utmost

GROUP

GROUP SOLVENCY AND FINANCIAL CONDITION REPORT 2022

REASSURINGLY DIFFERENT

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FINANCIAL YEAR ENDED DECEMBER 2022

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report ("SFCR") of Utmost Group plc in accordance with the Prudential Regulation Authority ("PRA") rules and the Solvency II ("SII") Regulations.

The Directors are satisfied that to the best of their knowledge and belief:

a. Throughout the financial year to 31 December 2022, the Group has complied in all material respects with the requirements of the PRA rules and the SII Regulations as applicable at the level of the Group; and

b. It is reasonable to believe that at the date of the publication of the SFCR, the Group has continued to comply, and will continue to comply in all material respects with the requirements of the PRA rules and the SII Regulations as applicable to the Group and its solo insurance undertakings.

The SFCR was approved by the Board of Directors on 20 April 2023 and signed on its behalf by:

Ian Maidens

Group Chief Financial Officer

20 April 2023

INDEPENDENT AUDITORS' REPORT

Report of the external independent auditors to the Directors of Utmost Group plc ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report

OPINION

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2022:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Company as at 31 December 2022, (**'the Narrative Disclosures subject to audit'**); and
- Group templates S.02.01.02, S.22.01.22, S.23.01.22, S.25.01.22 and S.32.01.22 (**'the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Group Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and Financial Condition Report;
- Group templates S.05.01.02 and S.05.02.01;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report (**'the Responsibility Statement'**); and
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('the sectoral information') as identified in the Appendix to this report.

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To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report of the Company as at 31 December 2022 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based as supplemented by supervisory approvals.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Director's going concern assessment and challenged the rationale for downside scenarios adopted and material assumptions made using our knowledge of the Company's business performance, review of regulatory correspondence and obtaining further corroborating evidence;
- Considered management's assessments of the Solvency Capital Requirement coverage and liquidity position in forward-looking scenarios;
- Assessed the impact of severe, but plausible, downside scenarios;
- Assessed the liquidity of the Company, including the Company's ability to pay policyholder obligations, suppliers and creditors as amounts fall due;
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern; and

INDEPENDENT AUDITORS' REPORT (CONTINUED)

- Reviewed certain Board and Committee minutes, and attendance of relevant Audit, Risk and Compliance Committee meetings and significant component Audit Committee meetings.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Group Solvency and Financial Condition Report is authorised for issue.

In auditing the Group Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

EMPHASIS OF MATTER - BASIS OF ACCOUNTING

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations. which have been supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed below:

- Approval to use the matching adjustment in the calculation of technical provisions in respect of ULP.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE RELEVANT ELEMENTS OF THE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Group Solvency and Financial Condition Report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the Group Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Group Solvency and Financial Condition Report such as the PRA Rulebook applicable to Solvency II firms and the Solvency II regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the Group Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to inappropriate adjustments to derive the Solvency II Balance Sheet, such as increasing the value of Own Funds of the Company/Group, management bias in estimates and judgmental areas of Solvency II Balance Sheet and Solvency Capital Requirements such as the Solvency II valuation of Life Technical Provisions. Audit procedures performed included:

- discussions with management and Internal Audit, including consideration of any known or suspected instances of non-compliance with laws and regulation and fraud.
- reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- reviewing relevant meeting minutes including those of the Audit Risk and Compliance Committee and the Board of Directors and attendance of certain Audit Committees of reporting components;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to insurance liabilities;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing the Group's register of litigation and claims in so far as they related to non- compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Group Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The engagement partner on the audit resulting in this independent auditors' report is Gary Shaw.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
2 Glass Wharf
Bristol
BS2 0FR

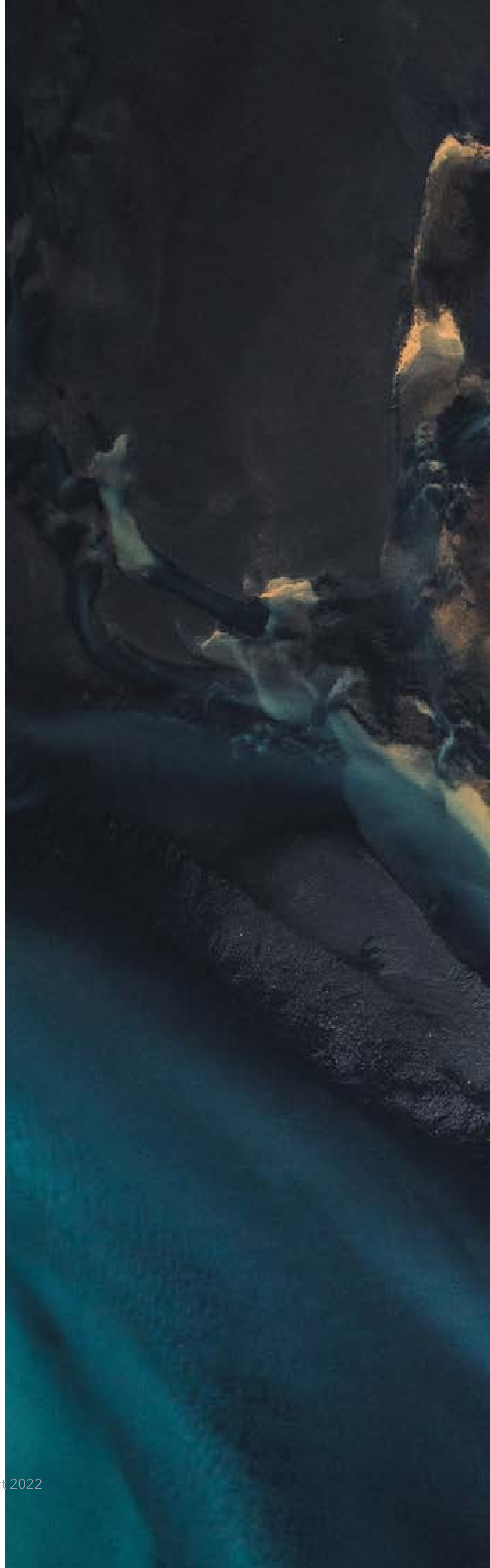
20 April 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

APPENDIX – RELEVANT ELEMENTS OF THE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT THAT ARE NOT SUBJECT TO AUDIT

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.23.01.22.
- Rows R0410 to R0440 – Own funds of other financial sectors.
- The following elements of Group template S.25.01.22.
- Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements) (forming part of the sectoral information).
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.



SUMMARY

ABOUT THIS REPORT

The purpose of the Group SFCR is to provide information to help customers and other stakeholders to understand the nature of the Group, how the Group is managed and the Group's capital position. The Group SFCR has been prepared in accordance with the relevant PRA rules and SII Regulations.

This Group SFCR covers the year to 31 December 2022.

ABOUT UTMOST GROUP

Utmost Group plc (the "Company" or "UGP") and its subsidiaries form a specialist life assurance group (collectively, the "Group" or "Utmost" or "Utmost Group"). The Group was founded by Paul Thompson and Ian Maidens (the "Founders"). Utmost Group provides insurance and savings solutions which assist our clients in securing their financial futures. The Group was founded on the belief that all its stakeholders are better served by being part of an active and growing franchise. Its purpose is to build a brighter future for its clients and to better serve all its stakeholders.

The ultimate parent company into which the Group's results are consolidated is Utmost Topco Limited (illustrated in the structure chart in Section B.1.1). Utmost Topco Limited is part-owned by the Founders (who hold 15.1% of ownership interest) and by funds managed by subsidiaries of Oaktree Capital Group LLC ("Oaktree") (who hold 84.9% of ownership interest). Oaktree is a leading global investment manager specialising in alternative investments with $170bn (2021: $166bn) in assets under management as of 31 December 2022. Oaktree is regulated by the US Securities and Exchange Commission ("SEC") and its UK entity, Oaktree Capital Management (UK) LLP, is authorised and regulated by the Financial Conduct Authority ("FCA").

Beneficial ownership of Utmost Group is currently held by the Founders and the limited partners in the Oaktree Funds, none of whom play any part in the management of those Funds. The management of the Oaktree Funds is delegated to the General Partners of the Funds, controlled by Oaktree. Oaktree therefore has significant indirect control of the investments in the Oaktree Funds and is deemed the ultimate significant controller of the Group.

The Group administers £58bn (2021: £64bn) of assets under administration ("AUA") on behalf of more than 530,000 customers (2021: 560,000) across the UK, Europe, the Middle East, Latin America and Asia. The Group employs over 1400 people (2021: 1500).

The core divisions of the Group are Utmost International and Utmost Life and Pensions ("ULP").

Utmost International is an international life assurance business which serves two key markets. It provides international life assurance to High Net Worth ("HNW") and Ultra High Net Worth ("UHNW") individuals through its Utmost Wealth Solutions ("UWS") business and employee benefits to multinational corporates through its Utmost Corporate Solutions ("UCS") business.

UWS and UCS are open to new business. These businesses are focused on developing the most appropriate products and services for new and existing customers to help them in securing their financial futures.

ULP is a specialist UK life assurance consolidator focused on the acquisition of life assurance business in the UK. It is closed to new business with the exception of a small volume of new business written to existing policyholders. This new business comprises the sale of annuities and flexible drawdown products on the vesting of pension savings contracts and the consolidation of personal pensions.

The Group's strategy is framed along four strategic pillars:

- the delivery of good client outcomes;
- the organic growth of Utmost International with ambitions to significantly increase the value of new business within 3 years;
- to complete strategic mergers and acquisitions ("M&A") transactions; and
- to focus on optimised and efficient operations.

BUSINESS AND PERFORMANCE

Section A of this report contains information on the Group's structure, operations and financial performance during 2022.

Operating Profit is considered by management to provide a better view of the Group's underlying quality of earnings compared to the International Financial Reporting Standards ("IFRS") profit before tax ("PBT"). The items excluded from Operating Profit, but included in IFRS PBT, are generally related to M&A activity and considered to be more strategic in nature than representing the underlying operating performance of the Group. Operating Profit for 2022 was £224m (2021: £132m). IFRS PBT for 2022 was £19m (2021: £388m).

The Group primarily writes unit linked investment business under the UWS brand, where investment risk is borne by the policyholder. UWS is a leading provider of wealth solutions through the use of unit linked life assurance products. Our clients are affluent, HNW and UHNW individuals who are based in a wide range of jurisdictions globally. Our products help our clients to preserve their wealth and safeguard it for future generations.

The Group writes life insurance business under its UCS brand, providing employee benefits including life, disability and critical illness cover to the employees of its clients (mainly multinational groups) as well as pensions and savings products for the employees themselves. UCS offers

SUMMARY (CONTINUED)

a unique global employee benefit proposition for clients with staff situated across multiple global jurisdictions.

ULP is closed to new business. Its in-force book is primarily life and pensions business written in the UK. A limited volume of new business is written to existing policyholders comprising the sale of annuities (including contracts with Guaranteed Annuity Options ("GAOs")), flexible drawdown products on the vesting of pension savings contracts and the consolidation of personal pensions.

SYSTEM OF GOVERNANCE

The UGP Board ("Board") has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management and for the approval of any changes to the capital and management structure of the Group.

The Board has delegated a number of its responsibilities to the Audit, Risk and Compliance Committee, ("ARCC"). The ARCC assists the Board in carrying out its functions and to ensure there is independent oversight of internal control and risk management.

The system of governance is the Group's overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management.

Section B of this report contains further information on Utmost's system of governance, in particular:

- the structure of the system of governance;
- the role of the Board and information on the Board of Directors;
- the role of the ARCC and the subsidiary board committees;
- Utmost key functions;
- Remuneration Policies;
- principles used in assessing the fitness of key functions and Board of Directors;
- overview of the risk management system;
- overview of the internal control system;
- information on the role and independence of the Internal Audit function;
- information on the role of the Actuarial function; and
- information on the Group's Outsourcing Policy and outsourced services.

RISK PROFILE

The Group Risk Management Framework embeds proactive and effective risk management. It seeks to ensure that all risks are identified and managed effectively and that the Group is appropriately rewarded for the risks it takes. Section C of this report contains further information on the Group's risk profile.

The Group holds capital as a mitigant against the crystalisation of some of its risks. The SCR is the level of capital the Group is required to hold to ensure it continues to be able to meet its obligations even if a very severe event (defined as a "1-in-200 year event") were to occur in the next 12 months.

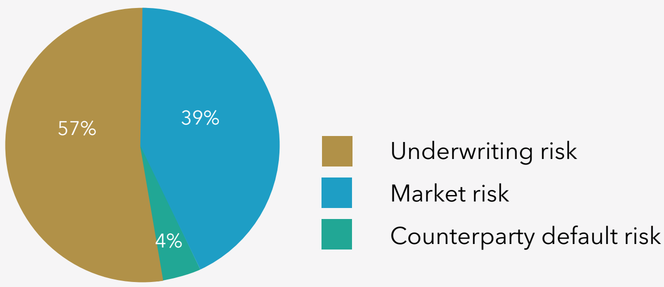
Utmost Group holds further capital over regulatory requirements. This provides an additional buffer against adverse events, strengthening our policyholder protection.

The Group has adopted the Standard Formula specified in the SII legislation to assess capital-based risks.

RISK COMPONENTS OF THE SCR

The Group SCR is £996m, as at 31 December 2022 (2021: £1,110m), as calculated using the Standard Formula methodology.

The chart below sets out the material capital risk components of the Group's SCR before diversification. Further details of the Group's risk profile can be found in Section C.



SUMMARY (CONTINUED)

VALUATION FOR SOLVENCY PURPOSES

UGP uses the accounting consolidation-based method, also called Method 1, to prepare the Group SII balance sheet. Method 1 is the default method under the SII rules.

In preparing the Group's SII balance sheet, assets and liabilities are valued according to the Directive 2009/138/EC ("SII Directive") and related laws and guidelines. Under SII, assets and liabilities are required to be valued at fair value which is the amount for which they could be exchanged with a third party in an arm's length transaction. The valuation principles are broadly the same as those applied under IFRS but there are some notable exceptions including the valuation of deferred acquisition costs, intangible assets, the technical provisions, and the valuation of subordinated loans.

As at 31 December 2022, the Group's excess of assets over liabilities of £1,616m (2021: £1,596m) compared to consolidated IFRS net assets of £1,263m (2021: £1,450m). A bridge between these bases is provided in Section D.

The Group calculates its SCR using the Standard Formula. Own Funds, including the calculation of technical provisions, are calculated based on the valuation requirements set out in the SII Directive.

Own Funds are the measurement of how much available capital an insurer has on the balance sheet to cover its SCR and MCR requirements. Own Funds consist of basic Own Funds and ancillary Own Funds. Pursuant to Article 88 of the SII Directive, basic Own Funds are composed of the excess of assets over liabilities and subordinated liabilities. Undertakings must apply for supervisory approval of ancillary Own Funds.

Section D of this report provides further information on the methods and assumptions used in the valuation of assets, technical provisions and other liabilities and an explanation of the main differences between the IFRS basis of valuation used to prepare the UGP 2022 Annual Report and SII valuation rules. The UGP 2022 Annual Report can be found at https://www.utmostgroup.com

CAPITAL MANAGEMENT

The primary objective of capital management is to maintain an efficient capital structure using a combination of equity, shareholders' funds and subordinated debt, in a manner consistent with our risk profile and the regulatory and market requirements of our business.

The Group complied with all applicable regulatory capital requirements throughout 2022.

At 31 December 2022, the total eligible Own Funds to meet the SCR was £1,900m (2021: £1,964m). The total eligible Own Funds included £1,299m of unrestricted Tier 1 capital, £300m of restricted Tier 1 capital, £300m of Tier 2 capital and £2m of Tier 3 capital resources. The Group SCR, which is calculated based on the SII Standard Formula, was £996m (2021: £1,110m). The overall Group surplus position was £904m (2021: £855m) which translates to a Solvency Coverage Ratio of 191% (2021: 177%).

At 31 December 2022, the Minimum Consolidated Group SCR ("MCGSCR"), which is calculated based on the SII Standard Formula, was £371m (2021: £378m). The total eligible Own Funds to meet the MCGSCR was £1,669m (2021: £1,640m). This consisted of £1,295m of unrestricted Tier 1 capital, £300m of restricted Tier 1 capital and £74m of Tier 2 capital after excluding the Own Funds from other financial sectors (£4m), Tier 3 Deferred Tax Assets ("DTA") (£2m) and allowing for the Tier 2 eligibility restriction (£226m).

The Group has two Matching Adjustment ("MA") portfolios within the UK life insurance company, Utmost Life and Pensions Limited ("ULPL"), that back some of the annuity business and funeral plan policies. The MA recognises the long-term nature of the Group's investments backing these liabilities and enables the Group to benefit from a higher discount rate in respect of these. The Group Solvency Coverage Ratio without the MA would be 189% (2021: 175%).

As at 31 December 2022, there were surplus funds within the MA portfolios of £1.2m (2021: £1.3m).

The Group does not make use of the volatility adjustment as referred to in Article 77d of the SII Directive or the transitional arrangements on interest rates as referred to in Article 308c in the SII Directive and does not have any Transitional Measures on Technical Provisions ("TMTPs") as referred to in the SII Directive.

Further detail on capital management is provided in Section E of this report.

A

BUSINESS AND PERFORMANCE

The business and performance section of the report sets out the Group's structure, operations and financial performance over the reporting period.

A.1 BUSINESS

A.1.1 NAME AND LEGAL FORM

UGP is a public limited company incorporated and domiciled in England and Wales (No. **12268786**). UGP is the holding company of the Utmost Group. The Group is part-owned by the Founders and by funds managed by subsidiaries of Oaktree.

UGP's registered office is 5th Floor, Saddlers House, 44 Gutter Lane, London, EC2V 6BR.

Other than The Equitable Life Assurance Society ("ELAS"), the Group's insurance subsidiaries are private companies limited by shares. The Group's core insurance subsidiaries are ULPL, registered and domiciled in England and Wales, Utmost International Isle of Man Limited ("UIIOM") registered and domiciled in the Isle of Man, Utmost PanEurope dac ("UPE") registered and domiciled in Ireland and Utmost Worldwide Limited ("UW"), registered and domiciled in Guernsey. ELAS is registered and domiciled in England and Wales and is a company limited by guarantee.

A.1.2 BASIS OF PREPARATION

This Group SFCR covers the year to 31 December 2022.

The Group's reporting currency for both IFRS and SII is Pounds Sterling. The QRTs in Appendix F.1 are presented in £k. Figures presented in the tables contained within this report may not add up to the totals and subtotals presented due to rounding.

The majority of the financial information in Section A is taken from UGP's financial statements which are presented in the UGP 2022 Annual Report and which are prepared on a UK-adopted IFRS basis. The UGP 2022 Annual Report was approved and signed by the Board on 20 April 2023.

SII Economic Value ("SII EV") is an alternative performance measure used by the Group. 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 pre-dated the SII Regulations which became effective on 1 January 2016.

A.1.3 SUPERVISORY AUTHORITIES

UGP is subject to Group supervision from the PRA.

ULPL and ELAS are regulated by the PRA and the FCA. UIIOM is regulated by the IoM FSA and its branches are regulated by their local supervisory authorities. UPE is regulated by the Central Bank of Ireland ("CBI"). UW is regulated by the Guernsey Financial Services Commission ("GFSC") and its branches are regulated by their local supervisory authorities. Some of UGP's non-insurance subsidiaries are also regulated by their local supervisory authorities.

CONTACT DETAILS

PRUDENTIAL REGULATION AUTHORITY

20 Moorgate, London, EC2R 6DA

+44(0) 20 3461 4878

FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square, London, E20 1JN

+44(0) 20 7066 1000

A.1.4 EXTERNAL AUDITOR

The Group's external auditor is PricewaterhouseCoopers LLP ("PwC").

PwC

7 More London Riverside, London, SE1 2RT

+44(0) 20 7583 5000

PwC network firms also act as the external auditor for the insurance subsidiaries of UGP.

A.1 BUSINESS (CONTINUED)

A.1.5 QUALIFYING HOLDINGS IN THE UNDERTAKING

There are no qualifying holdings in UGP.

A.1.6 MATERIAL LINES OF BUSINESS AND GEOGRAPHIES

The Group provides life assurance, investment and savings and employee benefit services through its subsidiaries.

The material lines of business of the Group's insurance undertakings and top five material geographical areas in addition to the home country for both life and non-life obligations during 2022 can be seen within the Group QRTs (S.05.01.02 and S.05.02.01) in Appendix F.1.2 and F.1.3 and are listed below.

MATERIAL LINES OF BUSINESS

LIFE

- Unit Linked and Index Linked Insurance
- Insurance with Profit Participation
- Other

HEALTH

- Health Insurance

GEOGRAPHICAL AREAS

UK
Isle of Man
Italy
Singapore
Portugal
Guernsey

A.1.7 OPERATING SEGMENTS

The Group defines and presents operating segments in accordance with IFRS8 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 in the UGP 2022 Annual Report.

SEGMENT	DESCRIPTION
UWS	A provider of wealth solutions through the sale of unit linked life assurance products.
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.
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	Centrally held assets and Group Head Office expenses together with financing costs arising on the Tier 2 and Restricted Tier 1 ("RT1") loan notes are included in 'Other Group activities'. The elimination of inter-segment transactions and consolidation adjustments are also included within this segment.

A.1.8 SCOPE OF THE GROUP

A complete list of the undertakings within the scope of the Group is contained in the S.32.01.22 Group QRT in Appendix F.1.7.

The scope of the Group for Group solvency calculations under SII are the same in all material respects as the scope of the Group for the purposes of the UGP consolidated IFRS financial statements.

A.1 BUSINESS (CONTINUED)

A.1.9 MATERIAL RELATED UNDERTAKINGS

The principal subsidiaries of UGP at 31 December 2022 are listed below.

	NAME	NATURE OF BUSINESS	UTMOST GROUP PLC'S HOLDING
UNITED KINGDOM	Utmost International Group Holdings Limited	Holding company	100%
	Utmost UK Group Holdings Limited	Holding company	100%
	Utmost Life and Pensions Holdings Limited	Holding company	100%
	Utmost Life and Pension Services Limited	Service company	100%
	Utmost Life and Pensions Limited	Life insurance company	100%
	The Equitable Life Assurance Society	Life insurance company	100%
	Reliance Pension Scheme Trustee Limited	Trustee Company	100%
IRELAND	Utmost Holdings Ireland Limited	Holding company	100%
	Utmost Services Ireland Limited	Service company	100%
	Utmost PanEurope dac	Life insurance company	100%
	Utmost Bermuda Limited	Life insurance company	100%
ISLE OF MAN	Utmost Holdings Isle of Man Limited	Holding company	100%
	Utmost Services Limited	Service company	100%
	Utmost International Business Services Limited	Service company	100%
	Utmost International Trustee Solutions Limited	Trustee Company	100%
	Utmost International Isle of Man Limited	Life insurance company	100%
GUERNSEY	Utmost Worldwide Limited	Life insurance company	100%
	Utmost Portfolio Management	Provision of financial services	100%

A.1.10 BRANCHES

The Group's UK and Ireland insurance subsidiaries have no material foreign branches.

UIIOM has regulated branches in Singapore and Hong Kong.

UW has regulated branches in Singapore, Hong Kong and Switzerland and a non-regulated branch in Ireland.

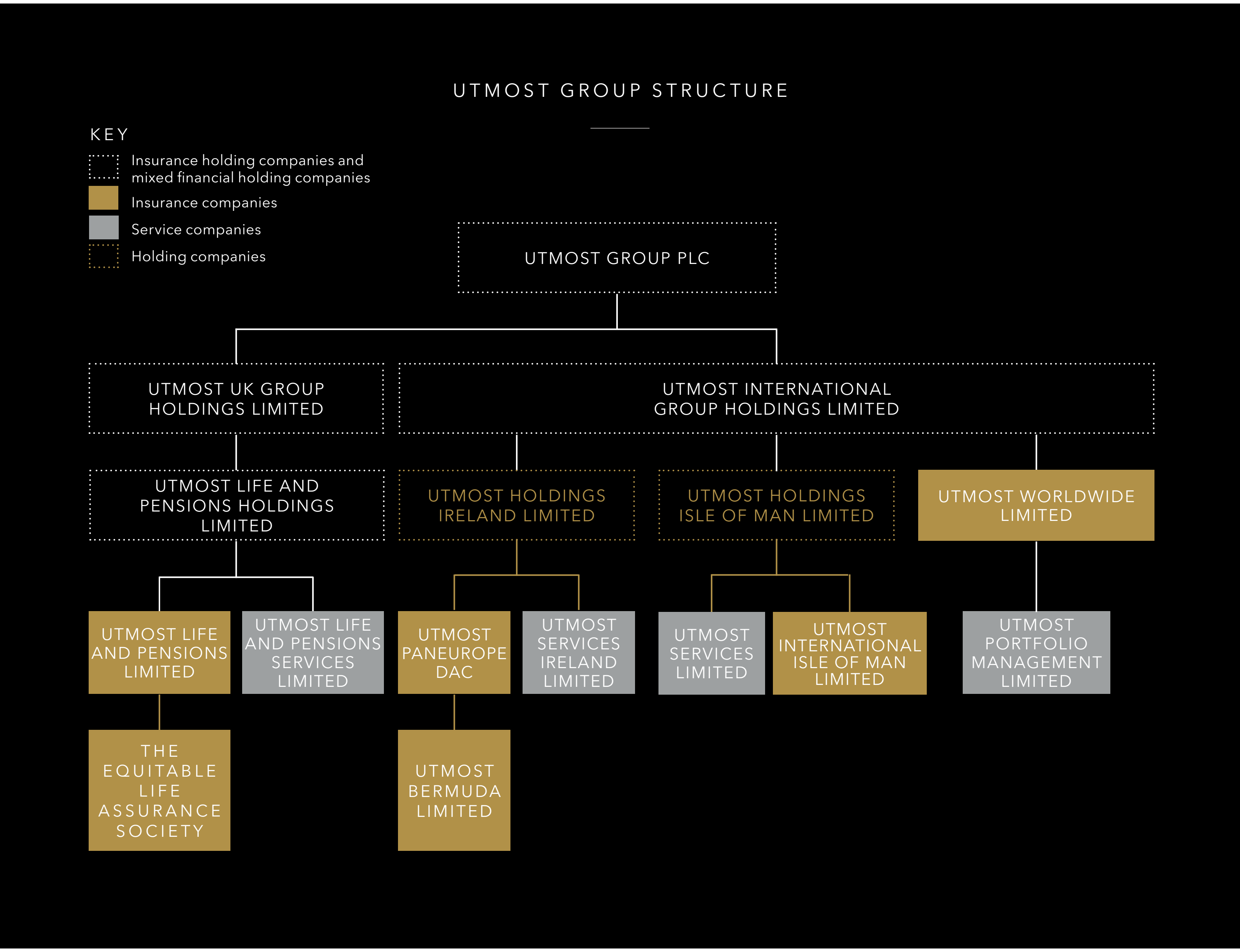
The Irish service company, Utmost Services Ireland Limited ("USIL"), has a UK branch. The Isle of Man service company, Utmost Services Limited ("USL"), has a UK and an Irish branch.

A.1 BUSINESS (CONTINUED)

A.1.11 SIMPLIFIED GROUP STRUCTURE

A simplified group structure chart is shown below. UGP is the holding company of the Group. The chart shows UGP and its main subsidiaries at 31 December 2022. For each subsidiary shown, the Group's ownership percentage is 100%.

A complete list of the Group's entities along with registered address, country of incorporation and ownership percentage is included in S.32.01.22 Group QRT in Appendix F.1.7.



A.1 BUSINESS (CONTINUED)

A.1.12 DELIVERING OUR STRATEGY

Utmost Group has clear strategic objectives for its businesses in order to provide effective insurance and savings solutions which deliver good outcomes, enhance our financial and operational performance to support the delivery of sustainable, strong returns for our investors and make a positive difference by operating as a sustainable business.

To achieve its strategic objectives, the Group is focused on the delivery of its four strategic pillars:

› the delivery of good client outcomes;

› organic growth of Utmost International with ambitions to significantly increase the value of new business within 3 years;

› to complete strategic M&A transactions; and

› to focus on optimised and efficient operations.

Utmost Group was founded on the belief that all stakeholders are better served as part of an active and growing franchise. Good client outcomes remain front and centre of our strategy and our overall purpose is to build a brighter future for clients of current and future generations.

In 2022, the Group focused on the integration of Quilter International into our existing operations. A 100-day integration plan commenced immediately on completion of the acquisition on 30 November 2021 and completed in March 2022. The 100-day plan secured early synergies from the acquisition.

The Group has a comprehensive programme of integration activity. Key milestones of the integration programme in 2022 included the completion of both the Ireland and Isle of Man insurance entity mergers which has resulted in a single regulated insurance entity in each jurisdiction. The completion of the rebrand from Quilter International to Utmost International, a single, combined Utmost International Isle of Man leadership team and strong progress with the IT migration off of Quilter plc systems. The Transitional Services Agreement ("TSA") in place with Quilter plc runs until November 2023. The Group remains on track to complete all integration activity within this timeline.

The integration programme supports our strategic goal of running optimised and efficient operations. The outcomes of the programme include reduced complexity and a reduced expense base, which result in an increase in SII EV and Own Funds and enable the Group to achieve its Internal Rate of Return ("IRR") targets.

In January 2022, the Group raised £300m of RT1 debt. This was the Group's second public debt instrument. The issuance diversified the Group's sources of funding, accessing a different part of the capital stack and extended the Group's debt repayment profile. The proceeds were used to pay down the Group's remaining bank debt and will support the future growth of the Group. The bonds enabled the Group to lock in long-term funding at an attractive yield in an environment of rising interest rates.

The Group's credit strengths - a diversified business model, resilient capital and solvency positions, a low leverage ratio and high interest coverage, and an attractive capital generation profile – were recognised by Fitch Ratings in their annual review in June 2022, where the Group's Issuer Default Rating ("IDR") was upgraded to 'A-' from 'BBB+'. As a consequence of the IDR upgrade, the Group's two bond ratings were upgraded.

After a year in which global markets and investor sentiment rebounded, 2022 was marked by a very different backdrop. Heightened geopolitical tensions exacerbated rising global inflation and central bank rates, creating challenges for our policyholders looking to secure their financial futures. New business was £4.2bn in 2022 (2021 pro-forma: £4.8bn) and net flows were £1.3bn (2021 pro-forma: £1.5bn). In a challenging external environment, the Group was pleased with these sales figures. Our sales team continue to work closely with our distribution partners, looking through the short-term volatility and focusing on the long-term benefits of our propositions.

During 2022, the Group focused on enhancing its presence in our key growth markets of France, Asia and Latin America through new product launches and the strengthening of strategic partnerships.

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

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

A.1 BUSINESS (CONTINUED)

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

In 2022, the three International Online Service Centres were harmonised to provide additional capabilities and a consistent level of functionality to all customers across our regions.

Our UK business launched their new Online Service Centre, MyUtmost, in September 2022. The platform enables customers to view policy values, communicate and transact online. As our approach to online servicing matures it will deliver efficiencies to both our policyholders, their advisers and to the Group.

A key focus of the year was integrating the transferring Quilter International employees into our Group. Management held a series of town halls and networking events to welcome our new colleagues and address questions.

The Group runs a programme of activities and events to facilitate engagement between the Board, senior management and wider employees. As a part of the Group's employee engagement programme the Group distributed its first group wide survey in September 2022. The response from our employees was positive, with a high proportion of our employees responding that they are satisfied in their roles and that they have opportunities for career progression.

In light of heightened inflation, the Group awarded an exceptional pay rise to its employees in July 2022. The award was in addition to the Group's annual pay review and designed to address the ongoing cost-of-living crisis. Management continues to monitor the economic environment and consider our approach to pay across our regions.

The Group's Sustainability Strategy continues to progress. The Group became a signatory to the United Nations-supported Principles for Responsible Investment ("UN PRI"), underscoring its commitment to running a responsible business. Milestones in the year include achieving a carbon neutral status in our operations, via the use of carbon offsets, and the adoption of the Group's first Responsible Investment Policy, which sets out how the Group integrates Environmental, Social and Governance ("ESG") factors into its investment process and selects and reviews its investment management partners. The Policy introduces restrictions around issuers who are involved in thermal coal production or extraction.

The Group's business model has demonstrated its strength over time and, together with our robust balance sheet, the Group remains well placed to continue on its growth trajectory.

Brexit

The Company has developed an operating model that has allowed it to continue to accept business from UK residents into the Irish insurance entity. This model has been disclosed to regulators in the UK and Ireland and will continue to be utilised. The Company continues to monitor the UK regulatory environment and has contingency plans in place to allow it to continue to access the UK market from the Irish insurance entity should the current position change.

A.1.13 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Significant events during the year to 31 December 2022 are summarised below. Further information is included in the UGP 2022 Annual Report.

Economic Volatility

Following the rebound in investment markets and investor sentiment in 2021, there was a very different backdrop in 2022. The year began with the Russian invasion of Ukraine, hitting growth expectations and resulting in higher food and energy prices. Higher inflation and central bank hikes exacerbated a cost-of-living crisis, reducing consumer demand and leading to a recessionary environment in some of our key markets.

In the UK, political turmoil was a key theme of the year, ultimately feeding through into higher gilt yields. The Group will continue to monitor the UK political and economic situation.

The Group has limited exposure to asset prices given the high degree of Asset and Liability Matching ("ALM"). The Group was well hedged against interest rate rises in the period.

RT1 Loan Notes

In January 2022, the Group issued its second public debt instrument, a £300m issue of RT1 Perp-NC-7.5yr loan notes with a 6.125% coupon. The loan notes are listed on the Global Exchange Market ("GEM") in Dublin.

The RT1 issuance diversifies the Group's sources of funding, accessing a different part of the capital stack and extending the Group's debt repayment profile.

A.1 BUSINESS (CONTINUED)

Fitch Ratings Upgrade

In June 2022, Fitch Ratings upgraded the Group's IDR to 'A-' from 'BBB+'. The Group's subordinated Tier 2 notes were upgraded to 'BBB-' from 'BB+' and its Restricted Tier 1 notes were upgraded to 'BB+' from 'BB'.

The upgrade of the IDR reflects Fitch's view that the insurance regulatory bodies that supervise Utmost Group's operating businesses will strengthen their cooperation with the PRA. Utmost Group is subject to Group supervision by the PRA. Of Utmost Group's consolidated capital, 80% falls within jurisdictions that are expected by Fitch to follow a Group Solvency form of regulation.

Entity Merger

Following approval by the Irish and Guernsey Courts, a portfolio transfer of the assets and liabilities of Athlumney Kappa (Ireland) dac (formerly Quilter International Ireland dac) to UPE under Section 13 of the Irish Assurance Companies Act 1909 was implemented on 30 September 2022. This transfer had the effect of merging Utmost Group's two Irish insurance entities in UPE.

Following approval by the Isle of Man, Jersey and Guernsey Courts, a portfolio transfer of the assets and liabilities of UL to UIIOM (formerly Quilter International Isle of Man Limited) under Section 21 of and Schedule 2 to the Isle of Man Insurance Act 2008 was implemented on 30 November 2022. This transfer had the effect of merging Utmost Group's two Isle of Man insurance entities into UIIOM.

Following the deauthorisation of Athlumney Kappa (Ireland) dac and UL, the Group will operate one regulated insurance entity in the Isle of Man and one regulated insurance entity in Ireland in line with its strategy to maintain optimised and efficient operations.

Dividends

During 2022, UGP paid £500m of dividends to Utmost Holdings (Guernsey) Limited ("UHGL"), its immediate parent company. This allowed all UHGL external bank debt to be repaid and allowed the ultimate holding company to return £385m to shareholders. The dividends paid to UHGL were the primary driver of a reduction in UGP's net SII EV from £2,175m at Year End 2021 to £1,770m at Year End 2022. The impact of higher risk-free rates and the delivery of additional synergies and harmonisation benefits were offset by falls in global equity markets. The Group disclosed its sensitivities to changes in equity markets and interest rates in the UGP 2022 Annual Report.

SII Reform

The UK Government set out its final reform package following its review of the SII regime which governs the prudential regulation of insurance firms in the UK. The Government intends to legislate as necessary to implement the new Solvency UK regime. The key element of the reform impacting the Group is the expected 65% reduction in risk margin. This is therefore expected to reduce the Group's technical provisions and increase the Group's Own Funds and Solvency Coverage Ratio.

The Group will continue to monitor regulatory developments and engages with regulators where appropriate.

Tax Changes

The 2021 Finance Act, which was enacted on 10 June 2021, increased UK corporation tax from its current rate of 19% to 25% with effect from 1 April 2023.

The UK Government has confirmed its commitment to legislate for the Global Anti-Base Erosion Model Rules (Pillar Two) ("GloBE") 15% minimum tax effective 1 January 2024. The Group continues to monitor how GloBE will be implemented across its regions, as the tax has the potential to increase the corporate tax payable in some of our regions.

A.1.14 EVENTS AFTER THE YEAR END DATE

Dividend

On 9 March 2023, the Company paid a cash dividend of £40m to its immediate parent company UHGL.

Athlumney Kappa (Ireland) dac deauthorisation

On 3 February 2023 following the request for voluntary withdrawal of authorisation the CBI withdrew the authorisation of Athlumney Kappa (Ireland) dac (formerly Quilter International Ireland dac) pursuant to Regulation 153(1) (a) of the European Union (Insurance and Reinsurance) Regulations 2015. The deauthorisation is in line with the Group's strategy to maintain optimised and efficient operations.

Douglas Bay Property Limited

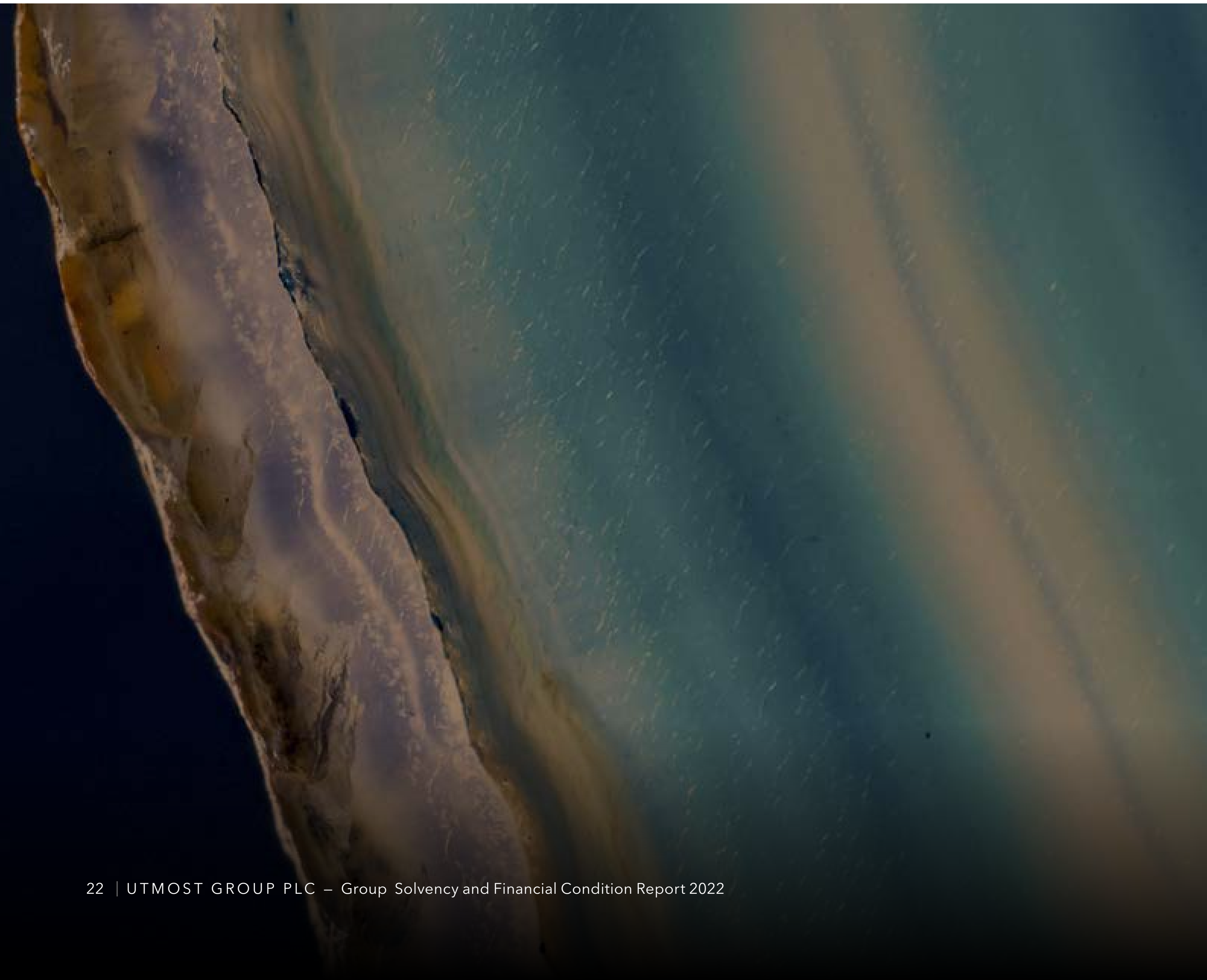
On the 31st January 2023, Utmost International Isle of Man Limited, a member of the Group, purchased the freehold title in King Edward Bay House through the acquisition of Douglas Bay Property Company Limited.

A.1 BUSINESS (CONTINUED)

A.1.15 COVID-19 UPDATE

The impact of the COVID-19 pandemic was minimal on the Group's overall operational and financial performance in 2022. Legal restrictions were eased in the majority of our key markets for much of the year. The Group is an office-based organisation and our colleagues were present in our offices for the majority of the time.

Operational modifications adopted during the pandemic such as fully online processing have improved the longer-term operational efficiency of the business.



A.2 UNDERWRITING PERFORMANCE

Due to the nature of the Group largely writing investment business, an analysis of underwriting performance does not provide meaningful information in respect of the financial performance of the Group. The Group's focus is on the Group's SII EV and Group Solvency Coverage Ratio.

The total gross premiums written during the period were £4,472m (2021 pro-forma: £3,015m) and gross claims incurred were £3,501m (2021 pro-forma: £2,957m). Further information on the key elements of underwriting performance including the line of business can be found in the Group QRT's (S.05.01.02 and S.05.02.01) in Appendix F.1.2 and F.1.3.

A.3 INVESTMENT PERFORMANCE

A.3.1 INCOME AND EXPENSE ARISING FROM INVESTMENTS

The majority of the Group's business is unit linked. Increases and decreases in the value of the assets covering unit linked liabilities are matched by corresponding changes in unit linked liabilities and so there is no first-order impact on profitability.

Investment performance has a second-order impact on the profitability of the Group's unit linked business as higher asset values result in increased income from asset management charges. Conversely, lower asset values can result in reduced income from annual management charges.

Information about the investment performance of the Group's invested assets, including assets held to cover unit linked liabilities and shareholder assets is included in note 7 of the UGP 2022 Annual Report.

A.3.2 GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

The majority of the Group's financial assets and liabilities are measured at Fair Value through Profit and Loss ("FVTPL") in the Group's IFRS financial statements. Certain items such as exchange gains on translation of foreign operations are recognised within Other Comprehensive Income ("OCI") (i.e., recognised directly in equity).

The following table has been extracted from the consolidated Statement of Comprehensive Income within the UGP 2022 Annual Report.

	2022 £m	2021 £m
Profit for the year after tax	**14.7**	**367.2**
Change in fair value of financial assets at fair value through OCI	(5.8)	(5.5)
Foreign currency translation movements in the year	13.6	(19.4)
Fair value movements of owner occupied land and buildings	-	0.1
Re-measurement on retirement benefit asset	6.8	3.0
Total tax on components of other comprehensive income	(0.1)	(0.1)
Total comprehensive income for the year, net of tax	**29.2**	**345.4**

A.3.3 INVESTMENTS IN SECURITISATIONS

The Group did not invest in securitisations during 2022.

A.4 PERFORMANCE OF OTHER ACTIVITIES

A.4.1 OVERVIEW OF REVENUE

The Group is primarily engaged in the following business activities from which it generates revenue: investment and asset management, revenue from fee income and other income from service activities and life assurance (revenue from premium income).

The table below provides an analysis of the Group's total revenue on an IFRS basis and includes revenue related to assets backing unit linked liabilities.

Further information relating to revenue is contained in the UGP 2022 Annual Report.

REVENUE	2022 £m	2021 £m
Net earned premiums	153.3	85.9
Fee income and other income from service activities	364.9	191.9
Other income	18.5	7.4
Total revenue	**536.8**	**285.1**

A.4.2 OVERVIEW OF EXPENDITURE

The Group's total expenses on an IFRS basis for 2022 amounted to £181m (2021: £124m).

The table below provides an analysis of the Group's other operating and administrative expenses on an IFRS basis, as presented within note 8 of the UGP 2022 Annual Report.

OTHER OPERATING AND ADMINISTRATIVE EXPENSES	2022 £m	2021 £m
Staff costs	100.9	70.3
Depreciation of property, plant and equipment	6.6	5.1
Amortisation of intangible assets – software	0.2	0.2
Auditor's fees	3.4	3.0
Auditor's fees on non-audit services	1.1	0.7
Professional fees	22.8	21.2
Other administrative costs	46.5	23.6
Total other operating and administrative expenses	**181.4**	**124.1**

A.4 PERFORMANCE OF OTHER ACTIVITIES (CONTINUED)

A.4.3 LEASE ARRANGEMENTS

Utmost Group plc as lessor

The Group had no lease arrangements during 2022 as lessor.

Utmost Group plc as lessee

The Group has entered into various operating leases on certain rented office locations across several jurisdictions. Such leases have varying terms, clauses and renewal rights.

A.5 ANY OTHER INFORMATION

There is no additional information considered to require disclosure in Section A.

B

SYSTEM OF GOVERNANCE

The system of governance section of the report describes the governance model that has been established at Board level and how this is cascaded to key executive functions within the business. It also describes the risk management framework and the system of internal controls.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Board sets the strategic goals and risk appetite for the Utmost Group. It ensures that each of the operating subsidiaries has adequate resources to ensure delivery of the strategy, reviews the operating and financial performance of the Group and oversees the execution of the strategy of each operating subsidiary. The Board aims to maintain a high standard of corporate governance across the Group and upholds a sound structure for setting its strategy and objectives.

The Group's governance arrangements have been embedded in the business since the end of 2021. The ARCC, which was established in October 2021, has met six times during 2022 whilst the Board has met ten times through the year. The operating subsidiaries within the Group are governed by their constitutional documents, local law and regulation and the Shareholder Agreement. As such each operating subsidiary has its own governance arrangements, which are broadly aligned across the Utmost Group.

The boards of directors of each of the operating subsidiaries ("subsidiary boards") each have mandates and duties which are drafted to align with the requirements of the Shareholder Agreement and local law and regulation.

Although each subsidiary has a separately constituted board of directors, the Founders act as non-executive directors of each regulated entity to enable aligned oversight, direction and supervision through the subsidiary boards across the Group.

B.1.1 INTRODUCTION TO THE SYSTEM OF GOVERNANCE AND THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BOARD

Corporate Structure

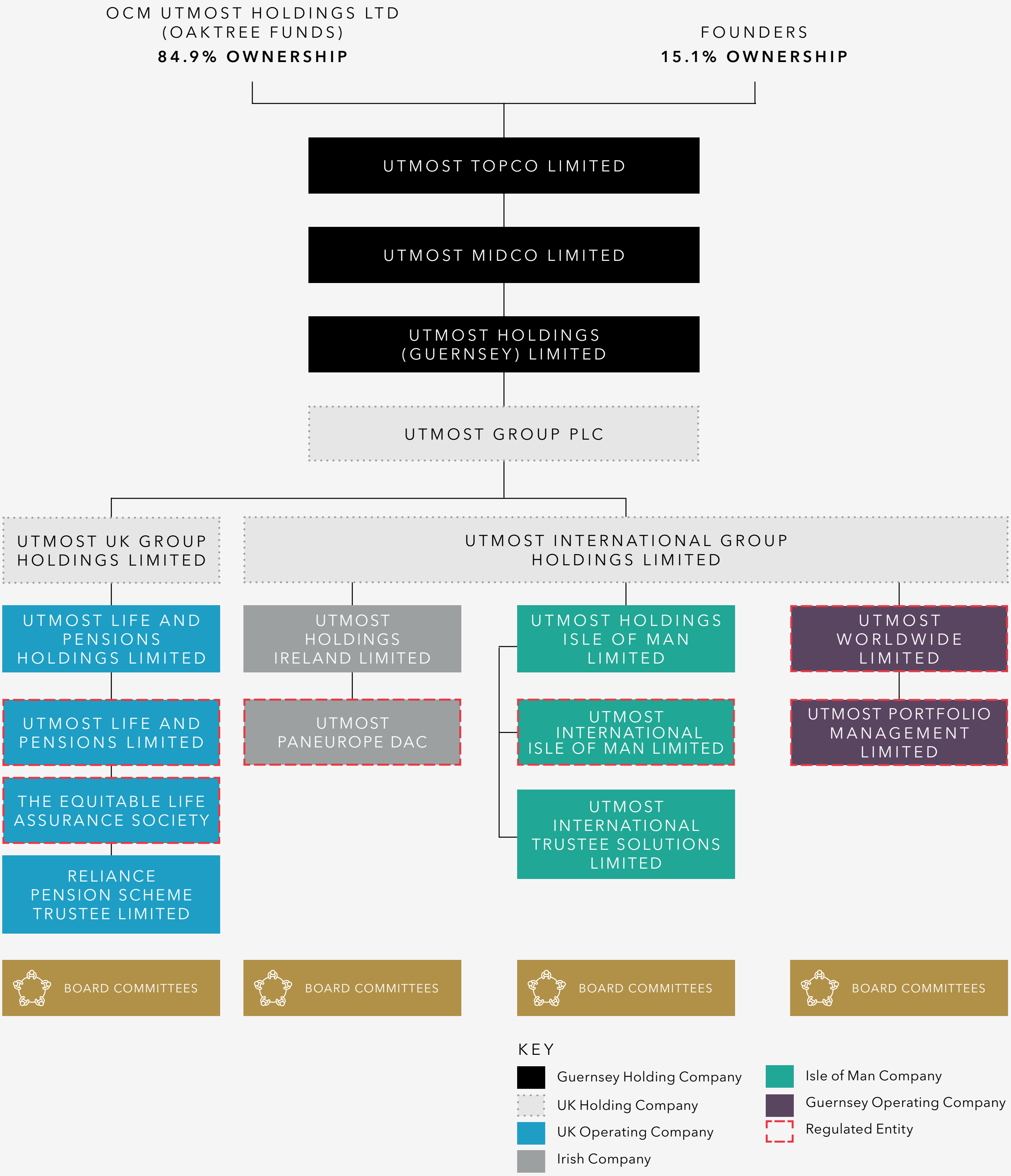
UGP is an English holding company into which the results of the UWS, UCS and ULP businesses are consolidated. The operating subsidiaries through which business is conducted include UPE incorporated in Ireland, UL and UIIOM, incorporated in the Isle of Man, UW, incorporated in Guernsey and ULPL, incorporated in England.

The operating subsidiaries comply with local laws and regulations and report to the regulators as required by all applicable Codes and requirements. The Group's regulators include:

- The PRA and FCA;
- The IoM FSA;
- The CBI;
- The GFSC;
- The Dubai Financial Services Authority;
- The Insurance Authority of Hong Kong; and
- The Monetary Authority of Singapore.

CORPORATE STRUCTURE

OWNERSHIP AND GOVERNANCE STRUCTURE



B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (CONTINUED)

B.1.2 THE UTMOST GROUP PLC BOARD

Utmost Group plc Board Membership

The Board of UGP comprises of an Independent Non-Executive Director ("INED") and Chairman, James Fraser, who was independent upon appointment in October 2021, Gavin Palmer, an INED who also acts as Chairman of the ARCC, Paul Thompson, the Group Chief Executive Officer ("CEO") and Ian Maidens, the Group Chief Financial Officer ("CFO"), as well as Christopher Boehringer and Katherine Ralph, two non-executive directors representing OCM Utmost Holdings Ltd, the Group's majority shareholder.

Role and Responsibilities of the Utmost Group plc Board

The Board is responsible for promoting the long-term success of the Utmost Group and, in particular, for setting the Group's strategic aims, monitoring management's performance against those strategic aims, setting the Group's risk appetite, ensuring the Group is adequately resourced and ensuring that effective controls are in place. The Board also sets the values and supports the culture of the Group.

The specific duties of the Board are clearly set out in the matters reserved for the Board and the Board Procedures, which address a wide range of corporate governance matters and lists those items that are specifically reserved for decision by the Board.

Matters Reserved for the Board

Matters requiring Board approval include:

› Group strategy and business plans;

› Financial reporting and controls, capital structure and Dividend Policy;

› Group risk appetite and framework; and

› Corporate governance matters (e.g., appointment and removal of directors across the Group, Board and committee succession planning and the constitution of the Board Committees).

The matters reserved for the Board also set out the items that must be reported to the Board, such as senior leadership changes, significant litigation or material regulatory breaches and explain how matters that arise between scheduled meetings should be dealt with.

UGP Audit, Risk and Compliance Committee

The Board is supported by the ARCC which is responsible for making recommendations to the Board on the appointment of auditors and the audit fee. This ensures that the financial performance of the Company is properly monitored and reported on. The ARCC is responsible for reviewing the Company's financial statements and any formal statements on financial performance as well as reports from the Company's auditors on those financial statements. The ARCC reviews the Company's internal control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems. The members of the ARCC are all non-executive directors: Gavin Palmer (Chairman), James Fraser, Chris Boehringer and Katherine Ralph.

B.1.3 DELEGATION BY THE UTMOST GROUP PLC BOARD

As part of its governance structure, the Board will delegate the consideration of various matters to the ARCC, as explained above. In addition, the Board has delegated certain decisions to management. The delegated authorities operate in accordance with matters reserved for the Board. Where any event requiring financial transactions within certain limits also falls under the schedule of matters reserved for the Board, approval must be sought from the Board. Any payments or commitments falling outside the permitted authorities below must be approved by the Board. For the avoidance of doubt, this would include any payment or entry into commitments outside of the business plan where the total exceeds a certain quantum, as set out in the delegated authorities from time to time.

B.1.4 UTMOST GROUP SUBSIDIARY BOARD GOVERNANCE

Board and Committees of Operating Subsidiaries

Subsidiary boards are comprised of an Independent Chairman and a majority of non-executive directors, including the Founders, who are, as representatives of the Utmost Group and in accordance with the relevant corporate governance guidelines, not considered independent. Non-executive directors of each subsidiary board work collectively to fully understand the business and market conditions and provide constructive challenge to executive management. Whilst the Independent Chairman of each subsidiary board provides leadership, day-to-day management is delegated to the CEO of each business, who puts in place their own executive management structure and arrangements. The executive directors of each subsidiary board are the CEO and CFO of each business.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (CONTINUED)

The duties of the subsidiary boards include:

- developing the high-level strategy for their respective businesses;
- periodically reviewing the business plans and performance, ensuring that their regulatory responsibilities are discharged efficiently;
- ensuring that the principles of Treating Customers Fairly ("TCF") are embedded into the culture of each business;
- implementing the requirements of the UK Financial Conduct Authority's new Consumer Duty;
- ensuring that each business meets the interests of policyholders, customers and shareholders;
- approving the risk appetite of each business, monitoring the risk governance framework and ensuring that risk management systems and controls are fit for purpose; and
- determining the appropriate investment parameters for each business.

The Group is supportive of the UK Financial Conduct Authority's Consumer Duty, which will further strengthen focus around delivering good outcomes for customers. The Group is working through the implementation of the requirements. Our UK business has established a Fair Customer Outcomes Group which governs the delivery of good customer outcomes, having regards to their characteristics and needs. Board-level champions have been appointed in our life companies to ensure the Duty is implemented and embedded in strategy and governance.

The subsidiary boards each have a committee structure, which are broadly aligned across the Group. The terms of reference of the subsidiary board committees are also aligned. Further detail on the remit of the subsidiary board committees is set out below:

- **Audit Committees ("AC")**
  Responsible for monitoring the integrity of the regulated entity's financial statements, the adequacy and effectiveness of internal controls and the risk management system. This includes the responsibility for the review of disclosures to the supervisory authority, including the SFCR, in addition to its statutory financial reporting and accounts disclosures.
- **Risk and Compliance Committees ("RCC")**
  Responsible for assisting the subsidiary board in its oversight of the risk management and compliance culture and ensuring compliance of the undertaking with all legal and administrative requirements. It is also responsible for: oversight of the regulatory capital position, advising the subsidiary board on the Group's risk appetite and compliance exposure of the firm, setting and monitoring the Group's risk management and compliance policies, and ensuring the effectiveness of its Own Risk Solvency Assessment ("ORSA"). These committees align with the Remuneration Committees to embed risk-based Remuneration Policies.
- **Remuneration Committees ("RemCo")**
  The role of the RemCo is to oversee the ongoing appropriateness and implementation of the relevant Remuneration Policy, particularly for executive directors and their direct reports. Each subsidiary board determines the remuneration of the non-executive directors within the limits set in the terms of reference and matters reserved for the Board. No director is involved in any decisions as to their own remuneration.
- **Investment Committees**
  Responsible for ensuring that investment activities carried out are consistent with the Investment Policy adopted by the subsidiary board. Exercising control over the execution of the subsidiary board's strategic decisions and the sound and efficient management of investment-related matters.
- **ULPL With-Profits Committee**
  Advising the ULPL board on matters relating to TCF for its with-profits business and supporting the ULPL board in ensuring fairness to customers is embedded in the decision-making and execution of ULPL's with-profits funds at all times, including all policies written within the with-profits funds.
- **ULPL Nomination Committee**
  Responsible for ensuring the ULPL board has a formal, rigorous and transparent procedure in place to manage the appointment of new directors to the ULPL board, and to ensure the ULPL board and its committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively, including succession planning.
- **UPE Banking Committee**
  The Banking Committee established by UPE ensures that regular administrative matters can be dealt with by the directors without recourse to the UPE Board.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (CONTINUED)

B.1.5 MANAGEMENT FORUMS, INCLUDING THE EXECUTIVE COMMITTEE

In order to ensure there is a clear division of responsibilities between the Board and executive management, the Board has identified certain 'Matters Reserved' for its approval, as summarised in B.1.2. In relation to all other matters, unless they are specifically reserved for shareholder approval, the Board delegates responsibility for these to the Group CEO, who then delegates responsibility for specific operations to the CEOs of the operating subsidiaries from across the Group.

Oversight and control of performance, activity and risks within the Group is overseen by the Group Executive Committee which is responsible for managing and overseeing the day-to-day business and affairs of the Group in accordance with the agreed strategy and the authority delegated to the Group CEO by the Board.

B.1.5 MANAGEMENT FORUMS, INCLUDING THE EXECUTIVE COMMITTEE (CONTINUED)

The Group Executive Committee is chaired by the Group CEO and is composed of the Group CFO, plus the UK subsidiary CEO and other senior managers as nominated by the Group CEO to represent certain business units and functional areas. Regular meetings are held and relevant outputs are reported to the Board regularly via the Group CEO and Group CFO.

The Group Executive Committee's Key Responsibilities Include:

- development and execution of strategy and business plans and monitoring of performance thereof;
- ensuring that activities are consistent with the strategy, risk tolerance/appetite and policies approved by the Board;
- reporting to the Board (via the Group CEO) on how it has discharged its responsibilities;
- oversee business functions, ensuring that the business has the necessary resources to meet its objectives;
- monitoring the financial position, ensuring that applicable legal and regulatory requirements (including capital and solvency) are met;
- overseeing business development and new business opportunities; and
- overseeing client relationships and customer experience.

B.1.6 OPERATING BUSINESS MANAGEMENT FORUMS

In addition to the subsidiary boards and their committees, each operating subsidiary CEO has established an Executive Committee in respect of the relevant business to support each CEO in their decision-making. The Executive Committees report to the subsidiary board through the CEO and provision of management information to the subsidiary board.

These operating subsidiary Executive Committees and management committees generally have no delegated authority but make recommendations to the CEO or subsidiary board and its committees as appropriate. Each management committee and forum has a core membership consisting of relevant senior managers and, in general, management committees and forums are chaired by the relevant Senior Manager Function ("SMF") holder or local equivalent. Each management committee and forum has delegated authority from the CEO to perform certain roles and responsibilities assigned to it within terms of reference set by the relevant Executive Committee.

Examples of management committees include:

- Senior Management Committee ("SMC");
- Asset Liability Committee ("ALCO");
- Fair Customer Outcomes Governance Committee;
- Fair Value Pricing Committee ("FVP"); and
- Data Governance Committee.

B.1.7 KEY FUNCTIONS

All members of the Board hold the Group SMF designation and each of the individual businesses referred to on page 17 of this document has an independent governance structure reporting into the Group. The CEOs of each business report into the Group CEO. The CFOs of each business report into the Group CFO. There are no other SMFs defined at the Group level.

For the purposes of the SII Directive, Internal Audit is an Utmost Group function reporting to the Group ARCC Chairman. The other key functions for the SII firms sit within each of the operating subsidiaries and include an ARCC.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (CONTINUED)

B.1.8 REMUNERATION POLICY

The Group Remuneration Policy was approved by the Board in March 2021. The Policy sets out the overriding principles to be applied for all remuneration schemes across the Group. All remuneration packages must demonstrate an appropriate balance between variable and fixed components to avoid employees being overly dependent on the variable component, while allowing the Group's businesses to operate in a manner that is aligned with local markets and regulations.

The Group's Remuneration Policy is intended to attract, retain and reward employees with the appropriate skills and experience who are required to run the Group's businesses effectively. The principles embodied in the Policy include:

- promoting sound and effective risk management that does not encourage risk-taking that exceeds the risk appetite of Utmost Group;
- assisting the Group and its subsidiaries to attract, motivate and maintain employees with relevant skills to help achieve the business' objectives;
- promoting consistency of approach and transparency across Utmost Group;
- ensuring that the aggregate potential value of remuneration awards do not threaten the Group's ability to maintain an adequate capital base; and
- ensuring that remuneration arrangements for Material Risk Takers ("MRTs") are appropriate, encourage exceptional performance in a fair and responsible manner and reward them for their individual contributions to the medium and longer-term success of Utmost Group.

Remuneration Components

Remuneration schemes consist of four primary elements: base salary, benefits during employment, retirement benefits and performance related incentives. The proportion of each element within the overall package will vary by operating business and role. Some senior positions may include a fifth element which is a reward under a long-term incentive plan ("LTIP").

FIXED REMUNERATION

BASE SALARY AND BENEFITS

SALARY LEVEL BASED ON JOB

Responsibilities, experience and market conditions

VARIABLE REMUNERATION

SHORT TERM INCENTIVE

LONG TERM INCENTIVE

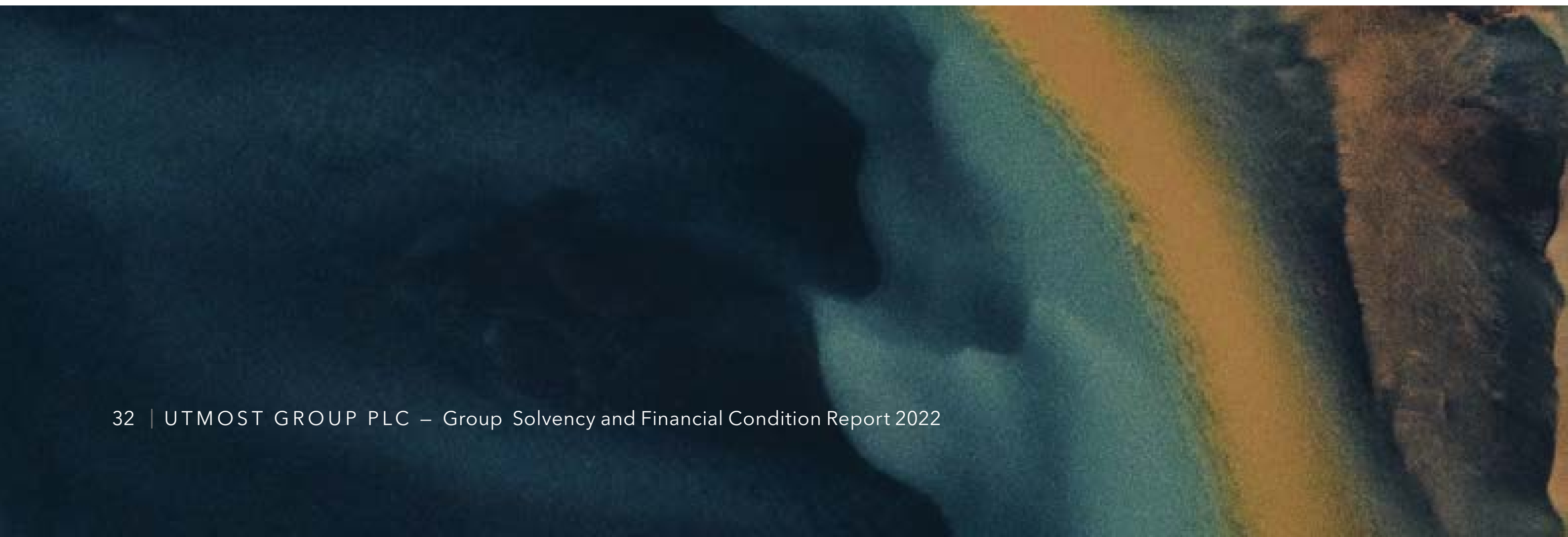
VARIABLE REMUNERATION

Awards are discretionary based on business and individual performance.

The base salary and benefits are determined by the role, responsibility and experience of the individual and having regard to local market comparisons, including relevant comparator companies of broadly similar size and complexity.

The discretionary annual incentive schemes will reflect individual, operating subsidiaries and/or Utmost Group performance (as applicable) and support the delivery of benefits and services to customers, in a manner which promotes sound risk management. Any incentive awards are based on the delivery of objectives that are closely aligned to the Group or operational subsidiaries critical priorities. A number of incentive schemes exist that are linked to the level of the role in the business and, where appropriate, the type of role.

The Group Remuneration Policy is supported by performance management processes that promote the development of a high-performance culture in line with the Group's strategy and values. Each employee will have a number of



B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (CONTINUED)

objectives set annually and awards will be assessed based on the performance of these objectives. This may include adjusting the variable component based on an assessment of current and future risks and the cost of capital for the Group and the operating businesses, with the potential for not awarding any variable component.

Variable remuneration for control functions (e.g., Risk, Compliance, Internal Audit, Actuarial) is not materially dependent on the performance of the areas that they oversee.

The remuneration of INEDs is designed to attract and maintain high quality Board members while being consistent with maintaining their independence. The INEDs receive a set fee for their services and are not entitled to any performance-based options or incentive payments.

The Group Remuneration Policy is made available to all employees via the Group Intranet.

B.1.9 MATERIAL CHANGES TO THE SYSTEM OF GOVERNANCE OVER THE REPORTING PERIOD

There have been no significant changes to the system of governance over the reporting period.

B.1.10 ASSESSMENT OF ADEQUACY OF THE SYSTEM OF GOVERNANCE

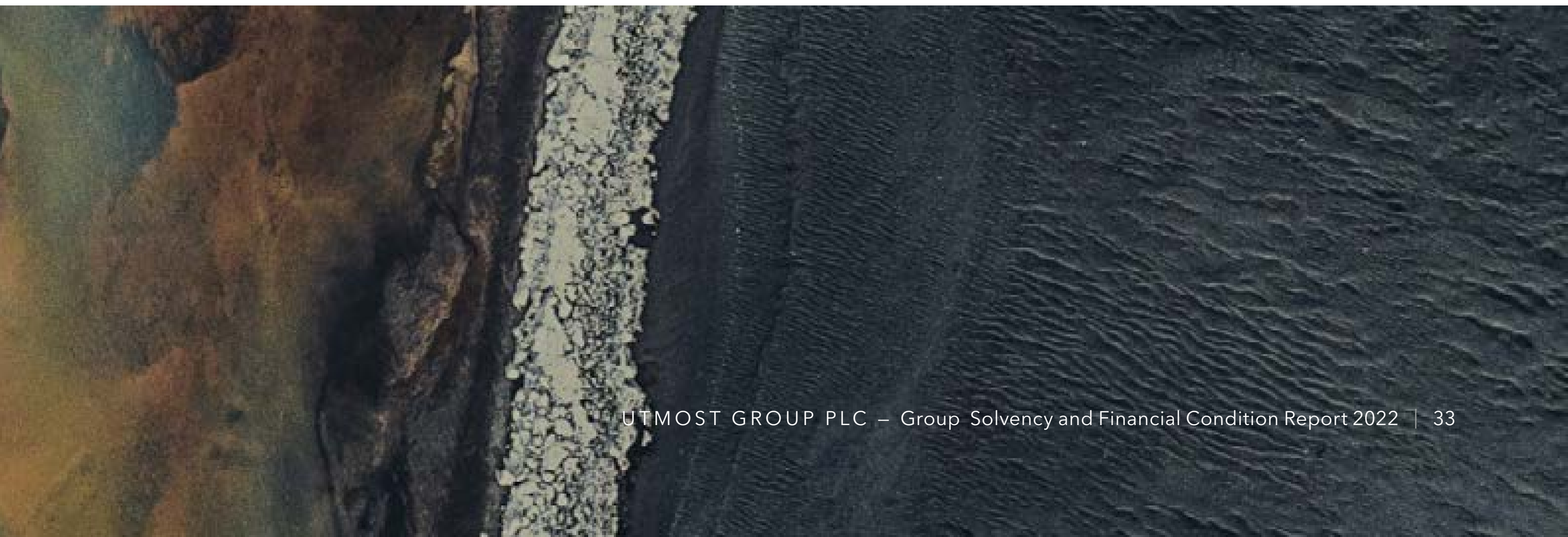
The Company was established as the holding company of the Utmost Group in October 2020. The Board is responsible for setting the overall direction and risk appetite of the Group as a whole, to generate value for shareholders and its stakeholders including customers, employees and the communities in which we operate. The subsidiary boards set their own objectives and risk appetite within the boundaries of the overall Group Risk Appetite and are responsible for conducting their everyday business, in line with the regulations and legislation of the local jurisdictions within which they operate.

The governance structure set out in the previous section is proportionate for a federated oversight model, where the day-to-day decision-making powers are largely delegated to the regulated operating businesses. The Group CEO and Group CFO are members of the subsidiary boards, thus directly embedding Group oversight within the operating businesses to ensure alignment within the overall strategy and risk appetite of the Board.

Each of the subsidiary boards are required to perform annual assessments of effectiveness and each has concluded that they are operating effectively. The Board of UPE is, at the date of writing this report and in line with the requirements of CBI regulated entities, undergoing an external effectiveness review conducted by an independent third party.

The Group Internal Audit ("GIA") function that is fully independent of the operating businesses, provides an effective third line of defence. The Group Head of Internal Audit ("GHoIA") has an informal reporting line to the Group ARCC Chairman. The Audit, Risk and Compliance functions are well established and embedded within each of the operating subsidiaries and are well positioned to provide effective and timely second line risk challenge to the first line executive directors and senior management in the operating businesses (as described in the SFCR of each regulated entity).

The Board considers the Group's system of governance arrangements to be adequate and proportionate based on the current structure of the Group. In addition, it considers the subsidiary boards to be conducting their duties in accordance with the local requirements and in accordance with the mandate set by the Group. The governance arrangements will continue to evolve in alignment with the implementation of the Group's business strategy.



B.2 FIT AND PROPER REQUIREMENTS

The Group's approach to implementing and embedding processes and procedures to ensure fitness and propriety is described below. Fitness and propriety across the Group is essential for protecting the Group's reputation, maintaining the confidence of our customers and ensuring regulatory compliance.

The Group is committed to ensure that all fit and proper regulatory requirements are met. It must be able to demonstrate that it employs people who are fit and proper for the professional discharge of the responsibilities allocated to them. This, in turn, will assist in developing an appropriate culture in the business, thereby minimizing risk and ensuring sound and prudent management of the business.

The Group therefore ensures that all people, subject to the fit and proper requirements, have appropriate qualifications, knowledge, skills and experience required to carry out their role and:

- are, and remain, competent, fit and proper to discharge their responsibilities;
- are aware of their obligations under the regulators' relevant conduct rules and standards; and
- are aware of the need to avoid, via adhering to the Group's conflicts of interest policies, activities that could create conflicts of interest or the appearance of conflicts of interest.

The Group ensures that requirements are fulfilled by operating procedures during recruitment and ongoing employment, to be satisfied that an individual:

- will be open and honest in their dealings and is able to comply with the requirements imposed upon them (honesty, integrity and reputation);
- has the necessary knowledge, skills and experience to carry out the function they are to perform (competence and capability);
- is financially sound (financial soundness); and
- each of the Utmost businesses has Fit and Proper Policies in place that set out the way in which each complies with the relevant Fit and Proper requirements applicable to each jurisdiction.

The Group and its operating subsidiaries operate a robust recruitment process and carry out the appropriate due diligence on all candidates. Anyone who is being assessed to perform in a specified role is subject to a rigorous review of their fitness and propriety against the role requirements. All assessments with a Fit and Proper requirement are supported by a Human Resources ("HR") professional.

This includes exercises to map the candidates' capabilities and experience against the requirements of the role profile. The Group also takes other steps such as obtaining credit checks and checks from the Disclosure and Barring Service (or local equivalent), requiring proof of qualifications, requesting references and requiring candidates to complete self-certification regarding potential conflicts of interest.

Concerns are escalated to, and discussed with, the local Chief Risk Officer ("CRO") or member of the senior management team as appropriate. If screening concerns cannot be satisfactorily resolved, any offer of employment is withdrawn.

The individuals currently subject to the Fit and Proper requirements at the level of the Group are the Board of Directors, shown below.

All Directors hold SMF7 'Group Entity Senior Manager'.

(ANDREW) PAUL THOMPSON
GROUP CEO

IAN MAIDENS
GROUP CFO

CHRISTOPHER BOEHRINGER
NON-EXECUTIVE DIRECTOR

KATHERINE RALPH
NON-EXECUTIVE DIRECTOR

JAMES FRASER
INDEPENDENT
NON-EXECUTIVE CHAIRMAN

GAVIN PALMER
INDEPENDENT
NON-EXECUTIVE DIRECTOR

B.3 RISK MANAGEMENT SYSTEM INCLUDING OWN RISK AND SOLVENCY ASSESSMENT

B.3.1. RISK MANAGEMENT SYSTEM

The Group's risk management system is articulated through its Enterprise Risk Management ("ERM") Policy and supporting framework. The Group has implemented a corporate governance structure around a decentralised risk management system that is proportionate to the scale and complexity of the Group, but which allows the Board to:

- establish its strategy towards risk-taking;
- oversee the communication and monitoring of adherence to the appetite for risks; and
- oversee the identification, measuring, monitoring, management and reporting of risks.

The Group ERM Policy seeks to embed proactive and effective risk management in the operating subsidiaries by maintaining risk management functions and structures in a devolved model, whereby oversight is conducted by the respective subsidiary boards and committees and reported to the Board, as appropriate.

Subsidiary boards have the authority to establish local risk management policies and frameworks which manage risks within the overall risk appetite agreed by the Board. To this end, the management of the organisation at all levels is required to be risk aware and understand that risk management is part of all employees' responsibilities. Risk management supports the delivery of the business objectives in an efficient and effective manner in line with an agreed and established risk appetite and enterprise vision and values.

Risk Strategy

The risk strategy of the Group provides an overarching view of how risk management is incorporated across all levels of the business, from decision-making to strategy implementation. It assists the Group in achieving its strategic objectives by supporting the operating businesses with improved client and shareholder outcomes. This is achieved through the identification and management of an acceptable level of risk ("risk appetite") and by ensuring that the Utmost Group is appropriately rewarded for the risks it takes. To ensure that all risks are managed effectively, the Utmost Group is committed to:

- embedding a risk aware culture;
- maintaining a strong system of internal controls;
- enhancing and protecting client and shareholder value by continuous and proactive risk management;
- maintaining an efficient capital structure; and
- ensuring that risk management is embedded into day-to-day management and decision-making processes.

Risk Culture

A core objective of the risk management system is to embed a positive and open risk management culture within Utmost Group. The risk culture is embedded through the following:

- the CROs of all operating businesses are members of senior management and, in the execution of their roles, integrate risk management thinking into the decision-making process;
- the Group and operating business strategic planning and ORSA processes are aligned to include a risk-based forward-looking view in the development of the strategic plan;
- the risk function in each operating business is involved in material initiatives which may impact the risk profile of that operating business or the Utmost Group as a whole. The role of each risk function is to integrate the risk management assessment methodologies into the decision-making process; and
- each risk function works closely with the business teams in its own operating business, providing advisory services and promoting the advantages of a positive risk culture.

Risk Appetite

Risk appetite is the level of risk that Utmost Group is willing to accept in pursuit of its strategic objectives. Risk preferences are outlined and documented within the risk appetite statement. The subsidiary boards tailor their own risk appetite statements within the boundaries of the risk appetite set by the Board. The operating subsidiaries develop metrics to translate the risk appetite into quantitative and measurable risk limits and indicators and to embed them into the operating processes to ensure proper monitoring and steering of business activities.

Risk appetite is embedded into the key decision-making processes in the operational subsidiaries by looking at four main dimensions: capital, liquidity, earnings and expenses. Consistent risk metrics are in place to ensure that the risk profile is managed within the stated appetite and regulatory requirements, triggering consideration of actions required whenever tolerance levels are reached.

B.3 RISK MANAGEMENT SYSTEM INCLUDING OWN RISK AND SOLVENCY ASSESSMENT (CONTINUED)

B.3.1. RISK MANAGEMENT SYSTEM (CONTINUED)

Risk Management Governance Structure

Risk-taking activities in the operating subsidiaries are governed by the three lines of defence model, which is widely used within the financial services industry. This model separates ownership and management of risk from oversight and independent assurance as follows:

- **Own and manage the risks**
  The first line of defence is operational management who perform day-to-day operational activities and self-assessment of their risks and controls;
- **Oversee and provide specialist support**
  The second line of defence are primarily the Risk and Compliance functions, who monitor compliance with the risk management framework and perform independent oversight of operational management and risk-taking activities; and
- **Independent process assurance**
  The third line of defence, provided by GIA, is the independent review and challenge to the level of assurance provided by operational management and the control functions (first and second line).

B.3.2 GROUP OWN RISK AND SOLVENCY ASSESSMENT

The Group ORSA is a key process for providing the Board and other key stakeholders with a comprehensive understanding of the Group's risk profile and expected capital needs over its business planning period. The analysis, findings and recommendations from the Group ORSA are a key part of the Board's strategic decision-making process as are the way in which these decisions are implemented by relevant members of the senior management team.

The Group's strategic objectives, business plan and target risk profile are key inputs into the scope and focus of the Group ORSA. The Group ORSA includes an annual cycle of stress and scenario testing. This is designed to provide insight into the sensitivity of the business plan to key assumptions and allow analysis of the plan under potential adverse scenarios together with the management actions available to the Group to achieve its strategic objectives. The Board together with senior management play a significant and ongoing role in determining the set of scenarios which will be included in the Group ORSA, the assumptions for each of these scenarios and the criteria against which the results will be assessed.

The Group ORSA Policy requires that the ORSAs of UGP and its operating subsidiaries:

- provide key stakeholders with a comprehensive understanding of the relevant entity's risk profile, its capital needs and the link between risk and capital;
- are forward-looking and provide insight into both the current and expected future risk profile and capital position;
- allow identification, assessment, monitoring and management of all material risks, in order to ensure there is sufficient capital resources to meet the solvency requirements across the business planning cycle;
- are used as a key decision-making tool;
- are designed to be specific to the relevant entities and the specific environments in which they operate;
- are embedded as an ongoing process which comprises regular analysis, reporting, discussion and management action; and
- inform and respond to the way Utmost Group and its operating subsidiaries are run on a continuous basis.

B.3 RISK MANAGEMENT SYSTEM INCLUDING OWN RISK AND SOLVENCY ASSESSMENT (CONTINUED)

GROUP ORSA PROCESS

WORKSTREAM	ACTIVITY	DESCRIPTION
DESIGN	Process and Document Design	Annual review of the Group ORSA process and documentation to ensure the ORSA remains fit for purpose and compliant with current guidelines.
REPORTING AND DOCUMENTATION	ORSA Policy	Sets out the purpose, scope, process and aims of the Group's ORSA.
	Annual ORSA Report	Consolidation of the solvency position and risk profile of the Group operating subsidiaries ORSA's under base and alternative scenario conditions, including an assessment of the risks faced in implementing the strategy and business plan under a variety of scenarios including any Group specific stresses.
	Submission	Submission of the completed ORSA to the PRA.
RISK MONITORING	Risk Profile Monitoring	Analysis of UGP's risk profile against risk appetite.
	External Environment Risk Review	Consideration of developing and emerging risks and their potential impact on UGP's strategic objectives.
STANDARD FORMULA TESTING	Standard Formula Appropriateness Exercise	Analysis of the Standard Formula SCR relative to the Group's current and emerging risk profile to ensure it remains appropriate.
SCENARIO DEVELOPMENT	Scenario Design and Definition	Development of any UGP specific scenarios required for the Group ORSA framework (over and above what is included in the operating subsidiaries ORSAs).
PROJECTIONS	ORSA Projection Runs	Projection of the Group's balance sheet and risk profile under base and alternative scenarios.
	ORSA Control and Validation	Checks to ensure consolidation of business projections is complete and accurate.
USE	Strategy and Business Plan	Risk review and analysis from the ORSA informs the Group's strategic direction and business planning.
	Risk Appetite	ORSA forecasts used to assess the Group's alignment with risk appetite.
	Investigation	ORSA analysis used to identify areas for further investigation, typically carried out by the Group Actuarial team.
	Decision Making	The ORSA is used as a key management tool in the decision-making processes of the Group.

The output will be reviewed by the Board, ARCC and senior management to provide the opportunity to interrogate, challenge and provide feedback on the various inputs into and outputs from the Group ORSA analysis.

The Group ORSA will be completed annually and will be updated during the year in the event of any material change to the Group's risk profile. The Group ORSA process is performed simultaneously at the level of the Group and its individual insurance companies.

B.4 INTERNAL CONTROL SYSTEM

The Board is responsible for maintaining an effective system of internal control and for ensuring that controls are aligned to risk exposures. The Board also provides reasonable assurances regarding the achievement of the following objectives:

- effective and efficient operations;
- integrity of financial reporting;
- compliance with laws, regulations and internal policies; and
- effective risk management within approved risk appetite limits.

The Group's principles of internal control include establishing:

- clearly defined corporate governance structures and delegated authorities;
- clear lines of responsibility – each operating business and function has clearly defined lines of responsibility;
- financial reporting control procedures and systems;
- the internal control system of each business and function including policies, control procedures and systems which are regularly reviewed;
- reliable information and communication at all levels of the organisation;
- control functions to oversee and monitor the system of internal control; and
- risk management frameworks – the risks to which the Group is exposed are identified and appropriately managed.

The Group promotes the importance of appropriate internal controls via the Group Internal Control Policy which:

- ensures that all personnel are aware of their role in the system of internal control;
- ensures a consistent implementation of the system of internal control across the Group;
- establishes monitoring and reporting mechanisms for decision making processes; and
- establishes processes for employees to raise concerns ("Whistleblowing").

The implementation and maintenance of the system of internal control in each operating business is the responsibility of the executive directors and senior management within the respective business. At Group level this responsibility rests with the Group CEO and Group CFO and ultimately the Board.

Group Policy Suite Framework

The Board has approved a suite of policies. These set out the overriding principles and minimum requirements that the operating businesses must follow to ensure that the key risks to which the Group is exposed are controlled and managed in accordance with the Group's overall risk appetite. The Group Policy Suite is a key component in the Group's system of internal controls. The CEOs of the operating businesses are required to attest on an annual basis that the relevant businesses have complied with the key requirements of the Group Policy Suite.

Three Lines of Defence Assurance Model

The Group uses the three lines of defence model to support and monitor the various control activities undertaken by employees (see B.3.1). The model divides responsibility for risk management between the three lines; the business, Risk and Compliance, and Internal Audit.

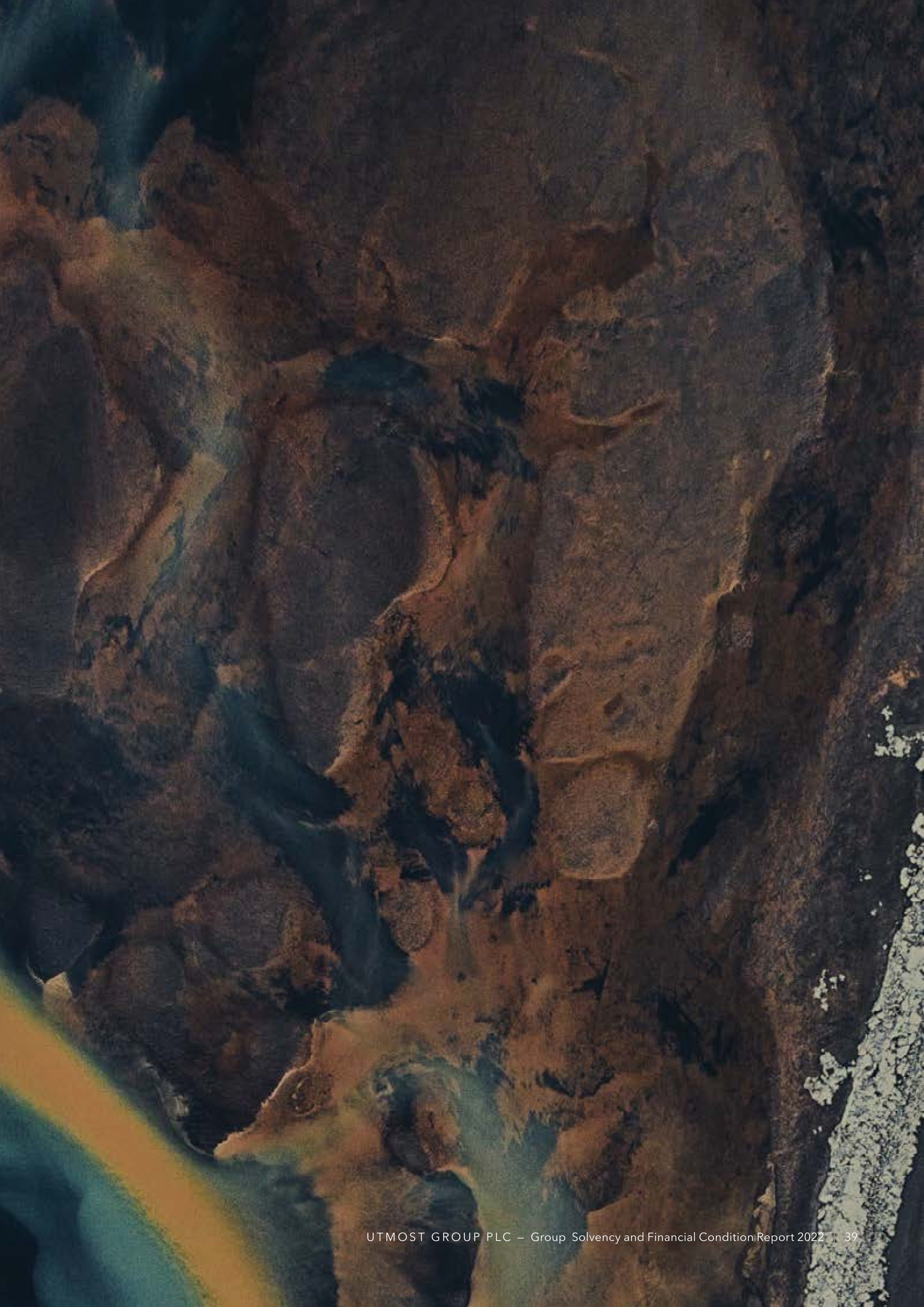
B.4.1 COMPLIANCE FUNCTION

The Group operates within a financial services regulatory regime in the UK and worldwide. The regulators define the standards required within the Group via their rules and guidance, which cover key areas around customer protection and sustainability – with expectations that these principles are embedded in the culture of the business, driven from the top of the organisation and managed via robust governance frameworks.

All employees are required to have an awareness of the requirements with regards to their role to ensure the Group meets the standards required in both letter and spirit, with some SMF holders having specific accountabilities and obligations to the local regulators.

Good compliance standards and risk management helps the Group build trust with customers and other stakeholders, and promotes a culture where positive individual behaviours ensure the customer is at the heart of the systems and controls which enable good customer outcomes and the identification/mitigation of poor practice.

The Group operates a devolved Compliance function which utilises the Compliance teams of each of the relevant operating businesses. The role of each Compliance team is to ensure that the operating business meets the regulatory requirements in the jurisdictions in which it does business. This is overseen at a Group level by the Group Head of Risk and Compliance who reports to the Group CFO and the Chairman of the ARCC.



B.5 INTERNAL AUDIT FUNCTION

GIA is an integral part of the Group's system of internal control and provides independent and objective assurance over the design and effectiveness of the controls in place to manage the key risks impacting the Group.

The GIA function is independent of the operating subsidiaries activities and is not involved directly in revenue generation or in the management and financial performance of any business line. Internal Auditors have neither direct responsibility for, nor authority over, any of the activities reviewed, nor do their review and their appraisal relieve other persons in the Group of responsibilities assigned to them. Internal Auditors are not responsible for developing, revising or installing systems, policies or procedures, or for appraising an individual's performance in relation to the operations that are being audited.

The GIA function is led by the GHoIA, who reports to the Chairman of the ARCC. The Head of Internal Audit ("HoIA") for each operating subsidiary reports to the relevant AC. The GIA function is responsible for regularly assessing the adequacy of the system of internal control of the Utmost Group and its operating subsidiaries, and reporting its findings to the relevant boards (via their ACs). GIA personnel report directly to the GHoIA, with each HoIA having a dotted reporting line, for administrative purposes, to the operating subsidiary CEO.

Internal Audit activity is carried out based on the framework of risk-based annual audit plans that are prepared and submitted for review and approval by the appropriate Group or operating business AC. Upon approval, the GHoIA distributes the plan to senior management and executes the plan during the audit plan period. At the GHoIA's discretion or at the request of an AC or member of senior management, other unannounced audits may be completed.

The Internal Audit charter defines the framework for the activities of the Group Internal Audit function and is approved by the subsidiary boards (via their ACs). The GHoIA prepares a quarterly report for the Group and operating business ACs.

The Internal Audit reporting structure and the charter allow the GIA function to be independent of the functions audited. It provides the GIA function full, free and unrestricted access to all operations, records, property and personnel. It provides the authority to allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.

During their audit planning process the Internal Audit team review the entire risk universe and identify the highest risk items that need to be covered by risk-based audits. They also identify processes which, although not necessarily constituting significant risks, still need to be reviewed on a cyclical basis to ensure that the audit process achieves sufficient breadth of coverage. Throughout the audits themselves, the GIA team identifies potential key risks and examines how effectively they are mitigated through assessing the design and operational effectiveness of key internal controls, information systems, governance, risk management and financial reporting. Where appropriate, the GIA function institutes a program of testing.

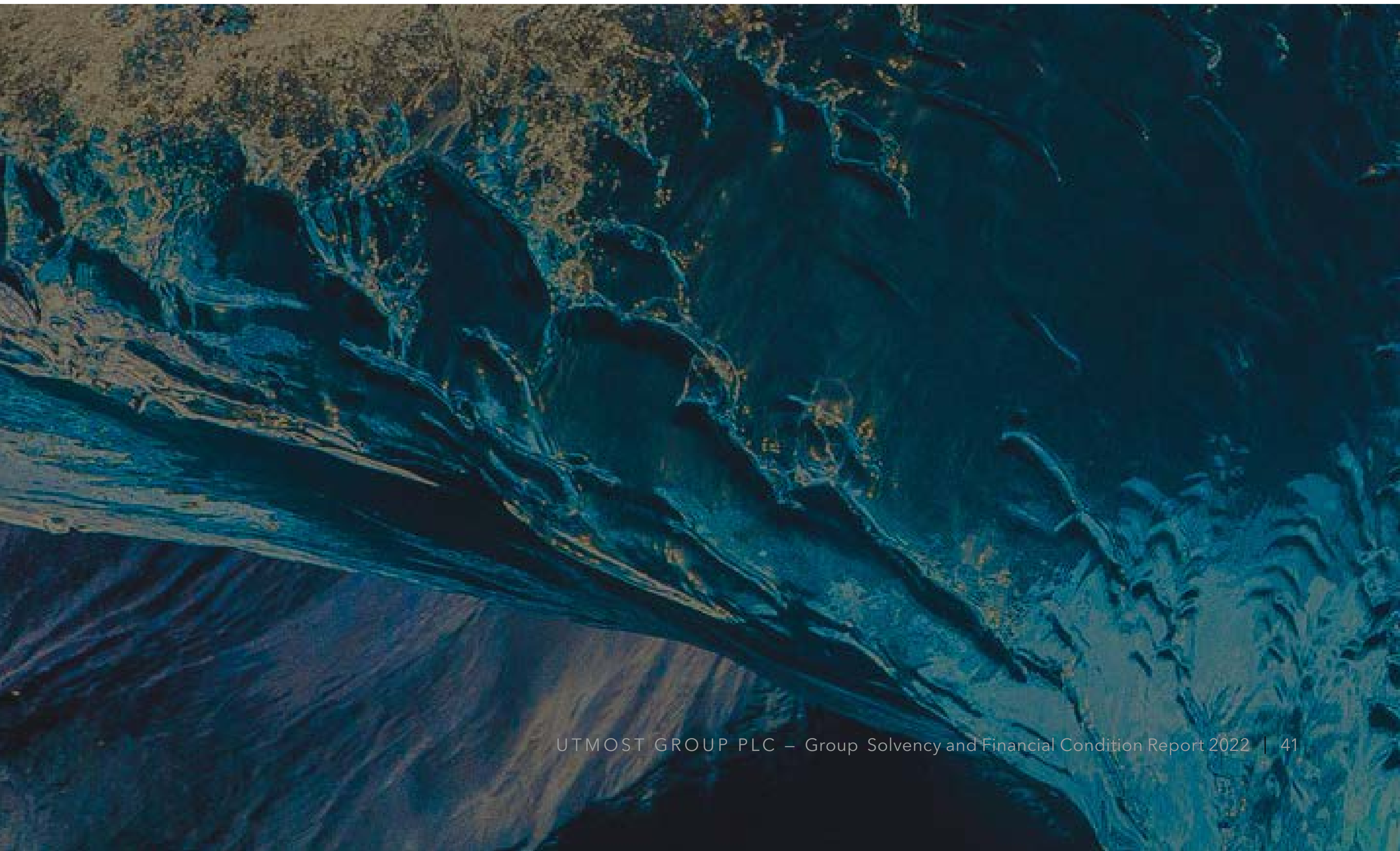
B.6 ACTUARIAL FUNCTION

The operating subsidiaries have well-established Actuarial functions that are each led by a Head of Actuarial who is certified by local regulators. The Actuarial functions of the operating subsidiaries are staffed and resourced by suitably skilled and experienced actuarial professionals. The authorities and responsibilities of the Head of Actuarial Function of the operating subsidiaries as set out in Article 48 of the SII Directive, are detailed in the operating businesses' Actuarial function Policies and SFCRs.

Utmost's Head of Group Actuarial is responsible for reviewing the activities of the operating business Actuarial functions and consolidating the operating business results into the Group's financial statements and solvency reports. Overall responsibility for these activities rests with the Group CFO.

The key activities undertaken by the Group Actuarial team are summarised below:

- review of the technical provisions and capital requirements consistent with SII regulations;
- coordinate the consolidation of the Group SCR and MCGSCR;
- support the Group ORSA process;
- support annual SII reporting for the Group;
- coordinate and consolidate Group specific stress and scenario testing;
- monitor the Group's capital position and financial condition to report any findings to the Group CFO and Board;
- review the experience analysis of the operating businesses; and
- review the solvency reporting of the operating businesses.



B.7 OUTSOURCING

B.7.1 OUTSOURCING POLICY

Outsourcing of specific business activities can be used to reduce or controls costs, to free internal resources and capital and to utilise skills, expertise and resources not otherwise available in the Group. Outsourcing such activities may expose the Group to additional risks which need to be identified and managed appropriately.

The Group has established an Outsourcing Management Policy which requires that a considered approach be taken to outsourcing, designed to ensure that no outsourcing arrangement will be entered into if it would entail unacceptable risk. While an outsourced activity will be performed by an Outsourced Service Provider (“OSP”), the Group recognises that it remains fully responsible for discharging all its obligations when outsourcing any activity or function. The Group must have controls in place to ensure the service provided is adequately performed. The Group does not permit the outsourcing of a critical or important operational function or activity in such a way as to lead to any of the following:

- materially impairing the quality of the Group system of governance;
- unduly increasing the level of operational risk;
- impairing the ability of regulators to monitor compliance with regulatory obligations; and
- undermining continuous and satisfactory service to customers and other stakeholders.

The Board and senior management of the Group and operating subsidiaries must retain the necessary expertise to manage outsourcing risks and provide oversight of any critical and important outsourcing arrangements.

Each of the operating businesses has outsourcing policies which align with specific local regulations and the key requirements of the Group Outsourcing Management Policy, including:

- Outsourcing Strategy and Business Justification
- Responsibility, Skills and Knowledge
- Negotiation and Contracts
- Critical and Important OSP Arrangements
- OSP Risk Management
- OSP Approval
- Compliance
- OSP Due Diligence
- Intra-Group Outsourcing
- Cross-Functional Outsourcing
- OSP Monitoring and Management
- OSP Business Continuity
- OSP Exit Strategies

UGP has entered into an outsourcing arrangement with a firm of consultants, Wraxall Capital Solutions Limited, in relation to the implementation of IFRS17.

Material Outsourcing Arrangements

Details of the material outsourcing arrangements of the operating businesses are set out below. All of these providers have entities located within the UK, the EU, the Isle of Man or Guernsey.

Utmost Life and Pensions Holdings Limited and its subsidiaries

ULPL has outsourced its investment management to a number of managers, including J.P. Morgan Asset Management, Goldman Sachs Asset Management and abrdn and its fund accounting to HSBC Securities Services. It has outsourced its IT function to ATOS. The ULPL CFO is the key function holder with responsibility for these arrangements.

Utmost Holdings Isle of Man Limited and its subsidiaries

UIIOM does not have any material direct third-party outsourcing arrangements. All insurance management services are provided by Utmost Administration Limited ("UAL") who in-turn relies on the services of USL; an internal service provider, for the provision of staff, services, and systems for its business activities, in addition to other Utmost Group Companies (Utmost International Group Holdings Limited ("UIGHL"), UW and UPE). There are relevant formal service agreements in place to manage these arrangements.

USL through its relationship with Utmost International Business Services Limited ("UIBS") has a critical outsource of transitional services with Quilter Business Services Limited, namely the provision of IT infrastructure and support until November 2023 at which point these services are to be brought inhouse. USL has two main critical outsource providers the first of which is Tata Consultancy Services which provides an administrative platform for an UIIOM Portfolio bond book, through both its UK and India operation. The second is HCL Technologies which provides IT support services to the UIIOM Unit linked administration system through its business embedded staff and its UK and India operations. All remaining outsource providers for UIIOM are not classed as critical to providing the ongoing service.

USL’s outsourcing and procurement teams are responsible for conducting due diligence and risk assessment in relation to potential OSPs and arranging for their onboarding. It is responsible for the ongoing oversight and monitoring of all OSPs, both critical and non-critical.

B.7 OUTSOURCING (CONTINUED)

Utmost Holdings Ireland Limited and its subsidiaries

UPE has ten critical outsource providers, and four non-critical service providers. External arrangements are in place between UPE and third Party OSPs such as SS&C, Cuna and Marsh. There are internal intra-group arrangements between Utmost entities in Ireland, the Isle of Man and Guernsey. There is a service agreement in place with an internal service provider, USIL, for the provision of staff, services, and systems for its business activities.

UPE's outsourcing team is responsible for conducting due diligence and risk assessment in relation to potential OSPs and arranging for their onboarding. It is responsible for the ongoing oversight and monitoring of all OSPs, both critical and non-critical.

Utmost Worldwide Limited and its subsidiaries

UW and its subsidiaries have eight critical external outsource providers. External arrangements are in place between UW and third-party OSPs including Europe Assist, Pangea International Risk Management Services Inc, Wakely, Canaccord, Willis Towers Watson, Milliman AG and Equiom. There are internal intra-group arrangements between Utmost entities in Guernsey and Ireland. Utmost Worldwide's operational managers are responsible for conducting due diligence and risk assessment in relation to potential OSPs and arranging for their onboarding. They are responsible for the ongoing oversight and monitoring of all OSPs, both critical and non-critical.

B.8 ANY OTHER INFORMATION

No other information on the Group's system of governance is considered material to require disclosure in this section.

C

RISK PROFILE

Section C describes the risks faced by the Group including underwriting risks, market risks and credit risks with specific information provided on the profile of regulatory capital held.

The Group has adopted the Standard Formula specified in the SII legislation to assess the capital risks within the Group, covering underwriting, market, credit and operational risks. These risk profiles and the Group's liquidity risk profile are described individually in Sections C.1 to C.5.

THE UTMOST STRATEGIC RISK PROFILE

GROUP RISK STRATEGY

The risk strategy of UGP utilises a devolved approach with full risk frameworks in each of the four operating businesses combined with oversight from the Group. Using this approach, risk management is focused directly on where it arises. Group oversight is provided to enable consistency and provide challenge.

EXTERNAL ENVIRONMENT

After a year in which global markets and investor sentiment rebounded, 2022 was marked by a very different backdrop. Heightened geopolitical tensions exacerbated rising global inflation and central bank rates were increased across the western hemisphere.

The backdrop in 2023 remains uncertain. Considerable question marks around the path for inflation and central bank policy remain, as well as the potential impacts on economic growth from the rapid tightening in financial conditions. There is potential for an escalation in geopolitical tensions. Future impacts from the COVID-19 pandemic are uncertain, with China ending its zero-COVID Policy.

UGP is subject to ongoing stress testing based on extreme market conditions and holds adequate capital and liquidity to withstand such conditions.

The regulatory landscape is expected to evolve over 2023 including planned changes to how the UK regulatory framework for financial services will develop outside the EU. While it is too early to fully determine how this will impact Utmost Group, consultations run by HM Treasury indicate that this is not expected to materially impact the Group.

UTMOST'S CAPITAL RISK PROFILE

Sections C.1 to C.5 contain specific information on the profile of regulatory capital held for the Group.

Based on the Standard Formula, the Group had an SCR of £996m at 31 December 2022. The table below shows the Group SCR breakdown by risk category (after intra-module diversification) including the contribution to the overall Group SCR for the non-insurance entities.

RISK MODULES	2022 £m	2021 £m
Underwriting risk	770.4	791.7
Market risk	516.8	649.2
Counterparty default risk	55.6	60.7
Total before diversification	**1,342.8**	**1,501.6**
Diversification	(308.5)	(349.4)
Basic SCR	**1,034.3**	**1,152.1**
Operational risk	47.9	47.3
Loss absorbing capacity of deferred taxes	(63.3)	(57.5)
Loss absorbing capacity of technical provisions	(23.1)	(32.3)
Other financial sector entities	0.3	0.3
Group SCR	**996.1**	**1,109.9**

C.1 UNDERWRITING RISK

Underwriting risk arises through exposure to unfavourable operating experience within the Group.

The Group's primary exposure to underwriting risk is associated with life insurance policies, arising from both new and in-force policies. Health underwriting risk arises from UCS, which is open to new business, but exposures are limited through the use of reinsurance. There is also a small amount of non-life risk that was acquired as part of an acquisition. The non-life products to which the latter risk relates is now closed to new business.

C.1.1 UNDERWRITING RISK EXPOSURE

The underwriting risk exposures for the Group are as follows:

- **Lapse Risk**
  Defined as the change in liabilities due to actual exit rates differing from expected exit rates. Exits can happen from either the partial or full surrender of a policy. This also includes the risk of a catastrophic event resulting in a mass lapse of policies;
- **Expense Risk**
  Defined as a change in the value of liabilities resulting from changes in the expenses incurred in servicing insurance contracts;
- **Longevity Risk**
  Defined as a change in the value of liabilities resulting from mortality rates being lower than expected leading to an increase in the value of insurance liabilities;
- **Mortality Risk**
  Defined as a change in the value of liabilities resulting from mortality rates being higher than expected leading to an increase in the value of insurance liabilities;
- **Life Catastrophe Risk**
  Defined as the change in the value of the liabilities, resulting from extreme or irregular events in the life insurance business;
- **Disability Risk**
  Defined as the change in the value of the liabilities, resulting from a change in morbidity;
- **Health Risk**
  Defined as the change in the value of the liabilities, resulting in the level of health claims being higher than expected; and
- **Non-Life Risk**
  Defined as the change in the value of liabilities as a result of claims on a closed legacy non-life book.

C.1.2 UNDERWRITING RISK PROFILE

Life underwriting risk is measured through the following approaches:

- the capital requirement for each underwriting risk exposure is calculated using the SII Standard Formula;
- sensitivity testing is performed in respect of material underwriting risks to determine the impact of changes in experience on the value of Own Funds, the SCR and the Group Solvency Coverage Ratio; and
- scenario testing is performed to measure the potential effect on the Group's solvency position and risk profile of alternative scenarios involving short-term or long-term changes to one or more of the underwriting risk variables.

The capital requirements for life underwriting risks at 31 December 2022 are set out in the following table:

LIFE UNDERWRITING RISK CATEGORY	2022 £m	2021 £m
Lapse risk	631.1	594.0
Expense risk	148.4	220.9
Longevity risk	19.2	37.2
Mortality risk	19.5	19.0
Life Catastrophe risk	11.7	8.2
Disability risk	2.1	2.4
Subtotal	**831.9**	**881.6**
Diversification within risk module	(100.1)	(125.6)
Life underwriting risk SCR	**731.8**	**756.0**

The capital requirements for these risks represent losses due to extreme adverse scenarios which would arise approximately once in every 200 years.

Health and non-life underwriting risks are not material and therefore have not been disclosed in further detail.

C.1 UNDERWRITING RISK (CONTINUED)

C.1.3 UNDERWRITING RISK MANAGEMENT AND MITIGATION

Reinsurance Strategy

The Group has a number of reinsurance objectives including:

- to provide balance sheet and income statement protection against material losses and events in accordance with the relevant risk appetite statement;
- to manage volatility in the financial performance;
- to provide support to emerging portfolios in new geographic territories or new product lines; and
- to provide protection against concentrations of risk, particularly in the UCS portfolio.

The reinsurance arrangements are monitored in relation to the limits and strategy set out in the Underwriting Policy and Reinsurance Policy and in conjunction with the Group's overall business strategy.

Mitigation

The table below sets out the specific risk management and risk mitigation approaches used in respect of underwriting risk exposures.

C.1.4 UNDERWRITING RISK CONCENTRATION

The Group does not have any material concentrations of lapse, expense or mortality risks.

RISK MITIGATION	DESCRIPTION
ECONOMIC CAPITAL	Economic capital held on the Group's balance sheet in respect of each of its material underwriting risk exposures derived using the SII Standard Formula approach.
REINSURANCE	Full or partial transfer of underwriting risk to reinsurance counterparties, including the use of longevity-swap arrangements on the Group's in-payment annuities.
ASSUMPTION SETTING	Annual assumption setting exercise to ensure that the assumptions used to determine the Group's technical provisions appropriately reflect the current best-estimate of future underwriting experience.
CLAIMS UNDERWRITING	Underwriting to determine the initial or ongoing validity of claims as a result of exclusion clauses, non-disclosure, fraud, etc.
BUDGET REFORECASTING	Regular updates to the Group's business plan and expense budget to ensure forecasts continue to reflect expected experience.
COST CONTROL	Cost control activity to ensure expenditure remains within plan.
RISK MONITORING	Regular senior management and Board level review of the risk measures discussed in Section C.1.2.

Not all of the above risk management and mitigation approaches are used in respect of all of the Group's different underwriting risk exposures.

C.2 MARKET RISK

Market risk is the risk arising from changes in the markets to which the Group has an exposure. This impacts the Group through potential reductions in future fee revenues that are linked to AUA leading to a reduction in Own Funds. This could arise due to falls in the value of assets underlying unit linked funds, as a result of changes in equity, bond and property values, interest rates and foreign currency exchange rates.

The market risk capital requirement of the operating businesses of the Group is mainly driven by the exposure to market risks from both the fee income from its unit linked business and in relation to its shareholders funds.

C.2.1 MARKET RISK EXPOSURE

The key market risk exposures for the Group are as follows:

› **Equity Risk**
A reduction in equity values reducing future fee income arising from a percentage of AUA. Adverse changes in the level of equity prices could reduce the value of the Group assets. Equity risk primarily arises from the unit linked and with-profits funds; shareholder investments are not invested in equities under the ALM Policy.

› **Interest Rate Risk**
Risk of unexpected changes in the level and/or shape of the term structure of risk-free interest rates which can adversely affect the value of Group's assets, liabilities, capital requirements and/or cash flows.

› **Currency Risk**
Where the movement in exchange rates can reduce the value of an asset and hence reduce future fee income. There is also a risk of loss or of adverse change in the Group's financial situation (e.g. decreasing the value of the Group's assets or increasing the value of its liabilities) resulting, directly or indirectly, from fluctuations in the level and in the volatility of foreign exchange rates.

› **Spread Risk**
Defined as the risk of adverse changes in the market value of the assets due to changes in the level and/or volatility of credit spreads. The market value of an asset can decrease due to spreads widening caused by changes in the view of an issuer's creditworthiness or due to a systemic reduction in the price of credit assets.

› **Property Risk**
Where movements in property values reduce asset values and future fee income arising from a percentage of AUA.

› **Concentration Risk**
Risk associated with concentrated exposure within the AUA and shareholders funds.

The most material market risk exposure in terms of risk capital is equity risk (which arises primarily on the Group's significant in-force unit linked policies). The other material market risks are currency, due to the geographical make-up of the Group and the underlying investments of the policyholders and spread risk.

C.2.2 MARKET RISK PROFILE

Market risk is measured through the following approaches:

› the capital requirement for each market risk exposure is calculated using the SII Standard Formula;

› sensitivity testing is performed in respect of market risks in order to determine the impact of market movements on the value of Own Funds, SCR and the Group Solvency Coverage Ratio; and

› scenario testing is performed to assess the impact of a severe economic downturn arising over the business planning period.

The capital requirements for market risks as at 31 December 2022 are set out in the following table:

MARKET RISK CATEGORY	2022 £m	2021 £m
Equity risk	306.4	437.6
Interest Rate risk	72.0	-
Currency risk	239.6	250.5
Spread risk	76.5	100.4
Property risk	4.7	5.3
Concentration risk	15.4	4.0
Subtotal	**714.6**	**797.8**
Diversification within risk module	(197.7)	(148.7)
Market risk SCR	**516.8**	**649.2**

Global financial markets continue to be volatile with considerable question marks around the future path for inflation and central bank policy as well as the potential for adverse impacts on economic growth from the rapid tightening in financial conditions. Further shocks may arise from factors such as an escalation in geopolitical tensions or ongoing COVID-19 developments, including those resulting from China ending its zero-COVID Policy.

C.2 MARKET RISK (CONTINUED)

Crystallisation of these events have direct consequences to the value of Own Funds for the Group as Own Funds includes an allowance for future revenues. The overall impact has been relatively modest with reductions in fee income from annual management charges being offset by the depreciation of the British pound. The impact on the Group solvency position is also limited as movements in the Own Funds generally also result in similar movements in the SCR.

C.2.3 PRUDENT PERSON PRINCIPLE AND INVESTMENT OF ASSETS

The Group's investment policies and practices incorporate the principle of 'Prudent Person'. This stipulates that the Group may only invest in assets and instruments whose risks it can properly identify, measure, monitor, manage, control and report and appropriately take into account in the assessment of its overall solvency needs.

The Group uses ALM and invests shareholder assets in low risk investments such as government bonds. There are exposure limits for individual counterparties and a Group Investment and Market Risk Policy.

The Group complies with the SII requirements relating to the Prudent Person Principle.

C.2.4 MARKET RISK MANAGEMENT AND MITIGATION

The table below sets out the specific risk management and risk mitigation approaches the Group uses in respect of its market risk exposures.

C.2.5 MARKET RISK CONCENTRATION

The Group's market related risk concentrations are covered in Section C.3.4.

Credit risk is the risk that the Group is exposed to a loss if another party fails to meet its financial obligations to the Group.

RISK MITIGATION	DESCRIPTION
ECONOMIC CAPITAL	Economic capital held on the Group's regulatory balance sheet in respect of each of its material market risk exposures – derived using the SII Standard Formula approach.
ASSET LIABILITY MANAGEMENT	The Group actively pursues an ALM strategy.
INVESTMENT GUIDELINES – LIMIT STRUCTURES	The Investment Guidelines for each of the Group's investment portfolios set out limit structures for the assets permitted within each portfolio. Market risk is an important factor in the choice of available assets.
CAPITAL MANAGEMENT OF WITH PROFIT SUB FUNDS ("WPSFs")	The Group aims to have the WPSFs standing alone and meeting their own capital requirements (excluding operational risk). The market risk exposure of the WPSFs is controlled to facilitate this.
RISK MONITORING	Regular senior management and Board level review of the risk measures discussed in Section C.2.2.
FEE STRUCTURE	Fixed fees and charges help reduce impact of market volatility on income.

Not all of the above risk management and mitigation approaches are used in respect of all of the Group's different market risk exposures.

C.3 CREDIT RISK

C.3.1 CREDIT RISK EXPOSURE

The key credit risk exposures for the Group are as follows:

- **Default Risk**
  Defined as the risk of incurring losses because of the inability of a counterparty to honour its financial obligations. Prescribed stresses are applied to model default risk in the bond portfolio (referred to as Credit Default Risk) and default risk arising from the default of counterparties in cash deposits, risk mitigations contracts (including reinsurance) and other types of exposures subject to credit risk (referred to as Counterparty Default Risk); and
- **Downgrade Risk**
  Defined as the risk of counterparties being downgraded, increasing the probability of default leading to additional capital requirements.

C.3.2 CREDIT RISK PROFILE

The Group's credit risk profile is derived from the SII Standard Formula counterparty risk module.

As at 31 December 2022 the Group SCR for credit risk was £56m (2021: £61m).

While there are positive signs of recovery in the global economy, a number of risks still exist that could impede global economic growth in 2023 and result in an increase in credit risk exposure. Sustained high inflation and corresponding increases in interest rates risk further slow downs in growth increasing the risk of recession for a number of economies. This may be exacerbated by factors including fiscal challenges in light of rising public debt, continuing COVID-19 developments or any further global trade tensions and disruption to global supply chains.

The Group actively monitors the creditworthiness of counterparties and diversifies exposures in order to limit exposure to any one counterparty.

C.3.3 CREDIT RISK MANAGEMENT AND MITIGATION

The table below sets out the specific risk management and risk mitigation approaches the Group uses in respect of its credit risk exposures.

C.3.4 CREDIT RISK CONCENTRATION

The Group has substantial holdings (£106m) in UK government issued assets (i.e. gilts). However, these assets are considered to be risk-free. As such, the Group does not consider that these exposures pose a material concentration of risk.

The Group's shareholder assets are well diversified. There is not a significant exposure to a single named counterparty and therefore, the credit risk concentration on financial assets is immaterial.

Liquidity risk is the risk that the Group, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

RISK MITIGATION	DESCRIPTION
ECONOMIC CAPITAL	Economic capital is held on the Group's regulatory balance sheet in respect of each of its material credit risk exposures derived using the SII Standard Formula approach.
INVESTMENT GUIDELINES - LIMIT STRUCTURES	The Investment Guidelines for each of the Group's investment portfolios include credit related exposure limits which constrain the assets permitted within each portfolio.
ASSET OPTIMISATION	Optimisation of assets within specific portfolios to reduce excess exposure to credit risk.
MATCHING ADJUSTMENT	Adherence to the requirements necessary to maintain approval to use the MA, which includes Asset Liability Management.
RISK MONITORING	Regular senior management and Board level review of the risk measures discussed in Section C.3.1.

Not all of the above risk management and mitigation approaches are used in respect of all of the Group's different credit risk exposures.

The Group does not anticipate making any material changes to its current approach to managing and mitigating its credit risk exposures. In particular, it currently has no plans to either introduce any new or stop using any existing risk mitigation practices.

C.4 LIQUIDITY RISK

C.4.1 LIQUIDITY RISK EXPOSURE

Liquidity monitoring is completed by each of the life insurance entities using the Group's prescribed methodology. Group liquidity forecasting and budgeting is monitored using management information provided to the Board.

Another key liquidity risk is internal borrowing from policyholder funds. Internal borrowing can improve liquidity at a lower cost than external borrowing. To reduce liquidity risk the amount of borrowing is capped at the surrender fees that would be due in the event policyholders exited.

When considering liquidity risks, one of the key elements within UPE is the Italian Withholding Tax Asset ("WTA"). The Italian WTA is a prepayment (£109m as at 31 December 2022) of policyholder capital gains tax that UPE makes to the Italian Tax Authority. UPE can reclaim it either from:

- deductions from future payments to the Italian Tax Authority via a five year offset mechanism; or
- by way of deduction of tax at source from payments to policyholders, where the payment includes capital gains made by policyholders.

C.4.2 LIQUIDITY RISK PROFILE

Liquidity risk is not one of the Group's primary risk exposures on the basis that:

- liquidity in each entity is regularly monitored, including under stress;
- across the Group there is significant liquidity; and
- the Group's in-payment annuities, which form the bulk of the non-linked contracts in force, may not be surrendered or transferred at the policyholder's option.

There are other policies which include the right to surrender or transfer the policy on demand, with the surrender or transfer value calculation method being determined by the policy conditions. The majority of such contracts are unit linked, where the liabilities are matched by assets held in internal linked funds.

C.4.3 LIQUIDITY RISK MANAGEMENT AND MITIGATION

The Group has an active liquidity risk management process. The table below sets out the specific risk management and risk mitigation approaches the Group uses in respect of its exposure to liquidity risk.

C.4.4 EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS ("EPIFP")

The Group calculates EPIFP in accordance with the requirements of Article 260 of the SII Delegated Acts. The regulation stipulates that the EPIFP shall be set equal to the difference between:

1. The Best Estimate Liability ("BEL") calculated in accordance with the SII requirements.
2. A BEL calculated under the assumption that future premiums are not received for any reason other than the insured event having occurred (i.e. all policies are effectively treated as paid up at the valuation date).

EPIFP is calculated separately for different Homogenous Risk Groups ("HRGs"), provided that grouped contracts are also homogenous in relation to EPIFP. Within the same HRG, profit-making policies are used to offset loss-making policies.

As at 31 December 2022, the value of the Group's total EPIFP was £14m (2021: £18m), the vast majority of which was from unit linked business.

RISK MITIGATION	DESCRIPTION
ALM	The Group has a process in place to ensure its asset holdings are appropriate to the nature, term, currency and liquidity of its liabilities.
INVESTMENT GUIDELINES – LIMIT STRUCTURES	The investment guidelines for each portfolio set out limit structures for the assets permitted within the portfolio. Liquidity risk is an important factor in the choice of available assets.
MONITORING	The Group reports liquidity metrics to the Board.

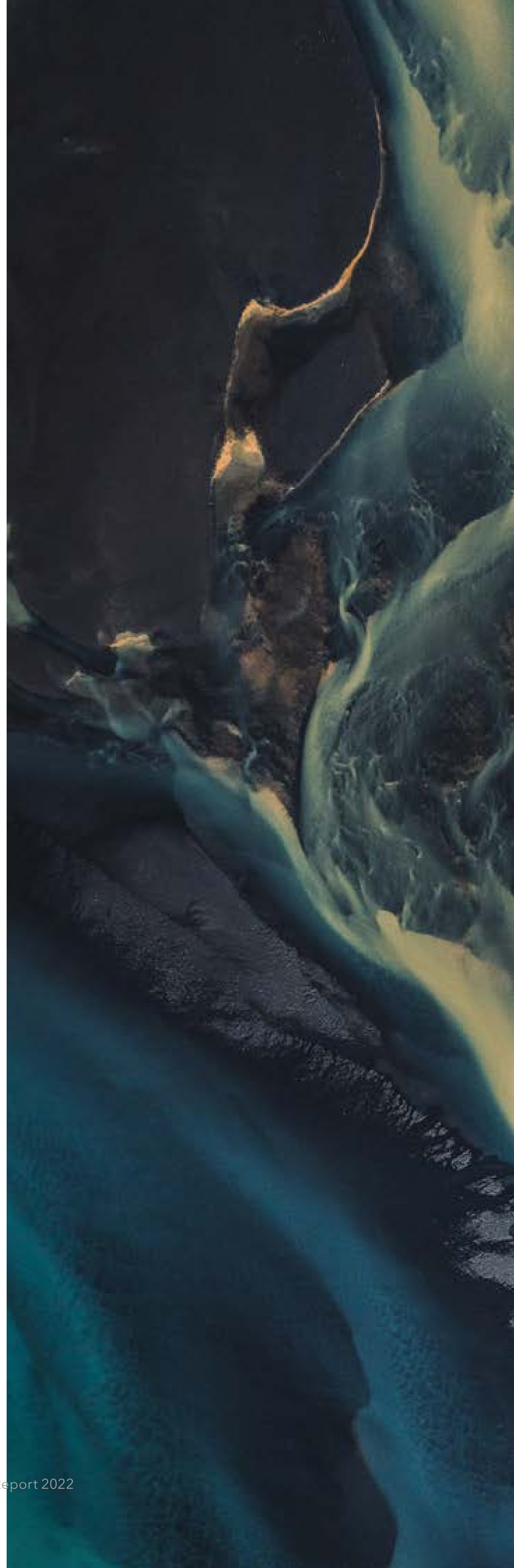
The Group does not anticipate making any material changes to its current approach to managing and mitigating its liquidity risk. In particular, it currently has no plans to either introduce any new or stop using any existing risk mitigation practices.

C.4 LIQUIDITY RISK (CONTINUED)

C.4.5 LIQUIDITY RISK CONCENTRATION

There is no significant concentration of liquidity risk in the Group.

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel, systems, or from external events. Losses from events such as fraud, litigation, damages to premises, cyber-attacks and failure to comply with regulations are therefore covered in the definition.



C.5 OPERATIONAL RISK

C.5.1 OPERATIONAL RISK EXPOSURE

The key operational risk exposures for the Group arise from failures on the part of our employees or from inadequate internal processes or systems. The definition of operational risk includes compliance risk and financial and reporting risk. Operational risks can be generated by:

- **People**
  Human errors, fraud, unmanaged staff turnover, over-reliance on key personnel, unmatched skills to job requirements and inadequate management oversight;
- **Internal Processes**
  Failure in the design and execution of core insurance and support processes such as sales and marketing, underwriting, policy issuance, customer billing and premium collection, reinsurance placement, claims payments, actuarial reserving and outsourcing processes;
- **Systems**
  Inadequate data and security protections, weak access controls, unstable and overly complex systems, lack of adequate testing prior to production, deficient systems/tools; and
- **External Events**
  Natural disasters (floods, fires, earthquakes, etc.) as well as man-made disasters (terrorism, political and social unrest) that may impact the ability to operate on an ongoing basis; changes in the regulatory environment including new regulations.

C.5.2 OPERATIONAL RISK PROFILE

As at 31 December 2022, the Group SCR for this module was £48m (2021: £47m).

The Russian invasion of Ukraine increased the Group's operational risk profile primarily through the elevated risk of cyber-attacks for the financial services sector and the potential for power shortages at national levels. Additional controls and monitoring were put in place around cyber risk. The Group's business continuity plans have been reviewed in light of potential power shortages to ensure minimal impact on our operations and ensure that we are able to provide essential services to our customers.

High staff turnover rates were experienced across the market in 2022. This brought challenges around resourcing and talent retention. While actions taken over the year minimised the impact of this on the Group's operations it remains unclear whether this trend will continue into 2023. Our HR teams continue to closely monitor the drivers behind this.

C.5 OPERATIONAL RISK (CONTINUED)

C.5.3 OPERATIONAL RISK MANAGEMENT AND MITIGATION

The table below sets out the specific risk management and risk mitigation approaches the Group uses in respect of its operational risk exposures.

C.5.4 OPERATIONAL RISK CONCENTRATION

Given the wide scope of operational risk, any concentration of operational risk is monitored and managed using the details in Sections C.5.3.

RISK MITIGATION	DESCRIPTION
INDIVIDUAL CONTROLS	Individual controls applied to specific operational activities.
CONTROL PROCESSES	Operational controls in place to manage operational risks.
CONTROL POLICIES	Record of the objectives, processes, responsibilities, and reporting procedures in respect of the Group's operational controls.
MANAGEMENT AND MONITORING	Review of operational risk reporting and management information, including regular senior management and Board level review of the risk measures discussed in Section C.5.1.
COMPLIANCE MONITORING	Risk and compliance reviews of operational processes.
ROOT CAUSE ANALYSIS	The Group investigates business incidents and any complaints that have been upheld, to ensure the root causes have been identified and mitigating actions are implemented.
ASSURANCE	Reviews of operational areas by GIA.
ECONOMIC CAPITAL	Economic capital held on the Group's regulatory balance sheet in respect of the Group's overall exposure to operational risk derived using the SII Standard Formula approach.

Not all of the above risk management and mitigation approaches are used across all of the Group's individual operational risk exposures.

C.6 OTHER MATERIAL RISKS

C.6.1 BUSINESS RISK

Business risks are identified in relation to the choice and execution of the Group's corporate strategy including the integration of the business acquired from Quilter International.

C.6.1.2 BUSINESS RISK MEASURES

The most material business risks are identified using an expert judgement and relative basis and form part of the Group's risk reporting.

C.6.1.3 BUSINESS RISK MANAGEMENT AND MITIGATION

The table below sets out the specific risk management and risk mitigation approaches the Group uses in respect of its exposure to business risk.

RISK MITIGATION	DESCRIPTION
RISK OVERSIGHT	Management and monitoring of individual business risk exposures, with consideration of appropriate management action.
RISK CONTROLS	Individual controls applied to specific business processes or in respect of specific business risks. These are documented in the Group's risk reporting.

The Group does not anticipate making any material changes to its current approach to managing and mitigating its business risk.

C.6.1.4 BUSINESS RISK CONCENTRATION

The Group does not currently carry out any formal investigation into or analysis of concentrations of business risk.

C.6.2 CLIMATE RISK

Climate change presents risks which are relevant to Utmost Group. These can be divided into transition risk, physical risks and liabilities risk:

Transition Risk: The transition to a net zero economy presents financial risks which can arise from a range of factors, including changes in policy, regulation, technology and customer sentiment. Climate-related metrics are being used to understand, assess and disclose the Group's exposure to these risks and potential impacts on asset valuations.

Physical Risk: Physical risks are typically defined as risks which arise from the physical effects of climate change and environmental degradation. They can be categorised either as acute, if they arise from climate-related and weather-related events and an acute destruction of the environment, or chronic, if they arise from progressive shifts in climate and weather patterns or a gradual loss of ecosystem services.

Physical climate risks pose material risks to investors, lenders and insurers and can also give rise to sentiment risk. Financial institutions are using metrics to assess their exposures to these risks, which can vary according to location of assets and supply chain activities and the vulnerability of these assets and activities to a range of acute and chronic climate events and their financial effects.

Liability Risk: Climate-related liability risks may arise directly or indirectly from the actions taken by firms in relation to climate change. These may crystalise where a perceived lack of action or lack of appropriate disclosures result in claims or legal action from external stakeholders.

These risks will crystallise in full over a longer-term time horizon. The impacts of these risks are apparent now and becoming more severe with time.

The Group treats these risks as cross-cutting risks given they have the potential to manifest through a number of principal risk types within the Group's ERM Framework.

A climate risk framework is being embedded across the Group. The framework encourages each of the three lines of defence to consider climate risk in their business-as-usual operations. This embedding is not limited to risk management processes but will be incorporated into the day-to-day management of the business. The Group's culture is such that employees are encouraged to consider the climate impacts of their business function and decision making.

The Group recognises the increased focus of regulators as well as the increasing expectations of employees and policyholders to carefully manage climate risk. As such the Group's focus is increasing and the Group is ensuring it is adequately resourced to manage this risk area.

Further information on Utmost's exposure to and management of climate-related risks can be found in the Group's 2022 TCFD, which is published on Utmost Group's website as part of the Group's Sustainability Report and as part of the Group's Annual Report.

C.7 ANY OTHER INFORMATION

C.7.1 RISK SENSITIVITY ANALYSIS

Scenario testing and sensitivity testing are performed on an annual basis to assess the resilience of the Group to potential stresses and scenarios. The table below sets out the main tools to measure its risks.

MEASUREMENT TOOL	MEASURE
STRESS TESTING	Impact on the Group's Own Funds of a 99.5th percentile one-year level change in the risk variable(s) corresponding to each underwriting risk carried out using the SII Standard Formula calibration.
SCENARIO TESTING	Potential effect on the Group's solvency position and risk profile of alternative scenarios involving short-term or long-term changes to one or more of the Group's underwriting risk variables.
SENSITIVITY TESTING	Impact on the Group's solvency position and Economic Value of changes in the risk variable(s) corresponding to specific risks.
EXPERIENCE ANALYSIS	Comparison of recent demographic and expense experience with historic internal experience, wider industry experience and current best-estimate assumptions
EXPERIENCE MONITORING	Quarterly review of recent experience.
BUDGET ANALYSIS	Comparison of recent experience with budgeted or forecast amounts.
PORTFOLIO REPORTING	Measures and metrics contained within the Group's asset and investment reports which cover its asset portfolios, ALM management and hedging activity.
MARKET MONITORING	Market performance and risk variables such as interest rates, equity indices, spreads and volatility indices.

Not all of the above risk measures are used to measure all of the Group's different risk exposures.

As at 31 December 2022, the Group's surplus capital in excess of the SCR is £904m. The following table shows the change in the value of Own Funds and SCR due to key sensitivities.

SENSITIVITY TEST	IMPACT ON OWN FUNDS		IMPACT ON SCR		IMPACT ON THE SOLVENCY COVERAGE RATIO	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 %	2021 %
Interest rates +100bps	(0.3)	50.7	(31.1)	(24.2)	6%	9%
Interest rates (100)bps	(32.3)	(71.2)	19.8	20.1	(7)%	(9)%
GBP appreciation (20)%	(136.2)	(144.1)	(102.0)	(119.3)	7%	7%
Equity & Property (40)%	(223.9)	(276.9)	(164.9)	(242.2)	11%	17%
Mass Lapse (40)%	(523.6)	(489.5)	(286.1)	(361.3)	3%	20%
Expenses +10%	(98.1)	(111.8)	(8.4)	(2.7)	(8)%	(10)%
Credit spread +200bps	(64.2)	(78.3)	(29.5)	(28.0)	(1)%	(3)%
Inflation +100bps	(41.8)	-	23.8	-	(9)%	-

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VALUATION FOR SOLVENCY PURPOSES

This section describes the main approach, methodology and assumptions used by the Group in valuing its assets and liabilities under SII. It provides a comparison to the valuation methodology and consolidation approach used to provide the IFRS statutory view of the Group's balance sheet.

VALUATION REQUIREMENTS OF ASSETS AND LIABILITIES FOR SOLVENCY II

SII Regulations require assets and liabilities to be valued in accordance with the provisions of Articles 75 to 86 of the SII Directive and related guidance, which effectively state that assets and liabilities should be valued on a market-consistent fair value basis, being the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

The Group uses as its starting point its IFRS balance sheet, based on the accounting policies and methodologies set out in the UGP 2022 Annual Report, and adjusts where needed (as described in this section) to provide a market-consistent economic balance sheet. SII values assets and liabilities based on quoted market prices in actively traded markets. For assets and liabilities not traded in active markets, quoted market prices for similar assets and liabilities are used where available, and in cases where there are no similar assets or liabilities, alternative valuation methods are applied.

The value of the technical provisions is calculated in line with SII rules as the sum of the technical provisions calculated as a whole, including the BEL and the risk margin.

CONSOLIDATION APPROACH

The Group prepares its consolidated SII balance sheet in accordance with 'Method 1', the accounting consolidation-based method ('default method'). This requires the calculation of Group solvency to be based on consolidated data, with the consolidation approaches for SII and IFRS respectively set out in the table below.

A full list of the entities within the scope of the Group as at 31 December 2022 is set out in the in Group QRT S.32.01.22 in Appendix F.1.7, where the type of undertaking is specified for each entity and the level of ownership and control by the Group.

Non-insurance entities (other financial sector undertakings and other non-financial undertakings) are included as participations in the Group SII balance sheet and are therefore not consolidated on a line-by-line basis. Non-insurance entities comprise of Utmost Portfolio Management Limited ("UPM"), Utmost Worldwide (DIFC) Limited, Utmost Trustee Solutions Limited ("UTSL") and Utmost International Trustee Solutions Limited ("UITSL").

A summary of the principal Group entities within each category is shown for ease of reference below.

TYPE OF UNDERTAKING	RELATED UNDERTAKINGS AND LOCATION WITHIN THE GROUP	SII APPROACH	IFRS APPROACH
Insurance or reinsurance undertaking, insurance holding company or mixed financial holding company	Utmost Worldwide Limited (Guernsey) Utmost PanEurope dac (Ire) Utmost Life and Pensions Limited (UK) Utmost Bermuda Limited (BM) Utmost International Isle of Man Limited (IOM) Holding companies of the insurance entities (IOM/Gsy/Ire/UK)	Full consolidation on a line-by-line basis, using SII valuation basis.	Full consolidation on a line-by-line basis if the undertaking is controlled by the Group, using IFRS valuation basis.
Ancillary service undertakings	Utmost Services Limited (IOM) Utmost International Business Services Limited (IOM) Utmost Services Ireland Limited (Ire) Utmost Life and Pensions Services Limited (UK) Utmost International Middle East Limited (AE)	Full consolidation on a line-by-line basis, using SII valuation basis.	Full consolidation on a line-by-line basis if the undertaking is controlled by the Group, using IFRS valuation basis.
Other financial sector undertakings	Utmost Portfolio Management Limited (Gsy) Utmost Worldwide (DIFC) Limited (AE) Utmost Trustee Solutions Limited (IOM) Utmost International Trustee Solutions Limited (IOM)	Included using the sectoral valuation basis, taking into account the Group's ownership percentage.	Valued on the basis of the Group's proportional share of the undertaking's Own Funds (100%) calculated in accordance with the relevant sectoral rules.

CONSOLIDATION APPROACH (CONTINUED)

The Group's SII balance sheet as below as at 31 December 2022 shows the comparison between assets and liabilities under IFRS and SII.

SUMMARY BALANCE SHEET £m	REF.	IFRS	SII ADJUSTMENTS	REALLOCATIONS	2022 SII	2021 SII
ASSETS						
Goodwill and intangible assets	D.1.1	940.3	(940.3)	-	-	-
Contract costs	D.1.2	89.2	(89.2)	-	-	-
Deferred tax asset		1.9	(0.3)	-	1.6	-
Pension benefit surplus	D.3.6	9.7	-	-	9.7	3.0
Property, plant and equipment held for own use	D.1.3	31.2	(3.7)	(0.2)	27.3	25.9
Investments (other than assets held for index linked and unit linked contracts)	D.1.4	1,694.2	265.8	1.5	1,961.6	2,282.6
Holdings in related undertakings	D.1.5	-	4.2	-	4.2	3.2
Assets held for index linked and unit linked contracts	D.1.6	56,921.4	(0.7)	-	56,920.7	61,978.5
Loans and mortgages	D.1.7	-	166.1	0.7	166.8	173.1
Reinsurance recoverables	D.1.8	976.4	(80.3)	-	896.0	1,065.1
Deposits to cedants	D.1.9	-	-	-	-	-
Insurance and intermediaries receivables		78.1	-	(20.1)	58.0	40.1
Reinsurance receivables		15.8	1.2	1.1	18.1	24.2
Receivables (trade not insurance)		122.1	(11.8)	18.1	128.4	117.4
Cash and cash equivalents	D.1.10	462.4	(258.6)	(1.5)	202.3	252.2
Any other assets, not elsewhere shown	D.1.10	217.4	(182.6)	(0.1)	34.7	26.5
Total assets		**61,560.0**	**(1,130.2)**	**(0.4)**	**60,429.4**	**65,991.9**
LIABILITIES						
Technical provisions for investment contract liabilities	D.2.4	54,960.7	(1,584.7)	2,778.7	56,154.7	61,356.2
Liabilities under insurance contracts*	D.2.4	4,225.4	356.9	(2,810.3)	1,772.0	2,118.8
Provision other than technical provisions		3.2	(0.1)	1.0	4.1	4.6
Unallocated surplus	D.3.1	92.5	(92.5)	-	-	-
Subordinated liabilities	D.3.2	400.7	(99.2)	(1.5)	300.0	397.2
Deferred tax liability		48.0	18.2	-	66.2	68.6
Deferred fee income	D.3.3	77.1	(77.1)	-	-	-
Pension benefit obligation	D.3.4	0.7	-	-	0.7	1.4
Other liabilities	D.3.7	488.7	(4.3)	31.8	516.2	449.2
Total liabilities		**60,297.0**	**(1,482.8)**	**(0.4)**	**58,813.8**	**64,396.0**
Excess of assets over liabilities		**1,263.0**	**352.6**	**-**	**1,615.6**	**1,595.9**

*The £2,810.3m reclassification from 'Liabilities under insurance contracts' to 'technical provisions for investment contract liabilities' relates to unit linked with-profits insurance business written by the Group, as presented in Section D.2.1 which is classified within technical provisions – Index Linked and Unit Linked in the SII balance sheet S.02.01.02 as shown in Appendix F.1.1.

D.1 ASSETS

The section below describes the main valuation bases and assumptions applied in calculating the material items as presented on the Group's SII balance sheet.

Assets have been valued according to requirements of the SII Directive and related guidance. The basis of the SII valuation principle is the amount for which the asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

The description of valuation differences between SII and IFRS balance sheets, by material class, are provided below.

D.1.1 GOODWILL AND INTANGIBLE ASSETS

Under SII rules, goodwill is valued at nil. Intangible assets are fair valued to the extent there is available market information; the Group's valuation of intangible assets at 31 December 2022 is nil (2021: nil). For the Group's acquired value of in-force business ("AVIF"), which is shown as an asset under IFRS reporting, any future cash flows associated with the emergence of profit on the in-force business are included within the calculation of the SII technical provisions.

D.1.2 CONTRACT COSTS

Under SII rules, deferred acquisition costs ("DAC") and contract costs are valued at nil, and similar to the AVIF detailed above, any future cash flows relating to historical acquisition costs are included within the calculation of the SII technical provisions.

D.1.3 PROPERTY, PLANT AND EQUIPMENT HELD FOR OWN USE

The Group values property, plant and equipment based on its IFRS valuation basis, adjusted for any material differences in deriving fair value. Following the adoption of IFRS 16 'Leases' on 1 January 2019, this category includes the capitalised 'right of use' ("ROU") asset in respect of lease agreements (principally leased office space), for which the Group assesses the IFRS valuation for any material differences in determining the fair value of the ROU asset. A corresponding lease liability, representing the discounted cash flows in respect of lease payments, is included within 'other liabilities'. Refer to Section D.1.11 for details of ROU assets.

D.1.4 INVESTMENTS (OTHER THAN ASSETS HELD FOR INDEX LINKED AND UNIT LINKED CONTRACTS)

The majority of the Group's investment portfolio is measured at fair value for the IFRS balance sheet, as required under IFRS 9 'Financial Instruments' and IFRS 13 'Fair Value Measurement', based on quoted market prices in actively traded markets. No significant estimates or assumptions are applied by the Group as at 31 December 2022 in respect of valuing these investments.

D.1.5 HOLDINGS IN RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS

This balance comprises holdings in related undertakings that are not fully consolidated. In the IFRS financial statements, the Group consolidates all entities on a line-by-line basis.

Under SII, due to the different consolidation approach, subsidiary undertakings outside the insurance consolidation group are not fully consolidated. These undertakings comprise of other financial sector undertakings of £4.2m (2021: £3.2m).

UPM, Utmost International Middle East Limited, UTSL and UITSL are the only other financial undertakings within the Group. Holdings in other financial undertakings are measured at fair value. In cases where a market price (using listed quoted prices from a recognised stock exchange) is not available, the adjusted equity value is used. The adjusted equity value is calculated by multiplying Utmost's ownership percentage (100%) by the entity's IFRS net asset after certain adjustments including the deduction of any goodwill or other intangible assets, in accordance with the relevant sectoral rules.

D.1 ASSETS (CONTINUED)

D.1.6 ASSETS HELD FOR INDEX LINKED AND UNIT LINKED CONTRACTS

IFRS does not separately classify assets held to cover linked liabilities. In the Group financial statements, these assets are classified in the balance sheet under the relevant asset line (such as equities or bonds). Under SII £266m of these assets, representing linked policyholder investments, are reclassified, and reported in one line in the balance sheet as "Assets held for index linked and unit linked contracts".

Under SII, assets held to cover linked liabilities are valued on the same basis as IFRS. Valuation is largely on the basis of quoted market prices. The decrease in assets over 2022 is mainly due to negative economic changes. Certain assets (totalling £2,473m in 2022 (2021: £1,796m)) are valued using alternative valuation methods. Refer to Section D.4 for further details.

D.1.7 LOANS ON POLICIES

The majority of loans on the SII balance sheet are policyholder loans. These are held at cost (the amount borrowed) as an approximation of fair value. Loans on policies had an aggregate value of £167m (2021: £173m).

D.1.8 REINSURANCE RECOVERABLES

Reinsurance recoverables are calculated on a basis consistent with gross BEL i.e. taking a probability-weighted average of discounted future cash flows, adjusted for expected credit losses due to counterparty default.

D.1.9 RECEIVABLES (TRADE, NOT INSURANCE)

This category includes the Italian WTA within UPE. The Italian WTA represents a 'tax prepayment' relating to prepaid withholding tax in relation to unit linked business sold by UPE to Italian policyholders on a 'Freedom of Services' basis. The amount prepaid to the tax authority is based on a percentage of total mathematical reserves for the Italian business (currently 0.45%) and is paid each June subject to a cap of a specified percentage (currently 1.8%) of reserves in respect of Italian policies. The tax prepayment is recovered over time via several methods, including reclaiming tax directly from policyholders who elect to surrender their policy, or alternatively reducing the amount paid to the Italian tax authority in future periods, using specific rules which allow the prepayment to be reduced based on amounts paid 5 years beforehand. There is no valuation difference between SII and IFRS.

Other receivables are accounted for at amortised cost less impairment. This approximates to fair value due to the short-term nature of the balances. This valuation basis applies equally to both IFRS and SII.

There are no SII adjustments to remove inadmissible assets from the SII balance sheet.

D.1.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held at amortised cost on an IFRS basis, which is deemed as an appropriate measure of fair value for SII purposes. As noted in Section D.1.6, under IFRS any assets held to cover linked liabilities are classified separately within their respective balance sheet lines. For SII purposes, any cash and cash equivalents which are backing linked liabilities (in other words, policyholder cash balances) are reclassified to the 'Assets held for index linked and unit linked contracts' line.

D.1.11 LEASING (RIGHT OF USE ASSETS)

Under IFRS, where the Group acts as a lessee, it recognises a ROU asset and a corresponding lease liability, representing the obligation to make lease payments.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any incentives receivable under the lease. Lease payments in relation to options to terminate are only included in the measurement of the liability if it is reasonably certain that the option will not be exercised, otherwise payments following the option to terminate will not be included. The asset is initially measured at cost which comprises the amount of the lease liability, and lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the costs related to the dilapidation of the asset that would be incurred, less any lease incentives received. The asset is subsequently measured at cost less depreciation.

Under SII, a fair valuation is required to be used. The value produced using the IFRS 16 valuation methodology is considered to provide a materially accurate approximation for the fair value required under SII. At 31 December 2022, the ROU asset has a SII valuation of £28m and is included within property, plant, and equipment.

D.2 TECHNICAL PROVISIONS

D.2.1 TECHNICAL PROVISIONS BY LINE OF BUSINESS

This section considers the technical provisions in the consolidated Group SII balance sheet for UGP (£57,927m) which consists of the technical provisions of the following entities under the consolidated insurance group under Method 1:

- Utmost Life and Pensions Limited
- Utmost International Isle of Man Limited
- Utmost Worldwide Limited
- Utmost PanEurope dac
- Utmost Bermuda Limited
- The Equitable Life Assurance Society

The value of the technical provisions is calculated in line with SII requirements as the sum of technical provisions calculated as a whole, the BEL and the risk margin.

Technical provisions calculated as a whole are calculated as the component of technical provisions whose value was determined on the basis of the market value of replicating financial instruments in accordance with Article 77(4) of the SII Directive.

TYPE OF UNDERTAKING AS AT 31 DECEMBER £m	TECHNICAL PROVISIONS CALCULATED AS A WHOLE		BEST ESTIMATE LIABILITY		RISK MARGIN		TOTAL TECHNICAL PROVISIONS	
	2022	2021	2022	2021	2022	2021	2022	2021
Life: Index Linked and Unit Linked Insurance	57,344.6	62,514.8	(1,586.4)	(1,587.7)	396.5	429.1	56,154.7	61,356.2
Non-Life: Other	-	-	65.7	59.5	5.5	5.9	71.2	65.4
Life: Insurance including Profit Participation	215.0	253.4	1,225.2	1,550.2	47.3	60.5	1,487.5	1,864.1
Health Insurance	-	-	211.9	188.0	1.5	1.3	213.4	189.3
Total Group Technical Provisions	**57,559.6**	**62,768.2**	**(83.7)**	**210.0**	**450.8**	**496.8**	**57,926.7**	**63,475.0**

The Group's SII technical provisions have decreased over 2022 due to negative market movements affecting the linked policyholder assets partially offset by positive net client cash flow.

The SII technical provisions have three components:

- Technical provisions calculated as a whole of £57,560m (2021: £62,768m). This represents the value of units credited to policyholders as at 31 December 2022.
- BEL of £(84)m (2021: £210m). The BEL corresponds to the probability-weighted average of future cash flows, including policyholders' benefit payments, expenses, taxes and premiums related to existing insurance, investment and reinsurance contracts, taking into account the time value of money (i.e. by discounting these future cash flows to present value). The calculation of the BEL is based upon up-to-date reliable information and best estimate assumptions.
- A risk margin of £451m (2021: £497m). In line with SII requirements, the Group calculates the risk margin by determining the expected cost of providing capital to cover the non-hedgeable part of its SCR over the remaining lifetime of the in-force business.

D.2 TECHNICAL PROVISIONS (CONTINUED)

D.2.2 BASES, METHODS AND MAIN ASSUMPTIONS USED FOR TECHNICAL PROVISIONS

The assumptions and methodology for the Group's BEL and risk margin are set out in the following sections.

D.2.2.1 Methodology applied in deriving the BEL

The BEL is defined as the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash flows), using the relevant risk-free interest rate term structure.

The projected future cash flows include:

› Regular premium receipts;

› Claims payments with an allowance for an early surrender charge;

› Expenses;

› Commissions;

› Policyholder benefit payments;

› Costs associated with the WTA;

› External fund charges; and

› Profit share payments.

Cash flows are discounted using the relevant risk-free rates provided to obtain the BEL.

The calculation of the BEL allows for any boundaries of the contract. Future premiums beyond the contract boundary date are excluded, as are any obligations that would have occurred from these premiums. However, obligations due to premiums before this date are recognised. The primary restriction from contract boundaries occurs to the UCS (Group Life and Disability) business where premiums are typically paid annually. Although annual retention levels are significant no future premiums are included beyond the premium paying term unless a guarantee is in place.

D.2.2.2 Methodology applied in deriving the risk margin

The risk margin is determined as the present value of the cost of the non-hedgeable solvency capital requirements (at 6% per annum) needed for the full run off of the in-force liabilities, discounted using the prescribed SII term-dependent risk-free interest rates.

All standalone non-hedgeable SCRs are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for in each future projection period.

D.2.2.3 Assumptions applied in deriving the BEL and the risk margin

For the Group, the key areas of uncertainty relate to the items listed below:

› Life and health underwriting risk, which includes policyholder behaviour, mortality, longevity and morbidity experience;

› Market conditions, including change in equities, foreign exchange rates and credit spreads; and

› Future expenses incurred in servicing insurance obligations, including administrative, investment and claims management expenses plus provision for related overheads.

Expenses

Expenses include administrative, investment management, claims management and acquisition expenses which relate to recognised insurance and reinsurance obligations. The assumptions underlying expense projections are consistent with the Group strategy, taking into account future new business and any change in expenses as decided by management.

In setting the expense assumptions, the Group has used its view on the expected future costs. The sensitivity of the Group to changes in expenses can be seen in Section C.7.

Provision for future expenses: assumptions

The expenses contain a degree of uncertainty in relation to the future development of the business. The assumptions used to determine the SII technical provisions and SCR have been set by each operating business based upon the business plan taking into account new business volumes but not any benefits arising from future acquisitions. No allowance has been made for expected synergies arising from the Quilter International acquisition that have not yet been delivered.

BEL

The BEL corresponds to the probability-weighted average of future cash flows as described in D.2.2.1, taking into account the time value of money (i.e. by discounting these future cash flows to present value). The calculation of the BEL is based upon up-to-date reliable information and realistic assumptions. The BEL is recognised on a gross of reinsurance basis, without deduction of amounts recoverable from reinsurance contracts. The cash flows are discounted using the SII basic risk-free term structure of interest rates applying at the valuation date to calculate the BEL. For the MA portfolios (described in Section D.2.5), the corresponding MA is added to the basic risk-free curve at all durations.

D.2 TECHNICAL PROVISIONS (CONTINUED)

Underwriting assumptions

Assumptions are set based on historical experience and comparison to external data sets where available. The most material assumption for UGP is persistency. Detailed reviews for persistency occur annually with progress monitored more regularly in management information. All relevant available information is taken into account and judgement is applied to determine any step changes in policyholder behaviour. Persistency assumptions are set at a granular level to identify behavioural differences such as sales channel and premium information. Although to a lesser extent and further mitigated by reinsurance arrangements longevity assumptions are also set using a very similar process. Longevity assumptions utilise standard industry tables that are then parametrised to reflect specific Utmost exposures.

Manual reserves

The Group determines the value of certain liabilities (referred to as ‘manual reserves’) outside the cash flow projection models. The cash flows determined in respect of each manual reserve are imported into the model so that they can be included in the final BEL calculation as appropriate.

Risk margin

The risk margin is defined as the cost of non-hedgeable risk, i.e. a margin in addition to the expected present value of liability cash flows required to manage the business on an ongoing basis. It is the aggregation of the SII risk margin for each operating business with no allowance for diversification between entities. The risk margin for each operating entity is deemed to be the present value of the cost of future capital requirements for non-hedgeable risks. A best estimate assumption is defined as one where there is the same probability that the actual experience develops more or less favourably than the assumption. It is neither a prudent nor an optimistic assumption. It is set at a level that is neither deliberately overstated nor deliberately understated.

In line with SII requirements, the Group calculates the risk margin by determining the expected cost of providing capital to cover the non-hedgeable part of its SCR over the remaining lifetime of the in-force business.

The Group assumes that all market risks are hedgeable and therefore excludes them from the SCR used in the risk margin calculation. Underwriting, operational and counterparty default risks are considered non-hedgeable.

The SII requirements define a hierarchy of simplifications which may be used to determine the risk margin that remove the need to perform a full projection of the SCR (excluding hedgeable market risk) at each future time period.

Rather than performing a full projection of the SCR at each future time period, the Group uses a simplified approach to determine the risk margin in most instances. Under the simplified methodology, each component of the Basic Solvency Capital Requirement (“BSCR”) (excluding market risk) is projected by assuming that the initial value runs off in line with an appropriate assumption.

This approach is consistent with Method 1 of the Hierarchy of Simplifications outlined in the SII Directive.

To arrive at the risk margin, the projected non-hedgeable SCRs at each future time-step are multiplied by a 6% cost of capital rate and discounted using the SII basic risk-free term structure of interest rates.

Consistent with SII rules, the Group's risk margin is calculated without taking credit for the effects of the MAs in non-profit funds ("NPF"), NPF MA1 and NPF MA2.

D.2.3 UNCERTAINTY ASSOCIATED WITH THE VALUE OF TECHNICAL PROVISIONS

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in the capital and risk management of the business.

The majority of the Group’s business is unit linked. For unit linked business, technical provisions are calculated as a whole, representing the value of units credited to the policyholder. Therefore, in absolute terms, there is very limited uncertainty regarding the value assigned.

The BEL component of the technical provisions represents the value of future revenues (net of expenses) based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven by the following:

- Economic uncertainty related to future income from unit funds, e.g. reductions in unit funds from falls in markets will result in lower future asset-based revenues and lower future profits. This will cause the BEL to increase; and
- Uncertainty related to future administration costs for servicing the in-force policies, e.g. higher than expected future expenses to service the in-force business will result in lower future funds. This will cause the BEL to increase.

The BEL component of technical provisions and its inherent risk profile also have a second-order effect on the size of the risk margin.

The Group uses ALM and invests shareholder assets in low risk investments such as government bonds. There are exposure limits for individual counterparties and a Group Investment and Market Risk Policy.

D.2 TECHNICAL PROVISIONS (CONTINUED)

D.2.4 DIFFERENCES BETWEEN SOLVENCY II AND IFRS BASES, METHODS, AND ASSUMPTIONS

The table below provides a reconciliation of the value of technical provisions between SII and IFRS bases.

LIABILITIES	2022 £m	2021 £m
Gross IFRS technical provisions	59,186.1	64,779.5
Adjustments to align to SII valuation basis	(1,678.6)	(1,767.5)
Add: risk margin	450.8	496.8
Deduct: Outstanding claims moved to insurance payables	(31.6)	(33.8)
SII technical provisions	**57,926.7**	**63,475.0**

D.2.5 MATCHING ADJUSTMENT

The Group applies the MA in ULPL. The following table summarises the two MA portfolios at 31 December 2022. For the purpose of this report the tables in this section have been shown in £m.

MA PORTFOLIO LIABILITIES AT 31 DECEMBER

CONTRACT	NO OF CONTRACTS		BEL (WITH MA) £M		BEL (NO MA) £M	
	2022	2021	2022	2021	2022	2021
Annuities (NPF MA1)	24,959	25,667	283.5	389.1	315.0	421.4
Funeral Plan (NPF MA2)	11,133	12,100	51.0	66.1	49.7	66.4
Total	**36,092**	**37,767**	**334.5**	**455.2**	**364.7**	**487.8**

In each of the two MA portfolios, the liabilities and the assets held to match those liabilities satisfy the specific requirements that must be met in order to apply the MA.

For each MA portfolio, the corresponding MA is added to the basic risk-free term structure of interest rates at all durations. The adjusted interest rate curve is then used to discount the BEL cash flows projected to emerge in that portfolio.

No allowance for the MA is made in the calculation of the risk margin in respect of the MA portfolios, and the MA is not applied when discounting the reinsurance cash flows associated with this business.

The table below sets out the MA used in the 31 December 2022 valuation in respect of each of the two MA portfolios.

MATCHING ADJUSTMENT RATES

COMPONENT	DESCRIPTION	NPF MA1	NPF MA2
Rate 1	Single annual discount rate that equates the discounted value of the expected liability cash flows to the market value of the assets held to match those cash flows.	5.69%	3.37%
Rate 2	Single annual discount rate that equates the discounted value of the expected liability cash flows to the BEL calculated using the basic risk-free interest rate term structure with no adjustments.	3.73%	3.65%
Fundamental Spread	A component of credit spreads that reflects the cost of downgrades and a long-term average spread underpin. It varies by: currency, asset class, credit rating and duration.	0.46%	0.00%
MATCHING ADJUSTMENT		**1.49%**	**(0.28%)**

D.2 TECHNICAL PROVISIONS (CONTINUED)

The following table summarises the assets held in the two NPF MA1 and NPF MA2 portfolios as at 31 December 2022.

ASSETS IN THE MA PORTFOLIOS

ASSET TYPE VALUE AT 31 DECEMBER £m	NPF MA1		NPF MA2	
	2022	2021	2022	2021
CORPORATE BONDS	291.5	400.1	1.1	3.1
GOVERNMENT BONDS	36.0	87.9	52.9	68.9
CASH, DEPOSITS AND OTHER	48.7	35.3	3.2	1.5
Total	**376.2**	**523.2**	**57.1**	**73.5**

The table below shows the impact on the Group balance sheet as at 31 December 2022 of zeroising the MA.

BALANCE SHEET COMPONENT VALUE AT 31 DECEMBER £m	WITH MA		WITHOUT MA		IMPACT OF MA SET TO ZERO	
	2022	2021	2022	2021	2022	2021
ASSETS	59,542.3	65,070.9	59,542.3	65,079.9	-	-
TECHNICAL PROVISIONS	(57,926.7)	(63,475.0)	(57,956.8)	(63,507.6)	(30.2)	(32.6)
Excess of Assets over Liabilities	**1,615.6**	**1,595.9**	**1,585.5**	**1,563.3**	**(30.2)**	**(32.6)**
Restricted (With-Profits) Own Funds	(12.7)	(28.6)	(8.0)	(15.5)	4.7	13.1
Other non available Own Funds	(2.6)	-	(2.6)	-	-	-
Subordinated Liabilities	300.00	397.2	300.0	397.2	-	-
Eligible Own Funds	1,900.3	1,964.5	1,874.9	1,945.0	(25.5)	(19.5)
SCR	996.1	1,109.9	994.5	1,110.8	(1.7)	0.9
Solvency Coverage Ratio	**191%**	**177%**	**189%**	**175%**	**(2%)**	**(2%)**

The benefit of the MA is largely due to ULPL's significant exposure to annuities in payment. The combined value of the BEL in the two MA portfolios is £335m (2021: £455m). Due to the long-term nature of these liabilities the uplift to the discount rate from the MA has a material impact on the BEL, reducing it by £30m (2021: £33m).

D.2 TECHNICAL PROVISIONS (CONTINUED)

D.2.6 TRANSITIONAL MEASURES ON TECHNICAL PROVISIONS

The Group does not have any TMTPs as referred to in the SII Directive.

D.2.7 VOLATILITY ADJUSTMENT AND TRANSITIONAL ARRANGEMENTS ON INTEREST RATES

The Group does not make use of the volatility adjustment as referred to in Article 77d of the SII Directive.

D.2.8 TRANSITIONAL RISK-FREE INTEREST RATE TERM STRUCTURE

The Group does not make use of the transitional arrangements on interest rates as referred to in Article 308c in the SII Directive.

D.2.9 REINSURANCE RECOVERABLES

Reinsurance recoverables are defined as the present value of the future liability cash flows referring to reinsurance contract agreements.

Reinsurance recoverables are calculated on the same basis and using the same contract boundary conditions as the BEL (gross of reinsurance) described previously. Reinsurance recoverables are reported as an asset on the balance sheet. Reinsurance recoverables are adjusted for expected losses due to reinsurer counterparty default.

D.3 OTHER LIABILITIES

The Group has considered the nature, function, risk and materiality of other liabilities when aggregating the other liabilities into material classes in order to identify the valuation bases that should be applied to each class.

D.3.1 UNALLOCATED SURPLUS

In line with SII requirements, the BEL for the Group's with-profits business contains an allowance for Future Discretionary Benefits ("FDB"): the payment of bonuses that are expected to be declared in the future. FDBs consist of future reversionary bonuses, terminal bonuses and other non-guaranteed bonuses.

A prospective Bonus Reserve Value ("BRV") approach is used for all WPSFs. An iterative surplus minimisation process is initially carried out, which searches for a terminal bonus rate that, when applied, results in a BRV that matches the (net of current liabilities) asset value for each fund (subject to a tolerance). For these funds, the FDB is calculated to be the value of the assets less the value of the guaranteed liabilities.

D.3.2 SUBORDINATED LIABILITIES

Subordinated liabilities of £300m (2021: £397m) comprise of the external listed Tier 2 debt as described in Section E.1.3.

Under IFRS rules, any subordinated liabilities issued by the Group are recognised at amortised cost. Under SII rules these are measured at fair value, with changes in own credit standing removed after initial measurement, and any accrued interest on the liability is classified with the principal amount.

D.3.3 DEFERRED TAX LIABILITIES

Deferred tax liabilities on the SII balance sheet represent tax to be paid in future periods, arising due to taxable temporary differences on a SII basis. Differences between the IFRS basis and the SII basis relate primarily to the tax impact in respect of the valuation differences on assets and liabilities, as detailed in this section. This primarily includes the elimination of deferred acquisition costs and deferred front end fees and recognition of a deferred tax liability on the future taxable profits arising on the in-force business as reflected within the SII technical provisions.

D.3.4 FINANCIAL LIABILITIES OTHER THAN DEBTS OWED TO CREDIT INSTITUTIONS

Amounts owed to credit institutions shall include all amounts arising out of banking transactions owed to other domestic or foreign credit institutions by the credit institution drawing up the balance sheet, regardless of their actual designations.

The only exception shall be liabilities represented by debt securities or by any other security.

D.3 OTHER LIABILITIES (CONTINUED)

D.3.5 LEASE LIABILITIES

The Group has recognised liabilities of £29.1m (2021: £25.4m) in respect of lease liabilities, both under IFRS and SII rules. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined then the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow funds to obtain an asset of similar value to the ROU asset. The value produced using the IFRS 16 valuation methodology is considered to provide a materially accurate approximation for the fair value required under SII.

D.3.6 PENSION BENEFIT SCHEMES

The Group operates two defined benefit pension schemes – the Reliance Pension Scheme ("RPS") and the Utmost Worldwide Employee Pension Scheme ("UWEPS").

The Group only recognises a surplus to the extent that it is able to access the surplus either through an unconditional right of refund or through reduced future contributions relating to ongoing service of active members.

The liability recognised in the IFRS statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability.

The SII balance sheet value of RPS and UWEPS is set equal to the IFRS valuation.

The table below provides a summary of the IFRS deficit/surplus under each scheme and the values recognised in the SII balance sheet as at 31 December 2022.

D.3.7 OTHER LIABILITIES

Under IFRS this line includes £77m (2021: £62m) of deferred front end fees which are not recognised on the SII balance sheet. There are no other valuation difference between the SII and the IFRS financial statements.

D.3.8 CONTINGENT LIABILITIES

The Group does not have any contingent liabilities.

£m	SII		IFRS		Difference	
	2022	2021	2022	2021	2022	2021
RPS	(0.7)	(1.4)	(0.7)	(1.4)	-	-
UWEPS	9.7	3.0	9.7	3.0	-	-

D.4 ALTERNATIVE METHODS FOR VALUATION

The Group's assets and liabilities are primarily measured at fair value for both IFRS and SII purposes, applying the three levels of inputs based on the fair value hierarchy in accordance with IFRS 7 'Financial Instruments: Disclosures'.

As discussed in the 'Valuation requirements of SII' section on page 58, quoted market prices from active markets are used where possible, but where this is not possible and no quoted prices for similar assets or liabilities are available, the Group must value its assets based on alternative methods using inputs not based on observable market data. The assets for which alternative valuation methods are applied are primarily assets held to cover linked liabilities and any changes in the value of such assets have a corresponding change in the value of the linked liabilities, resulting in no direct net impact on the Group's equity or profitability (an indirect impact on the Group's performance based fees and expenses may occur, although this indirect impact will be of a reduced magnitude compared to the change in the asset value).

As at 31 December 2022, £2,473m (2021: £1,796m) of Level 3 assets (representing 4.02% (2021: 2.67%)) are valued using alternative methods. These assets are valued using a variety of methods according to the specific asset in question in order to provide the most reliable valuation, typically consisting of unaudited financial statements or valuations provided by a third party administrator. The majority of these assets are backing unit linked liabilities, and accordingly any fair value movements on these assets are broadly offset by a corresponding liability movement, resulting in limited impact to Group Own Funds (and IFRS equity). Fair value movements in respect of Level 3 assets of £(71)m (2021: £2m) have been recognised in 2022 as presented in note 32 of the UGP 2022 Annual Report. There are no individually material Level 3 assets held by the Group within the £2,473m noted above deemed to require further disclosure in this section. There are not considered to be any key assumptions applied across assets valued using alternative methods to which the Group is sensitive. The Group has policies in place to minimise and monitor investment in assets classified as Level 3 under IFRS 7, in line with the requirements of the Prudent Person Principle as discussed in Section C.2.3.

Valuation uncertainty when using alternative methods

Valuation uncertainty is determined by the extent to which unobservable inputs affect the overall valuation of the asset or liability concerned. To address valuation uncertainty, sensitivities to favourable and unfavourable movements in unobservable input parameters are assessed and presented in note 31 of the UGP 2022 Annual Report. Further details of sensitivities can be found in Section C.7 of this report. The Group does not consider that there are any significant sensitivities to the fair value of the Level 3 assets should there be a change in the unobservable inputs.

D.5 ANY OTHER INFORMATION

WAIVERS, DISCRETIONS AND EXCLUSIONS

There is currently a waiver within the Group. This sits within ULPL on the FCA register. ULPL has been granted permission to apply a matching adjustment to the risk-free interest term structure. This waiver can be seen on the FCA register at https://register.fca.org.uk/s/firm?id=001b000003jOH5sAAG.

There is no further information the Group considers material to disclose in Section D.

E
CAPITAL MANAGEMENT

This section describes the components of available Own Funds that are eligible to cover regulatory capital requirements and provides further detail on the composition of regulatory capital requirements.

E.1 OWN FUNDS

E.1.1 CAPITAL MANAGEMENT

The Group monitors and manages capital on a SII basis, and in accordance with local regulatory requirements. The Group's capital management policies allow the Group to meet a number of objectives including:

- satisfying the requirements of its policyholders, creditors, and regulators;
- maintaining financial strength to support new business growth and create shareholder value; and
- matching the profile of its assets and liabilities, taking account of the risks inherent in the business.

Responsibility for the Group's capital management ultimately sits with the Board, with responsibility where required and where appropriate delegated to the subsidiary boards. Capital is monitored and managed monthly, with more regular updates where necessary to ensure the Group stays within its regulatory requirements and risk appetite.

The Group's capital resources represented by Group Own Funds and capital requirements represented by the Group SCR and MCGSCR are regularly monitored by the Board. The Group's Policy is to at all times hold the higher of:

- the Group's internal assessment of the capital required; and
- the capital requirement of the relevant supervisory body.

Details of the specific capital management policies for each of the insurance undertakings within the Group are detailed within the UGP 2022 Annual Report.

E.1.2 GROUP OWN FUNDS AS AT 31 DECEMBER 2022

As at 31 December 2022, Group Own Funds are £1,900m (2021: £1,964m), corresponding to a Group Solvency Coverage Ratio of 191% (2021: 177%). The eligible Own Funds have decreased primarily as a result of changes in investment markets. Group solvency is calculated based on Method 1 (default method).

E.1.3 CLASSIFICATION AND COMPOSITION OF OWN FUNDS

The Group applies Method 1 (accounting consolidation-based method) as referred to in Article 230 of the SII Directive to calculate Group Solvency.

Under SII, due to the different consolidation approach, subsidiary undertakings outside the insurance consolidation group are not fully consolidated. UPM, Utmost International Middle East Limited, UTSL and UITSL are the only other financial undertakings within the Group. They are valued on the basis of the Group's proportional share of the undertaking's Own Funds (100%) calculated in accordance with the relevant sectoral rules.

At 31 December 2022, the total SII Own Funds consist of £1,299m (2021: £1,567m) of unrestricted Tier 1 capital, £300m of restricted Tier 1 capital (2021: nil), £300m (2021: £397m) of Tier 2 capital and £2m (2021: nil) of Tier 3 capital. The Tier 2 capital comprises Tier 2 loan notes which are eligible as regulatory capital.

The Group has ordinary share capital of £392.5m (2021: £392.5m). Share capital consists of 392,500,000 ordinary shares of £1 each.

The Group Own Funds include surplus funds of £1.2m (2021: £1.3m) which are classified as Tier 1 unrestricted Own Funds.

The £300m (2021: nil) of restricted Tier 1 capital comprise of RT1 loan notes. In January 2022, the Group issued its second public debt instrument, £300m RT1 Perp-NC-7.5yr loan notes with a 6.125% coupon. The loan notes are listed on the GEM in Dublin.

	2022					2021				
£m	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3
Ordinary Share capital	392.5	392.5	-	-	-	392.5	392.5	-	-	-
Surplus Funds	1.2	1.2	-	-	-	1.3	1.3	-	-	-
Preference shares (RT1 loan notes)	300.0	-	300.0	-	-	-	-	-	-	-
Reconcillaion Reserve	905.0	905.0	-	-	-	1,173.6	1,173.6	-	-	-
Subordinated Liabilities	300.0	-	-	300.0	-	397.2	-	-	397.2	-
Deferred tax assets	1.6	-	-	-	1.6	-	-	-	-	-
Own Funds	**1,900.3**	**1,298.7**	**300.0**	**300.0**	**1.6**	**1,964.5**	**1,567.3**	**-**	**397.2**	**-**

E.1 OWN FUNDS (CONTINUED)

The reconciliation reserve is calculated as the excess of assets over liabilities from the SII balance sheet less basic Own Funds items (ordinary share capital and share premium) and fungibility deductions.

Subordinated liabilities comprise £300m (2021: £397m) of revalued external listed Tier 2 loan notes. The Tier 2 loan notes are listed on GEM and have a coupon of 4% payable semi-annually.

The Group and its insurance subsidiaries have no ancillary funds. Tier 3 capital comprises £2m (2021: nil) of deferred tax assets.

The table on page 72 shows the composition of Group Own Funds as at 31 December 2022. The classification of Own Funds is also shown between tiers, depending on factors such as quality, liquidity and timeline to availability when liabilities arise.

Intra-group transactions between entities included in the consolidated insurance group are eliminated on consolidation when preparing the Group's SII balance sheet. Where entities consolidate on a line-by-line basis and hold investments in the Group's asset management, these investments are replaced with the Own Funds of the asset management and advisory entities on a sectoral basis.

The Group has two MA portfolios in place in ULPL. The impact of the MA can be seen in Section D.2.5.

The Group has not placed reliance on the use of transitional measures as set out in the SII Directive and has not applied for the use of the volatility adjustment mechanism.

A breakdown of the reconciliation reserve is shown in the Group QRT S.23.01.22 in Appendix F.1.5.

E.1.4 RECONCILIATION BETWEEN IFRS EQUITY AND SOLVENCY II OWN FUNDS

The table below shows a bridge between the Group's IFRS equity and SII Own Funds as at 31 December 2022.

Revaluation of technical provisions

Technical provisions are valued as the best estimate of future cash flows plus a risk margin.

Removal of goodwill and other intangibles

Goodwill and intangibles are assets that are recognised under IFRS but valued at nil under SII.

Contract-related balances

DAC, contract costs and contract liabilities are also excluded from the SII balance sheet. The future cash flows associated with these balances form part of the technical provisions calculation.

Reclassification and revaluation of subordinated debt

Under SII rules, the Tier 2 subordinated loan notes issued by UGP qualifies as regulatory capital, whereas under IFRS rules it is classified as a liability on the Group's balance sheet.

Furthermore, under IFRS the subordinated loan notes are valued at amortised cost and hence its valuation does not change due to changes in interest rates. Under SII the loan notes are valued at market value and hence its valuation changes with changes in interest rates (removing any increase or decrease in the value as a result of changes in the Group's own credit standing after initial recognition).

31 DECEMBER £m	2022	2021
IFRS Equity	**1,263.0**	**1,450.0**
Revaluation of technical provisions	1,227.8	1,270.7
Removal of goodwill, and other intangible assets	(940.3)	(1,096.6)
Revalue DAC, contract costs and contract liabilities	(12.1)	3.7
Revalue financial instruments to fair value	(3.5)	(14.4)
Revaluation of subordinated loan notes	99.2	2.8
Removal of deferred tax arising on goodwill and other intangible assets	(18.5)	(20.3)
SII excess of assets over liabilities	**1,615.6**	**1,595.9**
Inclusion of Tier 2 subordinated loan notes	300.0	397.2
Adjustment for restricted Own Fund items in respect of matching adjustment portfolios and ring fenced funds	(12.7)	(28.6)
Other non available Own Funds	(2.6)	-
Total Group SII Own Funds	**1,900.3**	**1,964.5**

E.1 OWN FUNDS (CONTINUED)

Other non available Own Funds

Other non available Own Funds consist of restrictions to fungibility and transferability of Own Funds relating to defined benefit staff pension schemes.

Where pension schemes contribute positively to the eligible Own Funds, any excess of the eligible Own Funds above the marginal contribution to the Group diversified SCR of the pension schemes is restricted to nil.

E.1.5 AVAILABILITY AND ELIGIBLE OWN FUNDS

The Group's available and eligible Own Funds are set out in the sections below.

E.1.5.1 Available Own Funds

The availability of Own Funds relates to the ability of capital resources located in one entity in the Group to absorb losses that arise in another Group entity. In line with Article 330 of the Delegated Regulation, the following criteria are used when considering the availability of Own Funds to the Group:

- whether the own fund item is subject to legal or regulatory requirements that restrict the ability of that item to absorb all types of losses wherever they arise in the Group;
- whether there are legal or regulatory requirements that restrict the transferability of assets to another entity in the Group; and
- whether making those Own Funds available for covering the Group SCR would not be possible within a maximum of nine months.

E.1.5.2 Eligible Own Funds to meet SCR

The Group's Own Funds are subject to certain restrictions in respect of their ability to absorb losses that arise in another part of the group (availability), and ability to cover the Group's SCR (eligibility).

Article 82 of the Delegated Regulation specifies the quantitative limits in respect of the eligibility of Tier 2 and Tier 3 items.

In respect of compliance with the SCR, these limits are as follows:

- The eligible amount of Tier 1 items shall be at least 50% of the SCR;
- The eligible amount of Tier 3 items shall be less than 15% of the SCR; and
- The total of Tier 2 and Tier 3 items shall be no more than 50% of the SCR.
- Within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2.

For the SCR eligibility criteria, the eligible amounts of Tier 2 items for the Group do not exceed 50% of the Group SCR. Hence there is no eligibility restriction when calculating the ratio of eligible Own Funds to the Consolidated Group SCR at 31 December 2022.

The table below shows the Group's Own Funds at 31 December 2022.

	2022					2021				
£m	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3
Basic Own Funds before deductions	1,900.3	1,298.8	300.0	300.0	1.6	1,964.5	1,567.3	-	397.2	-
Total eligible own funds to meet the SCR	**1,900.3**	**1,298.8**	**300.0**	**300.0**	**1.6**	**1,964.5**	**1,567.3**	**-**	**397.2**	**-**

E.1 OWN FUNDS (CONTINUED)

E.1.5.3 Eligible Own Funds to meet minimum solvency capital requirements

To meet the MCGSCR requirements, Article 82 requires that the limits are imposed upon eligible amounts of Tier 2 items, which are as follows:

- The eligible amount of Tier 1 items shall be at least 80% of the MCGSCR;
- The eligible amount of Tier 2 items shall not exceed 20% of the MCGSCR;
- Within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2; and
- Tier 3 items are not eligible to cover the MCGSCR.

For the MCGSCR eligibility criteria, the eligible amount of Tier 2 funds cannot exceed 20% of the MCGSCR of £371m. This has resulted in a £226m (2021: £322m) restriction on Tier 2 Own Funds when calculating the ratio of eligible Own Funds to MCGSCR at 31 December 2022.

The total amount of eligible Own Funds to meet the MCGSCR is after deductions for participations in other financial undertakings, such as the non-regulated undertakings carrying out financial activities. This participation value amounts to £4.2m (2021: £3.2m) for the Group.

	2022					2021				
£m	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3	Total	Tier 1 (unrestricted)	Tier 1 (restricted)	Tier 2	Tier 3
Basic Own Funds before deductions	1,900.3	1,298.8	300.0	300.0	1.6	1,964.5	1,567.3	-	397.2	-
Deductions for participations in other financial undertakings	(4.2)	(4.2)	-	-	-	(3.2)	(3.2)	-	-	-
Eligibility restriction on the SCR	(227.4)	-	-	(225.8)	(1.6)	(321.5)	-	-	(321.5)	-
Total eligible own funds to meet the MCGSCR	**1,668.7**	**1,294.6**	**300.0**	**74.2**	**-**	**1,639.8**	**1,564.1**	**-**	**75.6**	**-**

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT ("MCR")

This section provides information on the Group's SCR and MCR at 31 December 2022.

E.2.1 CALCULATION OF GROUP SCR

The Group SCR as at 31 December 2022 is £996m (2021: £1,110m). The SCR represents the amount of capital the Group is required to hold and is determined as the economic capital to be held by the Group to ensure it continues to be able to meet obligations to policyholders for the following 12 months following a 1-in-200 shock.

The Group applies Method 1 (default accounting consolidation-based method), as referred to in Article 230 of the SII Directive, to calculate Group Solvency. The Group SCR is calculated on a Standard Formula basis allowing for diversification between insurance undertakings and including the SCR of non-insurance undertakings.

The insurance entities included in this consolidation are:

- Utmost Life and Pensions Limited
- Utmost Worldwide Limited
- Utmost International Isle of Man Limited
- Utmost PanEurope dac
- The Equitable Life Assurance Society
- Utmost Bermuda Limited

The Group SCR as at 31 December 2022 is £996m (2021: £1,110m). It has decreased by £114m over 2022 primarily as a result of changes in investment markets.

RISK MODULES

	2022 £m	2021 £m	Change
Market risk	516.8	649.2	(132.4)
Counterparty default risk	55.6	60.7	(5.1)
Underwriting risk	770.4	791.7	(21.3)
Total before diversification	**1,342.8**	**1,501.6**	**(158.8)**
Diversification	(308.5)	(349.4)	40.9
Basic SCR	**1,034.3**	**1,152.1**	**(117.8)**
Operational risk	47.9	47.3	0.6
Loss absorbing capacity of deferred taxes	(63.3)	(57.5)	(5.8)
Loss absorbing capacity of technical provisions	(23.1)	(32.3)	9.2
Other financial sector entities	0.3	0.3	-
Group SCR	**996.1**	**1,109.9**	**(113.8)**

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT (CONTINUED)

Where the Standard Formula basis is used, there is an option to apply certain simplifications in the calculation of the Group SCR. The Group does not apply any such simplifications to calculate the Group SCR as at 31 December 2022.

The diversification benefit within the SCR calculation is determined based on relative sizes of the risks and the correlation assumptions between them. The Standard Formula prescribes the correlation factors within the risk module and between the risk modules. There are two levels of diversification within each Group's SCR calculation:

- Intra-risk module diversification exists within the market risk module, the life underwriting risk module and the counterparty default risk module, e.g., within the market risk module, diversification benefit exists between the equity risk and the interest rate risk. The SCR for each module shown in the risk module table on page 76 is stated after the deduction of this diversification. This amounts to a total of £308m (2021: £284m) across all three modules.
- Inter-risk module diversification exists between the market risk module, the underwriting module and the counterparty default risk module. This amounts to £308m (2021: £349m) and is shown separately in the table on page 76.

E.2.2 CALCULATION OF MINIMUM CONSOLIDATED GROUP SOLVENCY CAPITAL REQUIREMENT

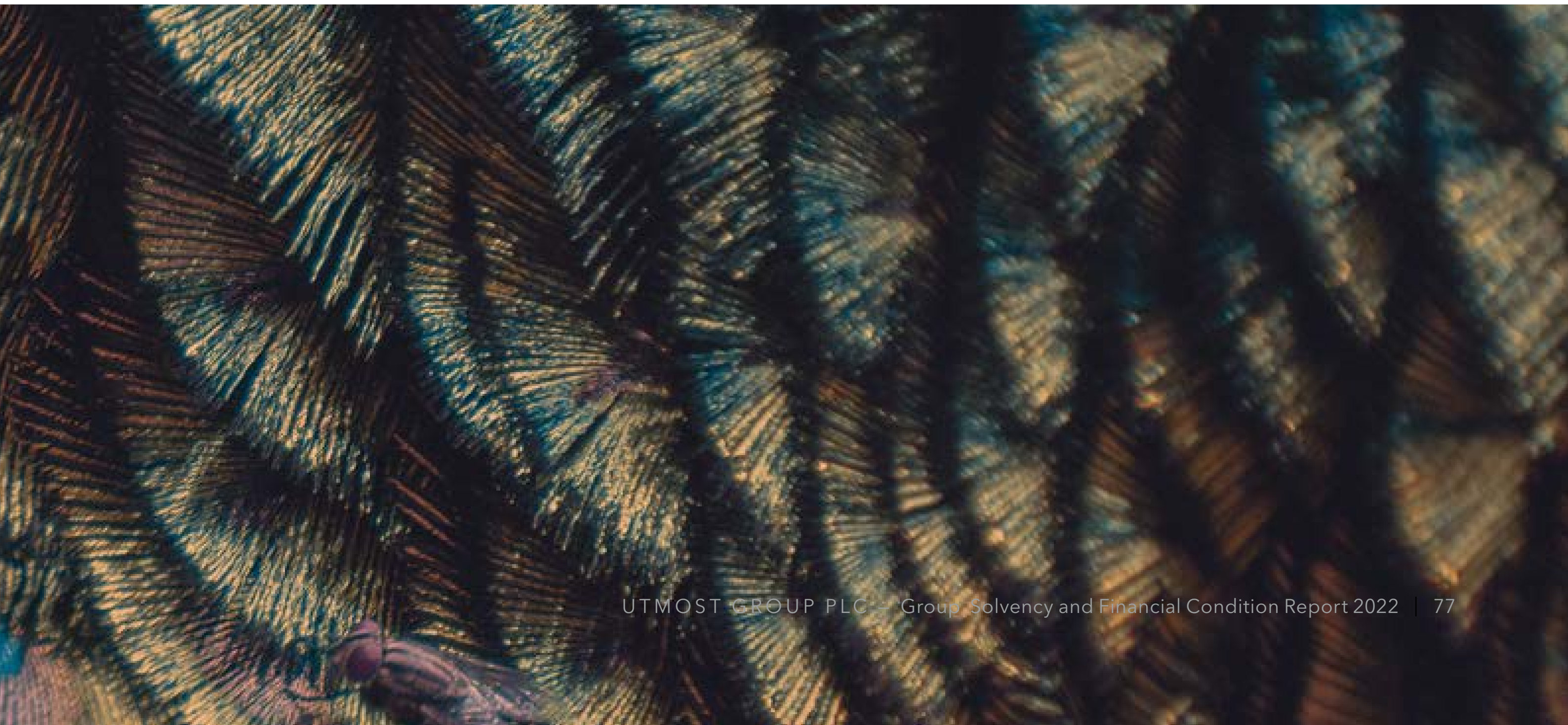
The MCGSCR is calculated as a floor to the Group SCR for insurance groups that adopt the Method 1 (accounting consolidation based approach, subject to a floor of €3.2m). This is calculated as the sum of:

- SII MCR for all European Economic Area ("EEA") and UK Method 1 entities, calculated using a formulaic approach (based on items such as technical provisions and premiums), which is subject to a minimum of 25% of the solo SCR and a maximum of 45% of the solo SCR; and
- local capital requirements for insurance entities outside of the EEA and non-insurance entities at which authorisation would be withdrawn.

The Group MCGSCR as at 31 December 2022 is £371m (2021: £378m) corresponding to a Solvency Coverage Ratio of 450% (2021: 434%) when compared to the Group Own Funds eligible to meet the MCGSCR.

E.2.3 OTHER INFORMATION ON THE CALCULATION OF THE SCR

At 31 December 2022, the Group and its EEA and UK subsidiaries are not required to hold a capital add-on in excess of the calculated SCR position. The Group and its EEA and UK subsidiaries do not utilise any undertaking-specific parameters or any simplified calculations options when calculating the SCR.

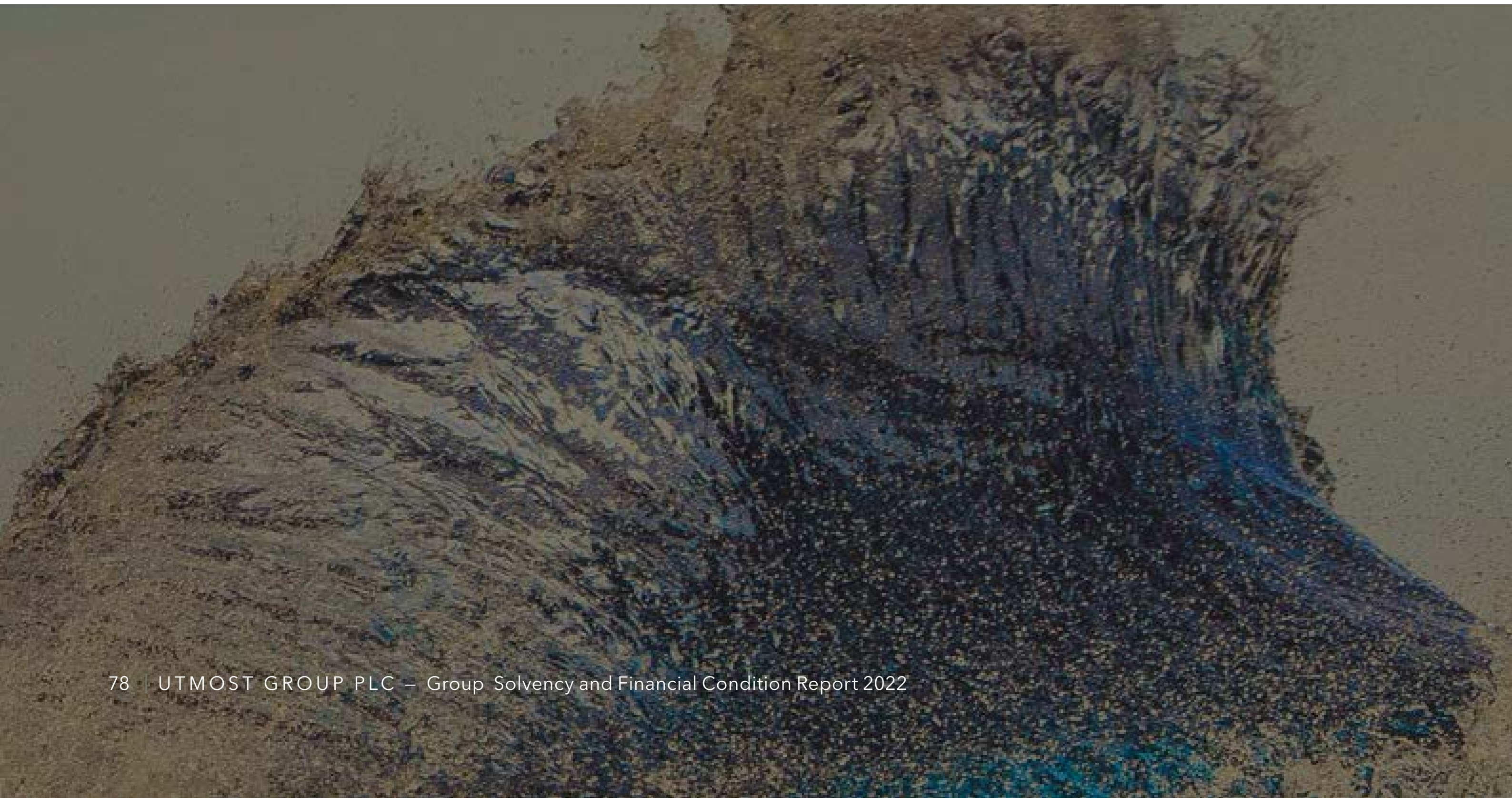


E.3 USE OF THE DURATION BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The Group does not apply the duration-based equity risk sub-module in calculating its SCR.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Group calculates its SCR using the Standard Formula basis. The Group does not calculate capital requirements using an internal model or partial internal model.



E.5 NON-COMPLIANCE WITH THE MCR AND SCR

The Group has complied at all times through the year with its capital requirements in respect of both the SCR and MCGSCR. There have been no instances of non-compliance with either the SCR and MCR by any of the regulated insurance undertakings in of the Group during the year.

E.6 ANY OTHER INFORMATION

There is no further information the Group considers material to disclose in Section E.

F

APPENDICES

F.1 GROUP QUANTITATIVE TEMPLATES ("QRT")

This appendix contains the following public disclosure QRTs applicable to the Group at 31 December 2022, as required under the SII Regulations.

Any public group disclosure Group QRTs referred to in SII legislation that are not relevant to the Group are excluded from the list.

F.1.1. S.02.01.02 Balance Sheet

F.1.2. S.05.01.02 Premiums, claims and expenses by line of business

F.1.3. S.05.02.01 Premiums, claims and expenses by country

F.1.4. S.22.01.22 Impact of long term guarantees measures and transitionals

F.1.5. S.23.01.22 Own Funds

F.1.6. S.25.01.22 Solvency Capital Requirement – for Groups on Standard Formula

F.1.7. S.32.01.22 Undertakings in the scope of the Group

All figures are presented in £000s with the exception of ratios that are in percentages.

Any annual Group QRTs referred to in SII legislation that are not relevant to the Group are listed below.

1. S.25.02.22 SCR – for undertakings using the Standard Formula and partial internal model

2. S.25.03.22 SCR– for undertakings on full internal models

RELEVANT ELEMENTS OF THE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT THAT ARE NOT SUBJECT TO AUDIT

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.23.01.22
  - Rows R0410 to R0440 – Own Funds of other financial sectors
- The following elements of Group template S.25.01.22
  - Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements) (forming part of the sectoral information)

F.1.1. S.02.01.02

BALANCE SHEET

		SOLVENCY II VALUE
	ASSETS	**C0010**
R0030	Intangible assets	0
R0040	Deferred tax assets	1,566
R0050	Pension benefit surplus	9,687
R0060	Property, plant & equipment held for own use	27,333
R0070	Investments (other than assets held for index linked and unit linked contracts)	1,965,812
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	4,245
R0100	Equities	4,103
R0110	Equities - listed	22
R0120	Equities - unlisted	4,081
R0130	Bonds	1,368,177
R0140	Government Bonds	694,070
R0150	Corporate Bonds	674,107
R0160	Structured notes	1
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	417,785
R0190	Derivatives	4,444
R0200	Deposits other than cash equivalents	167,058
R0210	Other investments	0
R0220	Assets held for index linked and unit linked contracts	56,920,687
R0230	Loans and mortgages	166,795
R0240	Loans on policies	165,814
R0250	Loans and mortgages to individuals	131
R0260	Other loans and mortgages	850
R0270	Reinsurance recoverables from:	896,020
R0280	Non-life and health similar to non-life	0
R0290	Non-life excluding health	0
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding index linked and unit linked	406,848
R0320	Health similar to life	178,646
R0330	Life excluding health and index linked and unit linked	228,202
R0340	Life index linked and unit linked	489,172
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	57,975
R0370	Reinsurance receivables	18,113
R0380	Receivables (trade, not insurance)	128,367
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	202,344
R0420	Any other assets, not elsewhere shown	34,737
R0500	**Total assets**	**60,429,437**

F.1.1. S.02.01.02

BALANCE SHEET (CONTINUED)

SOLVENCY II VALUE

	LIABILITIES	C0010
R0510	Technical provisions - non-life	71,158
R0520	Technical provisions - non-life (excluding health)	71,158
R0530	TP calculated as a whole	0
R0540	Best Estimate	65,655
R0550	Risk margin	5,503
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index linked and unit linked)	1,700,846
R0610	Technical provisions - health (similar to life)	213,361
R0620	TP calculated as a whole	0
R0630	Best Estimate	211,855
R0640	Risk margin	1,506
R0650	Technical provisions - life (excluding health and index linked and unit linked)	1,487,485
R0660	TP calculated as a whole	214,961
R0670	Best Estimate	1,225,195
R0680	Risk margin	47,329
R0690	Technical provisions - index linked and unit linked	56,154,657
R0700	TP calculated as a whole	57,344,594
R0710	Best Estimate	-1,586,399
R0720	Risk margin	396,463
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	4,081
R0760	Pension benefit obligations	696
R0770	Deposits from reinsurers	48,726
R0780	Deferred tax liabilities	66,200
R0790	Derivatives	0
R0800	Debts owed to credit institutions	123
R0810	Financial liabilities other than debts owed to credit institutions	15,498
R0820	Insurance & intermediaries payables	275,835
R0830	Reinsurance payables	40,410
R0840	Payables (trade, not insurance)	106,436
R0850	Subordinated liabilities	299,988
R0860	Subordinated liabilities not in BOF	0
R0870	Subordinated liabilities in BOF	299,988
R0880	Any other liabilities, not elsewhere shown	29,180
R0900	**Total liabilities**	**58,813,835**
R1000	**Excess of assets over liabilities**	**1,615,601**

F.1.2. S.05.01.02

PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

NON-LIFE

		Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	Total
	PREMIUMS WRITTEN	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
R0110	Gross - Direct Business	-456	0	0	0	0	0	0	0	0	0	0	0					-456
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	-456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-456
R0200	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PREMIUMS EARNED																	
R0210	Gross - Direct Business	393	0	0	0	0	0	0	0	0	0	0	0					393
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	393	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	393
R0300	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CLAIMS INCURRED																	
R0310	Gross - Direct Business	-55	0	0	0	0	0	0	409	0	0	0	0					354
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	254	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	254
R0400	Net	-310	0	0	0	0	0	0	409	0	0	0	0	0	0	0	0	99
	CHANGES IN OTHER TECHNICAL PROVISIONS																	
R0410	Gross - Direct Business	-1,380	0	0	0	0	0	0	1,232	0	0	0	0					-148
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	337	0	0	0	0					337
R0430	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers' share	-1,380	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,380
R0500	Net	0	0	0	0	0	0	0	1,569	0	0	0	0	0	0	0	0	1,569
R0550	EXPENSES INCURRED	82	0	0	0	0	0	0	-1,629	0	0	0	0	0	0	0	0	-1,547
R1200	OTHER EXPENSES																	0
R1300	TOTAL EXPENSES																	-1,547

F.1.2. S.05.01.02

PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS (CONTINUED)

LIFE

		Line of business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index linked and unit linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Health reinsurance	Total
	PREMIUMS WRITTEN	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
R1410	Gross	69,922	42,389	4,268,614	91,817	0	0	0	196	4,472,938
R1420	Reinsurers' share	57,175	1,408	2,630	77,897	0	0	0	0	139,109
R1500	Net	12,747	40,981	4,265,985	13,920	0	0	0	196	4,333,829
	PREMIUMS EARNED									
R1510	Gross	69,055	42,389	4,268,614	90,733	0	0	0	196	4,470,987
R1520	Reinsurers' share	52,247	1,408	2,630	76,682	0	0	0	0	136,966
R1600	Net	12,808	40,981	4,265,985	14,051	0	0	0	196	4,334,021
	CLAIMS INCURRED									
R1610	Gross	56,069	68,880	3,277,589	98,198	0	0	0	120	3,500,855
R1620	Reinsurers' share	49,898	3,438	23,115	51,096	0	0	0	0	127,527
R1700	Net	6,191	65,441	3,254,474	47,102	0	0	0	120	3,373,328
	CHANGES IN OTHER TECHNICAL PROVISIONS									
R1710	Gross	-1,985	18,149	5,178,463	271,538	0	0	0	0	5,466,166
R1720	Reinsurers' share	-1,833	-22,685	97,365	90,628	0	0	0	0	163,476
R1800	Net	-152	40,835	5,081,098	180,910	0	0	0	0	5,302,690
R1900	EXPENSES INCURRED	9,885	3,025	290,000	13,134	0	0	0	0	316,044
R2500	OTHER EXPENSES									13,152
R2600	TOTAL EXPENSES									329,196

F.1.3. S.05.02.01

PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

NON-LIFE

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
			TOP 5 COUNTRIES (BY AMOUNT OF GROSS PREMIUMS WRITTEN) – NON-LIFE OBLIGATIONS					
		Home Country	BS	KY				Total Top 5 and home country
	PREMIUMS WRITTEN	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0110	Gross - Direct Business	0	44	-500	0	0	0	-456
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	44	-500	0	0	0	-456
R0200	Net	0	0	0				0
	PREMIUMS EARNED							
R0210	Gross - Direct Business	0	44	349	0	0	0	393
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	44	349	0	0	0	393
R0300	Net	0	0	0				0
	CLAIMS INCURRED							
R0310	Gross - Direct Business	0	-798	743	0	0	0	-55
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	-662	916	0	0	0	254
R0400	Net	0	-136	-173				-310
	CHANGES IN OTHER TECHNICAL PROVISIONS							
R0410	Gross - Direct Business	0	-71	-1,310	1,232	0	0	-148
R0420	Gross - Proportional reinsurance accepted	0	0	0	337	0	0	337
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	-71	-1,310	0	0	0	-1,380
R0500	Net	0	0	0	1,569			1,569
R0550	EXPENSES INCURRED	0	-8	90	-1,629	0	0	-1,547
R1200	OTHER EXPENSES							0
R1300	TOTAL EXPENSES							-1,547

F.1.3. S.05.02.01

PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY (CONTINUED)

LIFE

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
			TOP 5 COUNTRIES (BY AMOUNT OF GROSS PREMIUMS WRITTEN) – LIFE OBLIGATIONS					
		Home Country	IM	IT	SG	PT	GG	Total Top 5 and home country
	PREMIUMS WRITTEN	C0220	C0230	C0240	C0250	C0260	C0270	C0280
R1410	Gross	914,463	1,159,172	504,270	489,820	266,512	244,792	3,579,028
R1420	Reinsurers' share	30,413	1,118	244	160	0	36,165	68,100
R1500	Net	884,050	1,158,054	504,026	489,660	266,512	208,627	3,510,928
	PREMIUMS EARNED							
R1510	Gross	914,253	1,159,172	504,268	470,946	266,512	317,165	3,632,316
R1520	Reinsurers' share	30,622	1,118	246	160	0	35,483	67,629
R1600	Net	883,631	1,158,054	504,022	470,786	266,512	281,683	3,564,688
	CLAIMS INCURRED							
R1610	Gross	888,147	1,557,162	263,925	81,070	15,659	226,768	3,032,731
R1620	Reinsurers' share	55,739	3,493	139	0	0	19,517	78,887
R1700	Net	832,408	1,553,669	263,786	81,070	15,659	207,251	2,953,844
	CHANGES IN OTHER TECHNICAL PROVISIONS							
R1710	Gross	1,449,397	3,300,962	617,130	-293,437	-86,211	-113,367	4,874,474
R1720	Reinsurers' share	186,218	-20,339	0	0	0	-4,747	161,132
R1800	Net	1,263,179	3,321,301	617,130	-293,437	-86,211	-108,620	4,713,341
R1900	EXPENSES INCURRED	29,256	156,062	1,017	8,641	582	46,582	242,141
R2500	OTHER EXPENSES							13,152
R2600	TOTAL EXPENSES							255,293

F.1.4. S.22.01.22

IMPACT OF LONG TERM GUARANTEES MEASURES AND TRANSITIONALS

		Amount with Long-Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	**Technical provisions**	57,926,661	0	0	0	30,173
R0020	**Basic Own Funds**	1,896,086	0	0	0	-25,473
R0050	**Eligible Own Funds to meet Solvency Capital Requirement**	1,900,332	0	0	0	25,473
R0090	**Solvency Capital Requirement**	996,138	0	0	0	-1,678

F.1.5. S.23.01.22

OWN FUNDS

BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTOR		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	392,500	392,500		0	
R0020	Non-available called but not paid in ordinary share capital at group level	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	Non-available subordinated mutual member accounts at group level	0				
R0070	Surplus funds	1,242	1,242			
R0080	Non-available surplus funds at group level	0	0			
R0090	Preference shares	300,000		300,000	0	0
R0100	Non-available preference shares at group level	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	Non-available share premium account related to preference shares at group level	0				
R0130	Reconciliation reserve	905,036	905,036			
R0140	Subordinated liabilities	299,988		0	299,988	0
R0150	Non-available subordinated liabilities at group level	0			0	
R0160	An amount equal to the value of net deferred tax assets	1,566				1,566
R0170	The amount equal to the value of net deferred tax assets not available at the group level	0				0
R0180	Other items approved by supervisory authority as basic Own Funds not specified above	0	0	0	0	0
R0190	Non available Own Funds related to other Own Funds items approved by supervisory authority	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	Non-available minority interests at group level	0				
R0220	Own Funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as solvency ii own funds					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	4,245	4,245			
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	4,245	4,245	0	0	0
R0290	**Total basic Own Funds after deductions**	1,896,086	1,294,532	300,000	299,988	1,566

F.1.5. S.23.01.22

OWN FUNDS (CONTINUED)

BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTOR		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	ANCILLARY OWN FUNDS	C0010	C0020	C0030	C0040	C0050
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary Own Funds at group level	0				
R0390	Other ancillary Own Funds	0				
R0	**Total ancillary Own Funds**	0			0	0
	OWN FUNDS OF OTHER FINANCIAL SECTORS					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	4,245	4,245			
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total Own Funds of other financial sectors**	4,245	4,245	0	0	0
	OWN FUNDS WHEN USING THE D&A, EXCLUSIVELY OR IN COMBINATION OF METHOD 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available Own Funds to meet the consolidated group SCR (excluding Own Funds from other financial sector and from the undertakings included via D&A)	1,896,086	1,294,532	300,000	299,988	1,566
R0530	Total available Own Funds to meet the minimum consolidated group SCR	1,894,520	1,294,532	300,000	299,988	
R0560	Total eligible Own Funds to meet the consolidated group SCR (excluding Own Funds from other financial sector and from the undertakings included via D&A)	1,896,086	1,294,532	300,000	299,988	1,566
R0570	Total eligible Own Funds to meet the minimum consolidated group SCR (group)	1,668,688	1,294,532	300,000	74,156	
R0610	**Minimum consolidated Group SCR**	370,780				
R0650	**Ratio of Eligible Own Funds to Minimum Consolidated Group SCR**	450.05%				
R0660	**Total eligible Own Funds to meet the group SCR (including Own Funds from other financial sector and from the undertakings included via D&A)**	1,900,332	1,298,778	300,000	299,988	1,566
R0680	**Group SCR**	996,138				
R0690	**Ratio of Eligible Own Funds to group SCR including other financial sectors and the undertakings included via D&A**	190.77%				

F.1.5. S.23.01.22

OWN FUNDS (CONTINUED)

	BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTOR	Total
	RECONCILIATION RESERVE	**C0060**
R0700	Excess of assets over liabilities	1,615,601
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	695,307
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	12,682
R0750	Other non available Own Funds	2,576
R0760	**Reconciliation reserve**	905,036
	EXPECTED PROFITS	
R0770	Expected profits included in future premiums (EPIFP) - Life business	13,804
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	Total Expected profits included in future premiums (EPIFP)	13,804

F.1.6. S.25.01.22

SOLVENCY CAPITAL REQUIREMENT - FOR GROUPS ON STANDARD FORMULA

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	521,950		
R0020	Counterparty default risk	56,131		
R0030	Life underwriting risk	739,054		
R0040	Health underwriting risk	19,571		
R0050	Non-life underwriting risk	19,356		
R0060	Diversification	-321,735		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	1,034,328		

	CALCULATION OF SOLVENCY CAPITAL REQUIREMENT	
R0130	Operational risk	47,878
R0140	Loss-absorbing capacity of technical provisions	-23,074
R0150	Loss-absorbing capacity of deferred taxes	-63,317
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	995,815
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	995,815

	OTHER INFORMATION ON SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	964,888
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	7,445
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	23,483
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	370,780

	INFORMATION ON OTHER ENTITIES	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements) 0	323
R0510	Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	323
R0520	Institutions for occupational retirement provisions	0
R0530	Capital requirement for non- regulated entities carrying out financial activities	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0

	OVERALL SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	996,138

F.1.7. S.32.01.22

UNDERTAKINGS IN THE SCOPE OF THE GROUP

								CRITERIA OF INFLUENCE						INCLUSION IN THE SCOPE OF GROUP SUPERVISION		GROUP SOLVENCY CALCULATION
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138004N53RFLL6JDQ41	LEI	Utmost Group plc	Mixed-activity insurance holding company as defined in Article 212(1)(g) of Directive 2009/138/EC	Private limited company	Non-mutual	Bank of England Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800DZ5XY8AG5COI19	LEI	Utmost UK Group Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800DZ5XY8AG5COI19GB00001	Specific code	Utmost Life and Pensions Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800DZ5XY8AG5COI19GB00002	Specific code	Reliance Unit Managers Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800DZ5XY8AG5COI19GB00005	Specific code	Utmost Life and Pensions Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800211J26KBNINV56	LEI	Reliance Pension Scheme Trustee Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800I1ZCFT62P9P534	LEI	Utmost Life and Pensions Limited	Life insurance undertaking	Company limited by shares	Non-mutual	Bank of England Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	213800XC51Q1FRX9I853	LEI	RMIS (RTW) Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by guarantee	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
GB	549300WH4MO7YSR34G34	LEI	The Equitable Life Assurance Society	Life insurance undertaking	Private unlimited company	Mutual	Bank of England Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	2138008EY1PUPR4UJW45	LEI	Utmost International Group Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GB	2138008EY1PUPR4UJW45GB00009	Specific code	Utmost International Distribution Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GG	2138008EY1PUPR4UJW45GG00003	Specific code	UIG Holdings (No 1) Ltd.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
CH	2138008EY1PUPR4UJW45CH00001	Specific code	Utmost Switzerland GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GG	213800OYS5CYQ7BW8K97	LEI	Utmost Worldwide Limited	Life insurance undertaking	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual	Guernsey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
AE	213800OYS5CYQ7BW8K97AE00001	Specific code	Utmost International Middle East Limited	Credit institution, investment firm and financial institution	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual	Dubai Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GG	213800OYS5CYQ7BW8K97GG00004	Specific code	Utmost Worldwide Employee Pension Scheme Limited	Institution for occupational retirement provision	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual	Guernsey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation

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UNDERTAKINGS IN THE SCOPE OF THE GROUP (CONTINUED)

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GG	21380017NR49F34PWQ94	LEI	Utmost Portfolio Management Limited	Credit institution, investment firm and financial institution	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual	Guernsey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
GG	213800OYS5CYQ7BW8K97GG00003	Specific code	Dynasty ICC Limited	Other	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IE	549300KWXY72RJWYSG13	LEI	Utmost PanEurope Designated Activity Company	Life insurance undertaking	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank Of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IE	635400JJABPWV2JJPE32IE00003	Specific code	Athlumney Kappa Ireland dac	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IE	635400JJABPWV2JJPE32	LEI	Utmost Holdings Ireland Limited Company	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IE	635400JJABPWV2JJPE32IE00002	Specific code	Harcourt Life Corporation Dac	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Incorporated company limited by shares or by guarantee or unlimited	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
BM	549300OQOA5TQJ2HLN47	LEI	Utmost Bermuda Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual	Bermudian Monetary Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IE	635400JJABPWV2JJPE32IE00001	Specific code	Utmost Services Ireland Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00007	Specific code	Utmost Holdings Isle of Man Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	213800MY9B6KWBWCJT05	LEI	Utmost Limited	Life insurance undertaking	Limited Company	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00004	Specific code	Utmost Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138004QL5ALU854GR89	LEI	Utmost Administration Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00006	Specific code	Utmost Partnerships Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00005	Specific code	Utmost Trustee Solutions Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00009	Specific code	Utmost International Business Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00010	Specific code	Utmost International Holdings Isle of Man Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	213800S4DUJWMDMVYE58	LEI	Utmost International Isle of Man Limited	Life insurance undertaking	Limited Company	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation

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UNDERTAKINGS IN THE SCOPE OF THE GROUP (CONTINUED)

								CRITERIA OF INFLUENCE						INCLUSION IN THE SCOPE OF GROUP SUPERVISION		GROUP SOLVENCY CALCULATION
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
AE	2138004AKLOLSXKTKM98	LEI	Quilter International Middle East Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
SG	213800JYPH619QVGEZ51	LEI	AAM Advisory PTE Ltd.	Credit institution, investment firm and financial institution	Limited Company	Non-mutual	Monetary Authority of Singapore	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
IM	2138008EY1PUPR4UJW45IM00008	Specific code	Utmost International Trustee Solutions Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
US	213800S4DUJWMDMVYE58US00001	Specific code	Accord Brook S.A.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00002	Specific code	Akito Inc.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00003	Specific code	Atwood Development S.A.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00004	Specific code	Avanna Global Corp.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00001	Specific code	Blain Investments Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VG	213800S4DUJWMDMVYE58VG00001	Specific code	Bliss Spring Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VG	213800S4DUJWMDMVYE58VG00002	Specific code	DCAF Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
JE	213800QR59K3YBMEJU59	LEI	Electrolight Investments Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VG	213800S4DUJWMDMVYE58VG00003	Specific code	Elegant Inn Inc	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00005	Specific code	Epoch Vision Ventures Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00002	Specific code	Evansyr Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00003	Specific code	Global Reliant Group Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00006	Specific code	Grandeur Valley Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00004	Specific code	Grimar 2021 Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	13800S4DUJWMDMVYE58US00012	Specific code	Isidro Mayo Corp.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VG	213800S4DUJWMDMVYE58VG00004	Specific code	Libby Ventures Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00005	Specific code	Michael Churm Holdings Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VG	5493002RCZ6ZOX8BWU49	LEI	Neon Bay Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00007	Specific code	Pacific Commercial Services Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method

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UNDERTAKINGS IN THE SCOPE OF THE GROUP (CONTINUED)

								CRITERIA OF INFLUENCE						INCLUSION IN THE SCOPE OF GROUP SUPERVISION		GROUP SOLVENCY CALCULATION
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
US	213800S4DUJWMDMVYE58US00008	Specific code	Reverades Holding Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
BH	894500R6CBCE90831T16	LEI	Rosco Bahamas Ltd.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
SC	213800S4DUJWMDMVYE58SC00001	Specific code	Rubyfield Investments Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00009	Specific code	Seaview Holdings Investment Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00010	Specific code	Sitori Trading Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00006	Specific code	South Seas Capital Corp	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
VI	549300VIVWQ3ZJVYMN28	LEI	South Surrey Investment & Finance S.A.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
US	213800S4DUJWMDMVYE58US00011	Specific code	Volenda Finance Inc.	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00007	Specific code	VST International Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00008	Specific code	Chodo Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800KLOW6MD7632580	LEI	Sun Global Investments Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00009	Specific code	Highland River Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00010	Specific code	Lumos Industrial Company Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00011	Specific code	Nextgen Assets Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00012	Specific code	Planinvest Inversiones Limited	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00013	Specific code	Regina Holding Group Inc	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00014	Specific code	San Gabriel International Ltd	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method
GB	213800S4DUJWMDMVYE58GB00015	Specific code	San Saturio Investments Inc	Other	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Other method

F.2 ABBREVIATIONS AND GLOSSARY

AC	Audit Committee
ALCO	Asset Liability Committee
ALM	Asset Liability Matching
ARCC	Audit Risk and Compliance Committee
AUA	Assets under administration
AVIF	Acquired Value of In-Force Business
BEL	Best Estimate Liability
Board	UGP Board
BRV	Bonus Reserve Value
BSCR	Basic Solvency Capital Requirement
CBI	Central Bank of Ireland
CDM	Chief Operating Decision Maker
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	Utmost Group plc
COVID-19	Coronavirus
CRO	Chief Risk Officer
CTO	Chief Technology Officer
DAC	Deferred Acquisition Costs
DTA	Deferred Tax Asset
ELAS	Equitable Life Assurance Society
EPIFP	Expected Profit in Future Premium
ERM	Enterprise Risk Management
ESG	Environmental Social and Governance
EV	Economic Value
FCA	Financial Conduct Authority
FDB	Future Discretionary Benefits
Founders	Paul Thompson and Ian Maidens
FVP	Fair Value Pricing Committee
FVTPL	Fair Value through Profit or Loss
GAO	Guaranteed Annuity Options
GEM	Global Exchange Market
GFSC	Guernsey Financial Services Commission
GHoIA	Group Head of Internal Audit
GIA	Group Internal Audit

F.2 ABBREVIATIONS AND GLOSSARY (CONTINUED)

GloBE	The Global Anti-Base Erosion Model Rules (Pillar Two)
HNW	High Net Worth
HoIA	Head of Internal Audit
HRG	Homogeneous Risk Group
HR	Human Resources
IDR	Issuer Default Rating
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
IoM FSA	Isle of Man Financial Services Authority
IRR	Internal Rate of Return
LTIP	Long-Term Incentive Plan
M&A	Mergers and Acquisitions
MA	Matching Adjustment
MCGSCR	Minimum Consolidated Group Solvency Capital Requirement
MCR	Minimum Capital Requirement
MRTs	Material Risk Takers
NPF	Non-Profit Fund
Oaktree	Oaktree Capital Group LLC
OCI	Other Comprehensive Income
ORSA	Own Risk and Solvency Assessment
OSP	Outsource Service Provider
PBT	Profit before Tax
PRA	Prudential Regulation Authority
PwC	PricewaterhouseCoopers LLP
QRT	Quantitative Reporting Template
RCC	Risk and Compliance Committees
RemCo	Remuneration Committees
RFF	Ring Fenced Funds
Risk Appetite	Indentification and management of an acceptable level of risk
ROU	Right of Use
RPS	Reliance Pension Scheme
RT1	Restricted Tier 1
SII	Solvency II
SII Directive	EU Directive 2009/138/EC
SII EV	Solvency II Economic Value
SCR	Solvency Capital Requirement

F.2 ABBREVIATIONS AND GLOSSARY (CONTINUED)

SEC	Securities and Exchange Commission
SFCR	Solvency and Financial Condition Report
SMC	Senior Management Committee
SMF	Senior Management Function
Subsidiary Boards	Board of directors of each of the operating subsidiaries
TCF	Treating Customers Fairly
TMTP	Transitional Measure on Technical Provisions
TSA	Transitional Service Agreement
UAL	Utmost Administration Limited
UCS	Utmost Corporate Solutions
UGP	Utmost Group plc
UHGL	Utmost Holdings Guernsey Limited
UHNW	Ultra High Net Worth
UIBS	Utmost International Business Services Limited
UIIOM	Utmost International Isle of Man Limited
UITSL	Utmost International Trustee Solutions Limited
UK	United Kingdom
UL	Utmost Limited
ULP	Utmost Life and Pensions
ULPL	Utmost Life and Pensions Limited
UN PRI	United Nations-supported Principles for Responsible Investment
UPE	Utmost PanEurope dac
UPM	Utmost Portfolio Management
USIL	Utmost Services Ireland Limited
USL	Utmost Services Limited
Utmost Group	Utmost Group plc and its Subsidiaries
UTSL	Utmost Trustee Solutions Limited
UWEPS	Utmost Worldwide Employee Pension Scheme Limited
UW	Utmost Worldwide Limited
UWS	Utmost Wealth Solutions
Whistleblowing	Establishing processes for employees to raise concerns
WPSF	With Profits Sub-Fund
WTA	Withholding Tax Asset

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