

30 November 2021

Utmost Group plc: Completion of the Acquisition of Quilter International

Utmost Group plc (and together with its subsidiaries "Utmost Group" or "the Group") is pleased to announce the completion of the acquisition of Quilter International from Quilter plc (the "Acquisition"). This follows the initial announcement in April 2021 and the announcement of the achievement of the necessary regulatory approvals on 12 November 2021

Highlights

- Quilter International will become a part of Utmost International, the international life assurance business of the Group. The Acquisition confirms Utmost International's position as the leading global provider of international life assurance
- The Acquisition adds approx. £24bn of assets under administration ("AUA") and 90,000 policies to the Group. On a pro-forma basis, the Group would have had approx. £62bn of AUA and approx. 570,000 policies as at 30 September 2021, and Utmost International would have written £3.7bn of new business on a pro-forma basis in the nine months to 30 September 2021
- The total consideration payable to Quilter plc is £481m reflecting interest at 5% p.a. on the base consideration of £460m from 31 December 2020 to the date of completion
- The Acquisition is in line with the Group's strategy to grow its business both organically and through acquisition and to enhance its proposition for its partners and clients

Commenting on the Completion, Paul Thompson, CEO of Utmost Group plc said:

"I am delighted to confirm completion of the acquisition of Quilter International and would like to extend a warm welcome to our new colleagues, distribution partners and clients joining Utmost Group. The Acquisition marks a significant milestone in the Group's strategic development and brings additional scale, skillsets and cashflows to the Group.

"The Acquisition cements Utmost Group's position as a leading consolidator in the insurance and savings market and gives the Group an enhanced platform to pursue further acquisitions."

Commenting on the Completion, Ian Maidens, CFO of Utmost Group plc said:

"The Acquisition demonstrates the Group's ability to complete value-add acquisitions which enhance customer outcomes and provide attractive returns to shareholders.

"The Group has been able to execute a sizeable, strategic transaction whilst retaining its strong balance sheet, robust capital position and conservative leverage ratios, giving us headroom for further acquisitions. The completion of the Acquisition, following the inaugural Tier 2 issuance in September, completes a seminal year for the Group."

Strategic Rationale

- **Complementary business footprint and distribution network** – Quilter International's diversified business footprint and distribution network across the UK, Europe, the Middle East, Asia and Latin America, with branches in Singapore and Hong Kong and a regulated distribution office in the Dubai International Financial Centre (DIFC), complement and strengthen Utmost International's existing position in these attractive markets, where Utmost

International sees strong, continuing demand for wealth solutions for affluent and high net worth clients

- **Operational Integration** – The operational integration of the businesses will now commence and is expected to take 12-18 months. Quilter International will be merged with Utmost International's operations in the Isle of Man, Ireland, Singapore, Hong Kong and the DIFC. A single suite of products, combining the strengths of both the Utmost International and Quilter International product ranges, will be available to clients going forward under the Utmost brand
- **Isle of Man Leadership Team** – Mike Foy has been appointed the CEO of the expanded Utmost International Isle of Man operations, subject to regulatory approval. Mike has been CEO of the Utmost International Isle of Man operations since the acquisition of the AXA Isle of Man business in 2016 and previously held various senior roles within AXA. Peter Kenny, CEO at Quilter International, has decided that he would like to pursue different opportunities at this time. The Group thanks Peter for his stewardship of Quilter International until this time and wishes him well for the future

Financial Impact

- **Solvency Coverage** – On a pro-forma basis¹, as if the Quilter International acquisition had completed on that date, total Group Own Funds were £1,836m on 30 September 2021 and Group Solvency Capital Requirement ("SCR") was £1,032m leading to a pro-forma SCR Coverage Ratio of 178% on 30 September 2021. The Group's actual SCR Coverage Ratio on 30 June 2021 was also 178%
- **Economic Value** – On a pro-forma basis¹, again as if the Quilter International acquisition had completed on 30 September 2021, the Group's gross Solvency II Economic Value ("SII EV") was £2,377m. Deducting the £400m of Tier 2 loan notes issued by the Company on 15 September 2021 gives a net Group SII EV of £1,977m and a leverage ratio of 17% of gross SII EV on 30 September 2021. Utmost Holdings (Guernsey) Limited, the Group's immediate parent company, has £125m of remaining bank debt in place. Allowing for this bank debt, the pro-forma leverage ratio increases to 22% of gross SII EV at 30 September 2021
- **Net Flows** – Net flows in both the Utmost International and Quilter International businesses remained strong in the third quarter of the year with total net flows for the nine months of £1.1 billion on a pro-forma basis as shown in the table below.

£bn	Opening AUA 1 Jan 21	Inflow	Outflow	Net Flows	Market Movements	Closing AUA 30 Sept 21
Utmost International	29.3	2.0	(1.5)	0.5	1.5	31.3
Quilter International	21.8	1.7	(1.1)	0.6	1.2	23.6
Utmost Pro-forma	51.1	3.7	(2.6)	1.1	2.7	54.9

Note 1: The pro-forma figures given above add the results for the Quilter International companies to the Utmost Group plc results for 30 September 2021 and adjust for the transaction financing. They do not reflect the delivery of any synergies between the two businesses. It is expected that the delivery of synergies will result in a material increase in both Own Funds and SII EV over time. As noted above, it will take 12-18 months to deliver all the planned synergies and the value of synergies will be able to be progressively included in the calculation as their delivery becomes more certain, with a modest proportion likely to be included at year end 2021.

For further information, please contact:

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About Utmost Group plc

Utmost Group plc is a leading provider of insurance and savings solutions. Its principal businesses are Utmost International and Utmost Life and Pensions, which together are responsible for approx. £62bn of primarily unit-linked policyholder assets for around 570,000 customers. Utmost Group plc is subject to Group Supervision by the PRA.

About Utmost International

Utmost International is a leading provider of insurance based wealth solutions. Utmost International operates across the UK, Europe, Latin America, Asia and the Middle East. Its solutions are based on unit-linked insurance policies. Utmost International manages £55bn assets under administration on behalf of 210,000 policyholders and wrote £3.7bn new business in the nine months to 30 September 2021.

About Utmost Life and Pensions

Utmost Life and Pensions is a closed UK life and pensions business focused on the acquisition of life and pension businesses in the UK. Utmost Life and Pensions manages £7bn assets under administration on behalf of 360,000 policyholders. Utmost Life and Pensions is authorised by the PRA and regulated by the FCA and the PRA.