19,982)	(92,006)
Losses on onerous contracts and reversal of the losses	(171)	(6,734)	(6,644)	(13,549)
Insurance acquisition cash flows amortisation	(42)	(2,963)	-	(3,005)
TOTAL INSURANCE SERVICE EXPENSES	**(2,226)**	**(79,708)**	**(26,626)**	**(108,560)**
NET INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD				
Reinsurance expenses				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	(19)	(39,833)	(20,943)	(60,795)
- Changes in the risk adjustment recognised for the risk expired	(86)	(2,959)	(27)	(3,072)
- CSM recognised for the services received	(134)	(7,988)	(898)	(9,020)
REINSURANCE EXPENSES	**(239)**	**(50,780)**	**(21,868)**	**(72,887)**
Other incurred directly attributable expenses	-	-	-	-
Effects of changes in the risk of reinsurers non-performance	-	46	1,525	1,571
Claims recovered and adjustments to incurred claims	92	42,827	19,898	62,817
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	9	6,324	1,789	8,122
TOTAL NET (EXPENSES) / INCOME FROM REINSURANCE CONTRACTS HELD	**(138)**	**(1,583)**	**1,344**	**(377)**
TOTAL INSURANCE SERVICE RESULT	**1,478**	**(6,059)**	**7,431**	**2,850**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

INSURANCE REVENUES AND EXPENSES

FY 2022	UTMOST WEALTH SOLUTIONS £'000	UTMOST CORPORATE SOLUTIONS £'000	UTMOST LIFE AND PENSIONS £'000	TOTAL £'000
INSURANCE REVENUE				
Amounts relating to the changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	4,625	121,064	63,870	189,559
- Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	1,356	9,037	1,523	11,916
- CSM recognised in profit or loss for the services provided	2,041	18,150	5,832	26,023
Insurance acquisition cash flows recovery	196	5,885	-	6,081
TOTAL INSURANCE REVENUE	**8,218**	**154,136**	**71,225**	**233,579**
INSURANCE SERVICE EXPENSES				
Incurred claims, other directly attributable expenses and changes that relate to past service	(3,428)	(152,468)	(51,262)	(207,158)
Losses on onerous contracts and reversal of the losses	(743)	(5,373)	(1,163)	(7,279)
Insurance acquisition cash flows amortisation	(582)	(6,509)	-	(7,091)
TOTAL INSURANCE SERVICE EXPENSES	**(4,753)**	**(164,350)**	**(52,425)**	**(221,528)**
NET INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD				
Reinsurance expenses				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	(23)	(79,535)	(41,545)	(121,103)
- Changes in the risk adjustment recognised for the risk expired	(168)	(5,959)	(750)	(6,877)
- CSM recognised for the services received	(377)	(17,099)	(2,853)	(20,329)
REINSURANCE EXPENSES	**(568)**	**(102,593)**	**(45,148)**	**(148,309)**
Other incurred directly attributable expenses	1	-	-	1
Effects of changes in the risk of reinsurers non-performance	-	(37)	2,398	2,361
Claims recovered and adjustments to incurred claims	93	97,901	39,053	137,047
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	5	7,860	176	8,041
TOTAL NET (EXPENSES) / INCOME FROM REINSURANCE CONTRACTS HELD	**(469)**	**3,131**	**(3,521)**	**(859)**
TOTAL INSURANCE SERVICE RESULT	**2,996**	**(7,083)**	**15,279**	**11,192**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST WEALTH SOLUTIONS

HY 2023 £'000

	LRC EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIC	TOTAL
Opening insurance contract liabilities	5,098,333	756	-	5,099,089
Opening insurance contract assets	(76)	-	-	(76)
NET BALANCE AS AT 1 JANUARY	**5,098,257**	**756**	**-**	**5,099,013**
INSURANCE REVENUE	**(4,318)**	**-**	**-**	**(4,318)**
INSURANCE SERVICE EXPENSES				
Incurred claims and other directly attributable expenses	-	-	2,051	2,051
Losses on onerous contracts and reversal of those losses	-	(51)	-	(51)
Insurance acquisition cash flows amortisation	94	-	-	94
INSURANCE SERVICE EXPENSES	**94**	**(51)**	**2,051**	**2,094**
INSURANCE SERVICE RESULT	**(4,224)**	**(51)**	**2,051**	**(2,224)**
Finance expenses from insurance contracts issued	143,760	-	-	143,760
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**139,536**	**(51)**	**2,051**	**141,536**
Investment components	(122,484)	-	122,484	-
Other changes	-	-	-	-
Effect of movements in exchange rates	(105,724)	(11)	-	(105,735)
CASH FLOWS				
Premiums received	250,882	-	-	250,882
Claims and other directly attributable expenses paid	-	-	(124,535)	(124,535)
Insurance acquisition cash flows	(726)	-	-	(726)
TOTAL CASH FLOWS	**250,156**	**-**	**(124,535)**	**125,621**
NET BALANCE AS AT 30 JUNE	**5,259,741**	**694**	**-**	**5,260,435**
Closing insurance contract liabilities	5,259,817	694	-	5,260,511
Closing insurance contract assets	(76)	-	-	(76)
NET BALANCE AS AT 30 JUNE	**5,259,741**	**694**	**-**	**5,260,435**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST WEALTH SOLUTIONS

FY 2022 £'000

	LRC EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIC	TOTAL
Opening insurance contract liabilities	5,043,918	-	-	5,043,918
Opening insurance contract assets	(119)	-	-	(119)
NET BALANCE AS AT 1 JANUARY	**5,043,799**	-	-	**5,043,799**
INSURANCE REVENUE	**(8,218)**	-	-	**(8,218)**
INSURANCE SERVICE EXPENSES				
Incurred claims and other directly attributable expenses	-	-	3,428	3,428
Losses on onerous contracts and reversal of those losses	-	743	-	743
Insurance acquisition cash flows amortisation	204	-	378	582
INSURANCE SERVICE EXPENSES	**204**	**743**	**3,806**	**4,753**
INSURANCE SERVICE RESULT	**(8,014)**	**743**	**3,806**	**(3,465)**
Finance income from insurance contracts issued	(418,728)	(1)	-	(418,729)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(426,742)**	**742**	**3,806**	**(422,194)**
Investment components	(215,332)	-	215,332	-
Other changes	-	-	-	-
Effect of movements in exchange rates	192,194	14	(1)	192,207
CASH FLOWS				
Premiums received	507,950	-	-	507,950
Claims and other directly attributable expenses paid	-	-	(219,137)	(219,137)
Insurance acquisition cash flows	(3,612)	-	-	(3,612)
TOTAL CASH FLOWS	**504,338**	**-**	**(219,137)**	**285,201**
NET BALANCE AS AT 31 DECEMBER	**5,098,257**	**756**	**-**	**5,099,013**
Closing insurance contract liabilities	5,098,333	756	-	5,099,089
Closing insurance contract assets	(76)	-	-	(76)
NET BALANCE AS AT 31 DECEMBER	**5,098,257**	**756**	**-**	**5,099,013**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST WEALTH SOLUTIONS

HY 2023 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	5,061,422	12,893	24,774	5,099,089
Opening insurance contract assets	(80)	-	4	(76)
NET BALANCE AS AT 1 JANUARY	**5,061,342**	**12,893**	**24,778**	**5,099,013**
CHANGES THAT RELATE TO CURRENT SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(1,297)	(1,297)
Change in the risk adjustment for non- financial risk for the risk expired	-	(538)	-	(538)
Experience adjustments	(429)	-	-	(429)
	(429)	**(538)**	**(1,297)**	**(2,264)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(5,076)	405	4,671	-
Changes in estimates that result in onerous contract losses or reversal of losses	40	-	-	40
Contracts initially recognised in the period	(3,510)	489	3,021	-
	(8,546)	**894**	**7,692**	**40**
INSURANCE SERVICE RESULT	**(8,975)**	**356**	**6,395**	**(2,224)**
Finance expenses from insurance contracts issued	141,713	147	1,900	143,760
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**132,738**	**503**	**8,295**	**141,536**
Effect of movements in exchange rates	(104,894)	(283)	(558)	(105,735)
CASH FLOWS				
Premiums received	250,882	-	-	250,882
Claims and other directly attributable expenses paid	(124,535)		-	(124,535)
Insurance acquisition cash flows	(726)	-	-	(726)
TOTAL CASH FLOWS	**125,621**	-	-	**125,621**
NET BALANCE AS AT 30 JUNE	**5,214,807**	**13,113**	**32,515**	**5,260,435**
Closing insurance contract liabilities	5,214,889	13,113	32,509	5,260,511
Closing insurance contract assets	(82)	-	6	(76)
NET BALANCE AS AT 30 JUNE	**5,214,807**	**13,113**	**32,515**	**5,260,435**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST WEALTH SOLUTIONS

FY 2022 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	5,020,088	12,832	10,998	5,043,918
Opening insurance contract assets	(119)	-	-	(119)
NET BALANCE AS AT 1 JANUARY	**5,019,969**	**12,832**	**10,998**	**5,043,799**
CHANGES THAT RELATE TO CURRENT SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(2,041)	(2,041)
Change in the risk adjustment for non- financial risk for the risk expired	-	(1,356)	-	(1,356)
Experience adjustments	(932)	-	-	(932)
	(932)	**(1,356)**	**(2,041)**	**(4,329)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(9,391)	(325)	9,716	-
Changes in estimates that result in onerous contract losses or reversal of losses	864	-	–	864
Contracts initially recognised in the period	(7,330)	1,020	6,310	-
	(15,857)	**695**	**16,026**	**864**
INSURANCE SERVICE RESULT	**(16,789)**	**(661)**	**13,985**	**(3,465)**
Finance (income) expenses from insurance contracts issued	(417,979)	182	(932)	(418,729)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(434,768)**	**(479)**	**13,053**	**(422,194)**
Effect of movements in exchange rates	190,940	540	727	192,207
CASH FLOWS				
Premiums received	507,950	-	-	507,950
Claims and other directly attributable expenses paid	(219,137)	-	-	(219,137)
Insurance acquisition cash flows	(3,612)	-	-	(3,612)
TOTAL CASH FLOWS	**285,201**	**-**	**-**	**285,201**
NET BALANCE AS AT 31 DECEMBER	**5,061,342**	**12,893**	**24,778**	**5,099,013**
Closing insurance contract liabilities	5,061,422	12,893	24,774	5,099,089
Closing insurance contract assets	(80)	-	4	(76)
NET BALANCE AS AT 31 DECEMBER	**5,061,342**	**12,893**	**24,778**	**5,099,013**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST CORPORATE SOLUTIONS

HY 2023 £'000

	LRC			
	EXCLUDING LOSS COMPONENT	**LOSS COMPONENT**	**LIC**	**TOTAL**
Opening insurance contract liabilities	596,096	5,623	351,938	953,657
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**596,096**	**5,623**	**351,938**	**953,657**
INSURANCE REVENUE	**(83,500)**	-	-	**(83,500)**
INSURANCE SERVICE EXPENSES				
Incurred claims, other directly attributable expenses and changes that relate to past service	-	-	61,408	61,408
Losses on onerous contracts and reversal of those losses	-	4,695	-	4,695
Insurance acquisition cash flows amortisation	5,447	-	-	5,447
INSURANCE SERVICE EXPENSES	**5,447**	**4,695**	**61,408**	**71,550**
INSURANCE SERVICE RESULT	**(78,053)**	**4,695**	**61,408**	**(11,950)**
Finance expenses / (income) from insurance contracts issued	2,076	(55)	(1,015)	1,006
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(75,977)**	**4,640**	**60,393**	**(10,944)**
Investment components	(30,423)	-	30,423	-
Other changes	-	-	-	-
Effect of movements in exchange rates	(815)	(190)	(6,680)	(7,685)
CASH FLOWS				
Premiums received	142,941	-	-	142,941
Claims and other directly attributable expenses paid	-	-	(84,421)	(84,421)
Insurance acquisition cash flows	(5,841)	-	-	(5,841)
TOTAL CASH FLOWS	**137,100**	**-**	**(84,421)**	**52,679**
NET BALANCE AS AT 30 JUNE	**625,981**	**10,073**	**351,653**	**987,707**
Closing insurance contract liabilities	625,981	10,073	351,653	987,707
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 30 JUNE	**625,981**	**10,073**	**351,653**	**987,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST CORPORATE SOLUTIONS

FY 2022 £'000

	LRC			
	EXCLUDING LOSS COMPONENT	**LOSS COMPONENT**	**LIC**	**TOTAL**
Opening insurance contract liabilities	626,498	-	322,930	949,428
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**626,498**	**-**	**322,930**	**949,428**
INSURANCE REVENUE	**(154,136)**	**-**	**-**	**(154,136)**
INSURANCE SERVICE EXPENSES				
Incurred claims, other directly attributable expenses and changes that relate to past service	-	-	152,468	152,468
Losses on onerous contracts and reversal of those losses	-	5,373	-	5,373
Insurance acquisition cash flows amortisation	6,509	-	-	6,509
INSURANCE SERVICE EXPENSES	**6,509**	**5,373**	**152,468**	**164,350**
INSURANCE SERVICE RESULT	**(147,627)**	**5,373**	**152,468**	**10,214**
Finance expenses from insurance contracts issued	(17,284)	95	(36,733)	(53,922)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(164,911)**	**5,468**	**115,735**	**(43,708)**
Investment components	(68,125)	-	68,125	-
Other changes	(35)	-	-	(35)
Effect of movements in exchange rates	901	155	11,892	12,948
CASH FLOWS				
Premiums received	211,983	-	-	211,983
Claims and other directly attributable expenses paid	-	-	(166,744)	(166,744)
Insurance acquisition cash flows	(10,215)	-	-	(10,215)
TOTAL CASH FLOWS	**201,768**	**-**	**(166,744)**	**35,024**
NET BALANCE AS AT 31 DECEMBER	**596,096**	**5,623**	**351,938**	**953,657**
Closing insurance contract liabilities	**596,096**	**5,623**	**351,938**	**953,657**
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**596,096**	**5,623**	**351,938**	**953,657**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST CORPORATE SOLUTIONS

HY 2023 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	910,191	24,787	18,679	953,657
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**910,191**	**24,787**	**18,679**	**953,657**
CHANGES THAT RELATE TO CURRENT OR PAST SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(17,288)	(17,288)
Change in the risk adjustment for non- financial risk for the risk expired	-	(4,347)	-	(4,347)
Experience adjustments	210	(124)	-	86
	210	**(4,471)**	**(17,288)**	**(21,549)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(2,000)	268	1,732	-
Changes in estimates that result in onerous contract losses or reversal of losses	9,599	-	-	9,599
Contracts initially recognised in the period	(27,618)	6,827	20,791	-
	(20,019)	**7,095**	**22,523**	**9,599**
INSURANCE SERVICE RESULT	**(19,809)**	**2,624**	**5,235**	**(11,950)**
Finance (income) expenses from insurance contracts issued	1,037	170	(201)	1,006
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(18,772)**	**2,794**	**5,034**	**(10,944)**
Other changes	-	-	-	-
Effect of movements in exchange rates	(7,104)	(470)	(111)	(7,685)
CASH FLOWS				
Premiums received	142,941	-	-	142,941
Claims and other directly attributable expenses paid	(84,421)	-	-	(84,421)
Insurance acquisition cash flows	(5,841)	-	-	(5,841)
TOTAL CASH FLOWS	**52,679**	-	-	**52,679**
NET BALANCE AS AT 30 JUNE	**936,994**	**27,111**	**23,602**	**987,707**
Closing insurance contract liabilities	936,994	27,111	23,602	987,707
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 30 JUNE	**936,994**	**27,111**	**23,602**	**987,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST CORPORATE SOLUTIONS

FY 2022 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	915,161	24,585	9,682	949,428
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**915,161**	**24,585**	**9,682**	**949,428**
CHANGES THAT RELATE TO CURRENT OR PAST SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(18,150)	(18,150)
Change in the risk adjustment for non- financial risk for the risk expired	-	(9,037)	-	(9,037)
Experience adjustments	22,883	84	-	22,967
	22,883	**(8,953)**	**(18,150)**	**(4,220)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(9,244)	(751)	9,995	-
Changes in estimates that result in onerous contract losses or reversal of losses	14,434	-	-	14,434
Contracts initially recognised in the period	(24,115)	8,198	15,917	-
	(18,925)	**7,447**	**25,912**	**14,434**
INSURANCE SERVICE RESULT	**3,958**	**(1,506)**	**7,762**	**10,214**
Finance (income) expenses from insurance contracts issued	(55,782)	912	948	(53,922)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(51,824)**	**(594)**	**8,710**	**(43,708)**
Other changes	(35)	-	-	(35)
Effect of movements in exchange rates	11,866	796	287	12,949
CASH FLOWS				
Premiums received	211,983	-	-	211,983
Claims and other directly attributable expenses paid	(166,744)	-	-	(166,744)
Insurance acquisition cash flows	(10,216)	-	-	(10,216)
TOTAL CASH FLOWS	**35,023**			**35,023**
NET BALANCE AS AT 31 DECEMBER	**910,191**	**24,787**	**18,679**	**953,657**
Closing insurance contract liabilities	910,191	24,787	18,679	953,657
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**910,191**	**24,787**	**18,679**	**953,657**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST LIFE AND PENSIONS

HY 2023 £'000

	LRC			
	EXCLUDING LOSS COMPONENT	**LOSS COMPONENT**	**LIC**	**TOTAL**
Opening insurance contract liabilities	1,214,192	1,163	-	1,215,355
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**1,214,192**	**1,163**	**-**	**1,215,355**
INSURANCE REVENUE	**(39,394)**	**-**	**-**	**(39,394)**
INSURANCE SERVICE EXPENSES				
Incurred claims and other directly attributable expenses	-	-	27,091	27,091
Losses on onerous contracts and reversal of those losses	-	5,256	-	5,256
INSURANCE SERVICE EXPENSES	**-**	**5,256**	**27,091**	**32,347**
INSURANCE SERVICE RESULT	**(39,394)**	**5,256**	**27,091**	**(7,047)**
Finance expenses from insurance contracts issued	1,485	(83)	-	1,402
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(37,909)**	**5,173**	**27,091**	**(5,645)**
Investment components	(28,723)	-	28,723	-
CASH FLOWS				
Premiums received	3,618	-	-	3,618
Claims and other directly attributable expenses paid	-	-	(55,814)	(55,814)
TOTAL CASH FLOWS	**3,618**	**-**	**(55,814)**	**(52,196)**
NET BALANCE AS AT 30 JUNE	**1,151,178**	**6,336**	**-**	**1,157,514**
Closing insurance contract liabilities	1,151,178	6,336	-	1,157,514
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 30 JUNE	**1,151,178**	**6,336**	**-**	**1,157,514**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS

UTMOST LIFE AND PENSIONS

FY 2022 £'000

	LRC EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIC	TOTAL
Opening insurance contract liabilities	1,607,204	-	-	1,607,204
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**1,607,204**	**-**	**-**	**1,607,204**
INSURANCE REVENUE	**(71,225)**	**-**	**-**	**(71,225)**
INSURANCE SERVICE EXPENSES				
Incurred claims and other directly attributable expenses	-	-	51,262	51,262
Losses on onerous contracts and reversal of those losses	-	1,163	-	1,163
INSURANCE SERVICE EXPENSES	**-**	**1,163**	**51,262**	**52,425**
INSURANCE SERVICE RESULT	**(71,225)**	**1,163**	**51,262**	**(18,800)**
Finance income from insurance contracts issued	(283,912)	-	-	(283,912)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(355,137)**	**1,163**	**51,262**	**(302,712)**
Investment components	(54,058)	-	54,058	-
CASH FLOWS				
Premiums received	16,183	-	-	16,183
Claims and other directly attributable expenses paid	-	-	(105,320)	(105,320)
TOTAL CASH FLOWS	**16,183**	**-**	**(105,320)**	**(89,137)**
NET BALANCE AS AT 31 DECEMBER	**1,214,192**	**1,163**	**-**	**1,215,355**
Closing insurance contract liabilities	1,214,192	1,163	-	1,215,355
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**1,214,192**	**1,163**	**-**	**1,215,355**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST LIFE AND PENSIONS

HY 2023 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	1,131,457	13,729	70,169	1,215,355
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**1,131,457**	**13,729**	**70,169**	**1,215,355**
CHANGES THAT RELATE TO CURRENT SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(3,147)	(3,147)
Change in the risk adjustment for non- financial risk for the risk expired	-	(607)	-	(607)
Experience adjustments	(8,549)	-	-	(8,549)
	(8,549)	**(607)**	**(3,147)**	**(12,303)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(2,951)	(843)	3,794	-
Changes in estimates that result in onerous contract losses or reversal of losses	5,256	-	-	5,256
Contracts initially recognised in the period	(577)	36	541	-
	1,728	**(807)**	**4,335**	**5,256**
INSURANCE SERVICE RESULT	**(6,821)**	**(1,414)**	**1,188**	**(7,047)**
Finance expenses from insurance contracts issued	596	362	444	1,402
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(6,225)**	**(1,052)**	**1,632**	**(5,645)**
CASH FLOWS				
Premiums received	3,618	-	-	3,618
Claims and other directly attributable expenses paid	(55,814)	-	-	(55,814)
TOTAL CASH FLOWS	**(52,196)**	**-**	**-**	**(52,196)**
NET BALANCE AS AT 30 JUNE	**1,073,036**	**12,677**	**71,801**	**1,157,514**
Closing insurance contract liabilities	1,073,036	12,677	71,801	1,157,514
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 30 JUNE	**1,073,036**	**12,677**	**71,801**	**1,157,514**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INSURANCE CONTRACT LIABILITIES (CONTINUED)

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

UTMOST LIFE AND PENSIONS

FY 2022 £'000

	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT FOR NON-FINANCIAL RISK	CSM	TOTAL
Opening insurance contract liabilities	1,552,743	25,525	28,936	1,607,204
Opening insurance contract assets	-	-	-	-
NET BALANCE AS AT 1 JANUARY	**1,552,743**	**25,525**	**28,936**	**1,607,204**
CHANGES THAT RELATE TO CURRENT SERVICE				
CSM recognised in profit or loss for the services provided	-	-	(5,832)	(5,832)
Change in the risk adjustment for non- financial risk for the risk expired	-	(1,523)	-	(1,523)
Experience adjustments	(12,608)	-	-	(12,608)
	(12,608)	**(1,523)**	**(5,832)**	**(19,963)**
CHANGES THAT RELATE TO FUTURE SERVICE				
Changes in estimates that adjust the CSM	(34,397)	(10,695)	45,092	-
Changes in estimates that result in onerous contract losses or reversal of losses	1,163	-	-	1,163
Contracts initially recognised in the period	(1,585)	121	1,464	-
	(34,819)	**(10,574)**	**46,556**	**1,163**
INSURANCE SERVICE RESULT	**(47,427)**	**(12,097)**	**40,724**	**(18,800)**
Finance (income) expenses from insurance contracts issued	(284,722)	301	509	(283,912)
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	**(332,149)**	**(11,796)**	**41,233**	**(302,712)**
CASH FLOWS				
Premiums received	16,183	-	-	16,183
Claims and other directly attributable expenses paid	(105,320)	-	-	(105,320)
TOTAL CASH FLOWS	**(89,137)**	**-**	**-**	**(89,137)**
NET BALANCE AS AT 31 DECEMBER	**1,131,457**	**13,729**	**70,169**	**1,215,355**
Closing insurance contract liabilities	1,131,457	13,729	70,169	1,215,355
Closing insurance contract assets	-	-	-	-
NET BALANCE AS AT 31 DECEMBER	**1,131,457**	**13,729**	**70,169**	**1,215,355**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

ALLOTTED, CALLED UP AND FULLY PAID	2023 HALF YEAR NUMBER	2022 FULL YEAR NUMBER
Ordinary shares of £1 each	392,500,000	392,500,000
	£'000	**£'000**
Ordinary shares of £1 each	392,500	392,500

12. 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 2023

ASSETS	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
› Financial assets held at fair value to cover linked liabilities	57,418,005	41,916,053	13,084,830	2,417,122
› Debt securities – fair value through profit and loss	1,198,471	818,714	379,757	-
› Debt securities – fair value through other comprehensive income	139,237	139,237	-	-
› Other investments at fair value	274,597	252,972	15,690	5,935
	59,030,310	**43,126,976**	**13,480,277**	**2,423,057**
Total assets not at fair value	2,864,755			
TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION	**61,895,065**			
Investment contract liabilities	52,271,526	-	49,854,404	2,417,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. FAIR VALUE DISCLOSURES (CONTINUED)

RESTATED* 31 DECEMBER 2022

ASSETS	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
› Financial assets held at fair value to cover linked liabilities	56,901,077	41,534,513	12,897,383	2,469,181
› Debt securities – fair value through profit and loss	1,192,660	793,346	399,314	-
› Debt securities – fair value through other comprehensive income	154,966	154,966	-	-
› Other investments at fair value	223,689	109,850	109,588	4,251
	58,472,392	**42,592,675**	**13,406,285**	**2,473,432**
Total assets not at fair value	2,979,538			
TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION	**61,451,930**			
Investment contract liabilities	51,872,159	-	49,402,978	2,469,181

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 2022	**1,795,945**
Additions on acquisition of subsidiaries	
Transfers into level 3	798,003
Transfers out of level 3	(37,521)
Total losses	(70,722)
Disposals	(21,903)
Foreign exchange movements	9,630
BALANCE AT 31 DECEMBER 2022	**2,473,432**
Transfers into Level 3	220,226
Transfers out of Level 3	(7,088)
Total losses	(12,758)
Disposals	(243,143)
Foreign exchange movements	(7,612)
BALANCE AT 30 JUNE 2023	**2,423,057**

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.

*See note 2 for details of the restatement of comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. 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	POST EMPLOYMENT BENEFITS	TOTAL
	£'000	£'000	£'000
HALF YEAR 2023	2,001	116	2,117
HALF YEAR 2022	1,835	110	1,945
FULL YEAR 2022	2,471	220	2,691

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.

*See note 2 for details of the restatement of comparative information.

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 2023 £m	FY 2022 £m
Financial assets at fair value held to cover linked liabilities	57,418	56,901
Reinsurers' share of insurance contract liabilities	977	963
Other investments	566	503
Total (as per Statement of Financial Position)	**58,961**	**58,367**

The Group's AUA at half year 2023 has risen from the full year 2022 figure as a result of positive market movements in the period. 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 profit in the period is matched by an increase 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 2023 and FY 2022 is shown below:

£M	HY 2023	FY 2022
IFRS PBIT as per Statement of Comprehensive Income	52	11
Amortisation of AVIF & depreciation	67	149
Non-recurring items	(1)	24
Group Operating Profit	**118**	**184**

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 2023 is £1,705m (31 December 2022: £1,770m).

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

AC	Amortised cost
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
CSM	Contractual service margin
DAC	Designated Activity Company (Irish entities)
DPF	Discretionary participation features
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIOPA	The European Insurance and Occupational Pensions Authority
ESG	Environment, Social, Governance
FCA	Financial Conduct Authority
FCF	Fulfilment cashflows
FFA	Fund for Future Appropriation
Fitch	Fitch Ratings Agency
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
GEB	Generali Employee Benefits
GEM	Euronext Dublin's Global Exchange Market
GFSC	Guernsey Financial Services Commission
GHO	Group Head Office
GICs	Group of insurance contracts
GMM	General measurement model
Group	Utmost Group plc and its direct and indirect subsidiaries
IDR	Issuer Default Rating
IFRS	International Financial Reporting Standards
IFRS 17	The new accounting standard for insurance contracts
IFRS PBT	IFRS Profit Before Tax
IFS	Insurer Financial Strength
JPMAM	JPMorgan Asset Management
KPIs	Key Performance Indicators
LIC	Liability for incurred claims
LRC	Liability for remaining coverage
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

GLOSSARY (CONTINUED)

Other Methods basis	Reporting submission in accordance with specific information requested by a regulator
OUHL	OCM Utmost Holdings Ltd - the ultimate parent company of the Group
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
PAA	Premium allocation approach
PRA	Prudential Regulation Authority
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
TMTP	Transitional measures on technical provisions
Topco	Utmost Topco Limited
UCS	Utmost Corporate Solutions
UHGL	Utmost Holdings (Guernsey) Limited
UIIOM	Utmost International Isle of Man Limited - the regulated Isle of Man insurance company
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 - the regulated Ireland insurance companies
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
VFA	Variable fee approach
VIF	Value in Force
VNB	Value of New Business
WTA	Withholding Tax Asset

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 2023 Interim Report is or should be construed as a profit forecast or estimate.

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