

News release

5 March 2025

Quilter plc preliminary results for the year ended 31 December 2024

Quilter reports a 17% increase in adjusted profit to £196 million and a two-percentage point improvement in operating margin to 29%

Steven Levin, Chief Executive Officer, said:

“2024 was an excellent year in terms of net inflows, revenue momentum, cost discipline and profit growth. Both our High Net Worth and Affluent segments delivered good profit progress and significantly higher new business levels. These results demonstrate the benefit of our scale dual-distribution model which has made us the UK’s largest and fastest growing retail advised platform provider. We have started the year well and look forward to building on this momentum in 2025 and beyond.”

Highlights:

- Total Assets under Management and Administration (“AuMA”) increased by 12% over the year to £119.4 billion reflecting net inflows of £4.8 billion coupled with supportive markets. Core net inflows of £5.2 billion represented 5% of opening AuMA (4% reported after non-core net outflows). More importantly, our net inflow momentum continued to build over the course of the year with the fourth quarter the strongest of the year.
- Adjusted profit before tax increased by 17% to £196 million (2023: £167 million) with a two-percentage point improvement in the operating margin to 29% (2023: 27%).
- Revenues grew by 7% to £670 million (2023: £625 million) reflecting higher management fee revenue on higher asset levels combined with increased investment revenue generated on shareholder funds. Cost control was maintained which limited cost growth to 3%, taking the expense base to £474 million (2023: £458 million).
- Simplification programme now achieved £35 million of savings on a run-rate basis, with the remaining £15 million of the £50 million target expected to be delivered by the end of 2025, on a run-rate basis.
- Adjusted diluted earnings per share of 10.6p increased by 13% (2023: 9.4p) with higher operating profit partially offset by a higher tax charge.
- Ongoing Advice Review: Skilled Person Review expected to complete during Q2 2025. Customer remediation exercise provision of £76 million recognised.
- IFRS loss after tax of £34 million (2023: £42 million IFRS profit after tax).
- Proposed Full Year Dividend of 5.9 pence per share versus 5.2 pence per share in 2023, representing an increase of 13%, in line with EPS growth.
- Solvency II ratio of 219% after payment of recommended final dividend (2023: 271%).

Key financial highlights

We assess our financial performance using a variety of measures including alternative performance measures (“APMs”), as explained further on pages 17 to 19. In the headings and tables presented, these measures are indicated with an asterisk: *.

| Quilter highlights | 2024 | 2023 | Change |
|--|-------|-------|---------|
| Assets and flows – core business | | | |
| AuMA* (£bn) | 116.3 | 103.4 | 12% |
| Gross flows* (£bn) | 16.0 | 11.1 | 44% |
| Net inflows* (£bn) | 5.2 | 0.8 | 525% |
| Net inflows/opening AuMA* | 5% | 1% | 4 ppts |
| Assets and flows – reported | | | |
| AuMA* (£bn) | 119.4 | 106.7 | 12% |
| Gross flows* (£bn) | 16.0 | 11.2 | 44% |
| Net inflows* (£bn) | 4.8 | 0.1 | 3,374% |
| Net inflows/opening AuMA* | 4% | 0% | 4 ppts |
| Profit and loss | | | |
| IFRS (loss)/profit before tax attributable to shareholder returns (£m) | (60) | 12 | n/a |
| IFRS (loss)/profit after tax (£m) | (34) | 42 | n/a |
| Adjusted profit before tax* (£m) | 196 | 167 | 17% |
| Operating margin* | 29% | 27% | 2 ppts |
| Revenue margin* (bps) | 44 | 47 | (3) bps |
| Adjusted diluted earnings per share* (pence) | 10.6 | 9.4 | 13% |
| Recommended total dividend per share (pence) | 5.9 | 5.2 | 13% |
| Basic earnings per share (pence) | (2.5) | 3.1 | n/a |

Quilter plc results for the year ended 31 December 2024

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Steven Levin, CEO, and Mark Satchel, CFO, will give a presentation via webcast at 08:30am (GMT) today, 5 March 2025. The presentation will be followed by a Q&A session.

The presentation will be available to view live via the webcast or can be listened to via a conference call facility. Details on how to join online or via conference call can be found on our website: [2025 results and presentations | Quilter plc](#)

Note: Neither the content of the Company's website nor the content of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.

Disclaimer

This announcement may contain forward-looking statements with respect to certain Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of global conflicts, economic political uncertainty, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward-looking statements.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

Chief Executive Officer's statement

When I took on the role of CEO in late 2022, it was clear that we needed to apply more urgency to our transformation plans. Our net inflows were running at 2% of opening assets, our operating margin was well below peers, and we needed to improve efficiency. As a result of our efforts over the last two years, I am pleased to report that Quilter is in much stronger shape today. We have a well-positioned High Net Worth franchise and the UK's largest, fastest growing, scale adviser platform in our Affluent segment. We are primed for future growth. Below I discuss my review of the year and our plans to take our business forward.

2024 Performance

In 2024, we delivered:

- revenue growth of 7%, four percentage points higher than cost growth of 3%. That led to a two-percentage point increase in our operating margin to 29%;
- record core net inflows of £5.2 billion, with incrementally higher gross and net inflows achieved in each successive quarter of the year; and
- record adjusted profit of £196 million, an increase of 17% (2023: £167 million).

Across our two segments:

- Our High Net Worth segment increased revenue by 7% to £226 million (2023: £211 million). After maintaining growth investment, we delivered a 17% increase in adjusted profit before tax to £48 million (2023: £41 million).
- Affluent segment revenues increased by 8% to £424 million (2023: £393 million) reflecting higher advice and management fee revenues combined with a higher contribution from interest income on the shareholder capital which supports the segment. This revenue growth combined with strong cost management led to a 19% increase in adjusted profit to £148 million (2023: £124 million).

Group adjusted profit before tax of £196 million represents the Group's IFRS result, adjusted for specific items that management consider to be outside of normal operations or one-off in nature. The Group's IFRS loss after tax was £34 million compared to a profit of £42 million in 2023. Principal differences between adjusted profit and the IFRS result are due to non-cash amortisation of intangible assets, business transformation expenses (which are pre-funded and expensed as incurred), finance costs, the impact of policyholder tax positions on the Group's results and, in 2024, the customer remediation exercise provision in respect of the cost of undertaking additional work, together with the potential cost of client redress. We expect business transformation expenses to remain elevated in 2025, reflecting remaining spend on our Simplification programme, but to reduce substantially thereafter.

Total Group adjusted diluted earnings per share were 10.6 pence, an increase of 13% (2023: 9.4 pence). On an IFRS basis basic EPS was (2.5) pence per share compared to 3.1 pence per share for 2023, with the decline largely reflecting the provision in respect of the Ongoing Advice Review and costs of undertaking the review.

Shareholder returns and capital

Our increased profit in 2024 supports an increased recommended final dividend of 4.2 pence per share (2023: 3.7 pence). Together with the interim dividend of 1.7 pence per share, this brings the recommended total shareholder payment to 5.9 pence per share, an increase of 13%, in line with EPS growth. This represents a pay-out ratio of 59% (2023: 61%).

We have a strong balance sheet with a Solvency II ratio of 219% after an accrual for payment of the final dividend and allowing for the customer remediation exercise provision of £76 million. Given the strength of our balance sheet, once the Ongoing Advice Review is more advanced, the Board expects to undertake a review of our capital needs, foreseeable requirements and expected future cash and capital generation to consider whether the Group has excess capital and whether the current distribution strategy remains appropriate.

Ongoing advice

Delivering advice is central to how we operate, and we have policies in place that underline the need for advisers to meet their ongoing servicing obligations. We believe that a well-delivered ongoing advice service, tailored to the individual needs of the client, should be the foundation of an enduring beneficial and trusted relationship between client and adviser to help people make the most of their money. As such, we welcome the announcement made by the FCA on 24 February 2025 regarding ongoing advice services.

In June 2024, a Skilled Person was appointed to conduct a review and provide a view to the FCA on whether the delivery of ongoing advice services by Appointed Representative firms in the Quilter Financial Planning (QFP) network was compliant with applicable regulatory requirements. This work is well advanced, and the final report is expected to be submitted to the FCA in the second quarter of 2025.

As the review has progressed, the analysis of our historical data and practices has supported our view that, except in limited cases, where clients have paid for ongoing service, this has been provided. We also note that the actual number of customer complaints received by Quilter on this issue remains low. Although the Skilled Person Review is yet to complete and will be the subject of further discussions with the FCA, we have concluded that in those limited instances where clients may not have been provided with the expected level of service from their adviser, some form of client remediation is likely to be appropriate. Our best estimate of the cost of undertaking this work, together with potential cost of client remediation (plus interest), amounts to some £76 million and accordingly we have recognised a provision for this amount.

In line with FCA guidance, we would encourage any clients who believe that they have paid for and not received an ongoing advice service from their adviser to contact us directly rather than approaching a Claims Management Company. This will ensure that any amounts that may be due to them are received in full.

We also have the ability to seek appropriate reimbursement from the relevant advisers who have been unable to demonstrate that the ongoing servicing paid for by the client was provided.

As the broader advice regulatory landscape continues to evolve, including through the Advice Guidance Boundary Review, we are fully supportive of the FCA's intention to review the rules on ongoing advice to make sure that they remain fit for the future and help as many people as possible to access high quality support to build brighter financial futures for themselves.

Flows and investment performance

- Our business generated excellent inflows in 2024, reflecting the strategic initiatives put in place over the last few years. Most importantly, our performance accelerated over the course of the year with each quarter incrementally stronger. Total net inflows in our core business were 5% of opening assets, or 4% after non-core net outflows. Both High Net Worth and Affluent performed well relative to their respective market peers.
- Our High Net Worth segment continued to deliver very good levels of new business flows. This performance was achieved despite experiencing higher than historical average outflows predominantly reflecting increased investor activity, including that associated with pre-UK Budget tax planning in the latter part of the year.
- Within our Affluent segment, we were particularly pleased with the improvement in net inflows onto our Platform. We were the leading advised platform for new business flows and remain the largest single discrete UK retail advised platform by assets.

High Net Worth investment performance has been strong. Discretionary client portfolios outperformed the ARC PCI Steady Growth peer group indices over 1, 3 and 5 years; and in the ARC PCI Equity Risk category, they outperformed over 1 and 5 years, with a small 25bps underperformance over 3 years (figures to end December 2024). High Net Worth Core Managed Portfolio Solutions outperformed the respective IA sectors over all time periods. Within Affluent, we continued to deliver good performance from our WealthSelect managed portfolio range. Cirilium Passive and Blend also continued to perform as expected given relative underweight positions in the Magnificent-7 US stocks. Over the last few years, our WealthSelect MPS range has overtaken Cirilium as the preferred solution for advisers and reflects the increasing shift by independent advisers to outsourcing their client investment solutions to managed portfolios on platforms.

Business improvement

Distribution

In our High Net Worth segment, we continue to invest in our advice capability across the UK and internationally in our Dublin and Jersey offices, increasing the size and breadth of the client types we can attract. We plan to grow our client-facing professional headcount (Investment Managers and Restricted Financial Planners) to around 300 over time through developing existing staff and external recruitment.

The Quilter channel across both segments is building distribution on three fronts. We are targeting increased:

- adviser numbers, where the position has broadly stabilised versus the reductions seen in recent years. Total adviser headcount declined in the first half of the year reflecting a combination of natural attrition and retirements but increased modestly in the second half;
- adviser productivity. In 2024, we achieved a 14% increase in annual gross flow per adviser to £3.2 million (2023: £2.8 million). This means that while adviser numbers declined modestly in 2024, during the year the Quilter channel delivered a 46% increase in net inflows to £2.9 billion (2023: £2.0 billion); and
- adviser assets managed within our propositions. During 2024, we undertook back-book transfers, of c.£800 million (2023: c.£750 million).

Proposition

Our Platform and investment solutions are both market-leading propositions. Both are competitively positioned and offer consistent value to our customers. Initiatives to improve our market share of new business flows delivered strong results which, in turn, led to a significant increase in net inflows. IFA gross inflows onto the Platform increased by 66% to £8.8 billion (2023: £5.3 billion). This reflects the quality of our core platform and adviser support staff, and improvements in our sales effectiveness which has led to increased market share. We continue to enhance our proposition through the provision of value-added tools and services, such as family linking pricing, faster payment services and our CashHub cash management offering.

Our dual distribution strategy means that all Quilter products and services are available to both our advisers and independent financial advisers. The strong usage of products and solutions by third parties demonstrates that they are competitive with market alternatives and are both customer focused and competitively priced. Our unbundled pricing is fully aligned with the Consumer Duty principles and puts client choice at the heart of our business.

In September 2024 we acquired NuWealth, a small online Direct to Consumer (D2C) business. This acquisition accelerates our digital capabilities, enabling us to onboard clients directly. The acquisition will broaden our propositions and add another channel to our distribution capability. It is not our intention to compete directly with the established players in the D2C market. Instead, our goal is that NuWealth will support advisers to nurture early-stage clients who can grow into core advisory relationships over time.

Through NuWealth, we will provide financial education and intuitive tools which are aligned with our advice processes to foster better investing habits and put customers in control of their financial journey. This will allow Quilter to support clients at an earlier stage in their lifetime wealth journey, before their assets have reached a level that would normally require face-to-face advice. As these clients' wealth and financial complexities evolve, they will be able to transition to a more tailored advisory service, thereby creating an additional pipeline for future growth.

Strategic transformation

Our change programmes remain on track and are contributing to improved performance.

1. High Net Worth

Following FCA approval of our application to provide financial advice from the Quilter Cheviot legal entity, we have been focused on getting the necessary administration and IT updates formalised ahead of taking up the permissions. From the second quarter, Quilter Cheviot will operate as a directly authorised, fully integrated business, allowing a more seamless approach to client servicing and providing scope for business efficiencies.

2. Affluent: Quilter channel

Having declined in the first half, our number of restricted advisers increased modestly in the second half of 2024. Natural attrition and retirements was partially offset by recruitment and graduates from our Academy, with increased adviser productivity supporting an increase in gross new business flows.

We continued to invest in our Quilter Partners hubs, which combine increased investment and Platform alignment with the entrepreneurial drive and focus of owner-operated businesses. By the end of February 2025, nine firms had joined Quilter Partners which is in line with our initial plans.

Our goal of building a more efficient operating model to deliver further improvements in adviser productivity and client experience is progressing to plan, with expected delivery over a two to three-year horizon.

3. Simplification Phase II

We remain on track to achieve our second stage Simplification target of £50 million of cost savings by end 2025 on a run-rate basis. The programme covers the simplification of our governance and internal administration processes, together with our Advice Transformation and High Net Worth initiatives. By end-2024, £35 million of these savings were delivered on a run-rate basis. Completion of this programme will support our ambition of operating sustainably above a 30% operating margin over the medium term.

Culture

During 2024, we undertook a strategic refresh of our purpose which is “brighter financial futures for every generation”. This was supported by an employee led refresh of our values – do the right thing; always curious; embrace challenge; and stronger together – which our colleagues strive to achieve every day.

Looking forward

As I have outlined, I am very pleased by the progress we have made to position Quilter for the future. The strength and breadth of our businesses means Quilter is uniquely positioned in the UK wealth market:

- In our High Net Worth segment our 14 onshore offices provide nationwide coverage. We offer an integrated advice and investment management proposition to those clients who require this, or each service separately for those clients who do not need both from us. Our approach is relationship led and our business balances meeting complex client needs while retaining the intimacy and client focus of a traditional wealth manager.
- Our Affluent segment is a leading large-scale player in UK Wealth. Our Platform and investment solutions businesses benefit from operating leverage as assets grow and economies of scale are realised. Reflecting this, our strategy is to maximise distribution by supporting advice through both our restricted and independent channels.

When we look across the UK savings and investment landscape, it is clear that too many people have insufficient savings. Quilter believes UK Government policy should be directed at encouraging those individuals to build greater financial self-sufficiency. For those who do save, many do so disproportionately in cash savings with numerous studies concluding that the UK consumer over-saves but under-invests. We are concerned that this may lead to a wealth-gap emerging for future pensioners, with them living on lower incomes than could have been attained through better financial planning.

Studies conducted by Quilter show that consumers who take financial advice tend to have a greater proportion of their wealth in long-term investments and achieve better financial outcomes relative to those who do not. Financial advisers across the market use Quilter as a gateway to access a wide range of fund solutions on an industry-leading platform which supports their clients' investment goals. Instilling a wider long-term investing culture in the UK would increase the likelihood of a well-funded retirement for most individuals. As the UK's second largest advice firm, Quilter will play a leading role in supporting consumers who want to build themselves a brighter financial future.

Over the next decade, we expect a transformation in the way that financial advice is delivered to customers, both through technological change facilitating higher adviser productivity, and regulatory changes such as the expected outputs from the Advice Guidance Boundary Review. We will ensure our business is at the forefront of embracing these changes.

With the business now primed for growth, we are evolving our strategic goals towards a more outward focus:

1. Grow distribution

We achieved our Core net inflow target of 5% of opening balances in 2024. We expect the environment for UK savings to remain constructive. UK households need to invest more, lower interest rates should heighten focus on longer-term investment products, and lower inflation increases the ability to invest. We aim to deliver market leading net new business flows. By gradually improving our share of a growing market, while maintaining persistency levels in line with long-term trends, we expect to continue delivering net flows of around 5% of opening balances, through the cycle.

2. Enhance propositions

Our open, unbundled business model is, by its nature, highly customer-centric. We will continue to innovate and anticipate future client needs. We will create new propositions to support the development of a stronger UK investment culture. Our investment in NuWealth will allow us to accelerate development of digital distribution and propositions. Delivering brighter financial futures for our customers is central to our philosophy.

3. Be future fit

We will complete our current Simplification programme and further improve our operating margin, over time, while investing in our business to deliver our growth objectives. We will continue to evolve our culture and talent to ensure we are regarded as a high-performing organisation.

Outlook

Business performance was excellent in 2024, and we look to 2025 and beyond with confidence. Our customer-centric business model, dual channel distribution, and commitment to operational efficiency, backed by a strong balance sheet, positions us well to support our clients on their wealth-building journey. We have started 2025 well with net inflows running ahead of the corresponding period in 2024. Our current view of the remainder of the year embeds the following assumptions:

- Market levels sustain the solid momentum that has characterised early 2025 and the broader environment remains conducive to improving new business flows.
- In line with Bank of England commentary, we expect UK interest rates to gradually decline from current levels, albeit the pace of easing remains uncertain. Although this will reduce the investment income generated on shareholder cash, it should increase demand for longer-term investment products from clients and be supportive to equity market valuation levels.
- We see a strong opportunity to continue to capture market share and are primed for growth. As a result, we expect cost growth of around 5% in 2025, before the benefit from Simplification, as we increase growth investment spend.
- In addition, we expect a £5 million increase (annualised) in costs arising from the change in Employer's National Insurance rates. We also expect the FSCS levy to double to approximately £8 million from 2024 levels.

As a result of the above, we expect a cost base of around £500 million in 2025. This is expected to lead to a mid to high single digit increase in adjusted profit in 2025, with the pace of cost investment broadly matched to that of revenues and with accelerating profit growth in 2026 and beyond.

Steven Levin

Chief Executive Officer

Financial review

Review of financial performance

Overview

The Group delivered strong growth in 2024, with record adjusted profit before tax of £196 million, an increase of 17% on the prior year (2023: £167 million). This was driven by higher average AuMA supported by strong net inflows and positive markets, together with higher interest rates benefitting investment returns on shareholder cash, and continued delivery of our Simplification programme. The Group's reported closing AuMA was £119.4 billion, a 12% increase on the opening position (2023: £106.7 billion).

Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 17 to 19. In the headings and tables presented, these measures are indicated with an asterisk: *.

Key financial highlights

| Quilter highlights | 2024 | 2023 |
|--|-------|-------|
| Assets and flows – core business | | |
| AuMA* (£bn) | 116.3 | 103.4 |
| Gross flows* (£bn) | 16.0 | 11.1 |
| Net inflows* (£bn) | 5.2 | 0.8 |
| Net inflows/opening AuMA* | 5% | 1% |
| Productivity: Quilter channel gross sales per Quilter Adviser* (£m) ¹ | 3.2 | 2.8 |
| Asset retention* | 90% | 89% |
| Assets and flows – reported | | |
| AuMA* (£bn) | 119.4 | 106.7 |
| Gross flows* (£bn) | 16.0 | 11.2 |
| Net inflows* (£bn) | 4.8 | 0.1 |
| Net inflows/opening AuMA* | 4% | 0% |
| Profit and loss | | |
| IFRS (loss)/profit before tax attributable to shareholder returns (£m) | (60) | 12 |
| IFRS (loss)/profit after tax (£m) | (34) | 42 |
| Adjusted profit before tax* (£m) | 196 | 167 |
| Operating margin* | 29% | 27% |
| Revenue margin* (bps) | 44 | 47 |
| Return on equity* | 10.0% | 8.5% |
| Adjusted diluted earnings per share* (pence) | 10.6 | 9.4 |
| Recommended total dividend per share (pence) | 5.9 | 5.2 |
| Basic earnings per share (pence) | (2.5) | 3.1 |
| Non-financial | | |
| Total Restricted Financial Planners ("RFPs") in both segments ² | 1,440 | 1,489 |
| Discretionary Investment Managers in High Net Worth segment ² | 176 | 174 |

¹Quilter channel gross sales per Quilter Adviser is a measure of the value created by our Quilter distribution channel.

²Closing headcount as at 31 December.

In the core business, net inflows of £5.2 billion increased by 525% (2023: £0.8 billion) in 2024. This reflected an improvement in the macro environment and investor sentiment, as well as the effectiveness of building out our distribution capabilities and enhancing our proposition. Gross flows of £16.0 billion (2023: £11.1 billion), reflects continued strong flows in the Quilter channel and a significant increase in IFA channel flows onto the Platform, due to increased new business levels and improved market share from IFA firms. Productivity, representing Quilter channel gross sales per Quilter Adviser, increased by 14% to £3.2 million (2023: £2.8 million).

In the **Affluent** segment, we experienced strong contributions from both the Quilter and IFA channels:

- Quilter channel: Gross flows of £4.1 billion were 14% higher than the prior year (2023: £3.6 billion), whilst net inflows of £2.3 billion were 43% ahead (2023: £1.6 billion). As part of our continued strategic objective of aligning our Advice business, back book transfers of c.£800 million of assets under advice by Quilter Financial Planning were transferred onto our Platform from external platforms. Net inflows as a percentage of opening AuMA for the Quilter channel were 13% (2023: 10%).
- IFA channel: Gross flows of £8.8 billion onto the Quilter Platform increased by 68% (2023: £5.3 billion), demonstrating our continued strategic initiatives in building out our distribution and improving our market share of new business. The Platform continues to maintain the leading share of gross flows against our retail advised platform peers, based on the latest Fundscape data (Q4 2024). Net inflows were £3.0 billion (2023: £0.2 billion net outflow) representing a significant improvement on the prior year, as we continued to win flows from competitor platforms. Net inflows as a percentage of opening AuMA for the IFA channel onto the Platform were 5% (2023: nil).

- Funds via third-party platforms reported net outflows of £400 million, compared to £316 million in the previous year.

Asset retention of 89% for the Affluent segment remains stable compared to the prior year (2023: 89%).

Within the **High Net Worth** segment, gross flows of £3.1 billion were 42% higher than the prior year (2023: £2.2 billion), whilst net inflows of £0.6 billion were also up (2023: £0.1 billion net outflow). Whilst both the Quilter channel, and the IFA and direct channel, recorded net inflows for the year, the latter experienced a loss of a large value low margin account during the first half of the year. Asset retention of 91% for the High Net Worth segment remained in line with the previous year (2023: 91%).

The Group's core business AuMA of £116.3 billion is 12% ahead of the opening position (2023: £103.4 billion) reflecting positive market movements of £7.7 billion and net inflows of £5.2 billion. The Affluent segment AuMA increased by 14% to £88.5 billion (2023: £77.5 billion) of which £29.5 billion is managed by Quilter, versus the opening position of £25.5 billion. The High Net Worth segment AuM was £29.5 billion, up 9% from the opening position of £27.0 billion, with all assets managed by Quilter.

In total, £58.5 billion, representing 50% of core business AuMA, is managed by Quilter across the Group (2023: £52.2 billion, 50%).

The Group's revenue margin of 44 bps was 3 bps lower than the prior year (2023: 47 bps).

In the Affluent segment, the administered revenue margin was 25 bps, 2 bps lower than the prior year (2023: 27 bps). This is primarily the result of reduced Platform administration fees charged to clients in the second half of 2023 and all of 2024 following the Platform repricing undertaken during 2023, and the impact from our tiered pricing structure. The managed revenue margin decreased by 5 bps to 36 bps (2023: 41 bps) following the repricing of the Cirilium Active range in 2023 and the introduction of AuM scale discounts. Within our Managed Solutions, as previously guided, the proportion of total client assets invested in the Cirilium Active range, our highest revenue bps contributor, remained in net outflow during the year. Within our MPS range, WealthSelect remains one of the largest MPS offerings in the industry and continues to grow with AuMA of £18.4 billion at the end of 2024 (2023: £13.7 billion), reflecting the shift towards managed portfolios on platforms.

The revenue margin in the High Net Worth segment decreased by 1 bp to 70 bps (2023: 71 bps).

Adjusted profit before tax increased by 17% to £196 million (2023: £167 million). Net management fees of £502 million increased 5% (2023: £477 million) primarily due to an increase in reported average AuMA year-on-year of 11% to £113.2 billion (2023: £102.1 billion) partially offset by the planned reductions in net management fee margins that were implemented during 2023 and asset mix shifts.

Interest revenue generated from client funds included within net management fees were £31 million (2023: £23 million) reflecting the increased interest rates year-on-year and the changes made to the Platform charging structures in 2023. Other revenue of £97 million, which mainly comprises our share of income from providing advice, was up 13% on prior year (2023: £86 million) reflecting higher average levels of assets under advice. Investment revenue, predominantly interest income generated on shareholder cash and capital resources, of £71 million increased by £9 million (2023: £62 million) due to higher average interest rates in 2024 compared to the prior year.

Operating expenses of £474 million increased by 3% on the prior year (2023: £458 million) as a result of inflationary increases and planned business investment, partially offset by Simplification cost savings. The Group operating margin improved by 2 percentage points to 29% (2023: 27%).

The Group's IFRS loss after tax was £34 million compared to a £42 million IFRS profit after tax for 2023. This reflects the variances in policyholder tax outcomes due to market gains in the year, the customer remediation exercise provision and the cost of the Skilled Person Review. This is partially offset by an improvement in the adjusted profit result.

Adjusted diluted earnings per share increased 13% to 10.6 pence (2023: 9.4 pence).

Total net revenue*

| Total net revenue 2024 (£m) | Affluent | High Net Worth | Head Office | Quilter plc |
|----------------------------------|------------|----------------|-------------|-------------|
| Net management fee* ¹ | 304 | 198 | - | 502 |
| Other revenue* | 84 | 21 | (8) | 97 |
| Investment revenue* | 36 | 7 | 28 | 71 |
| Total net revenue* | 424 | 226 | 20 | 670 |

| Total net revenue 2023 (£m) | Affluent | High Net Worth | Head Office | Quilter plc |
|----------------------------------|------------|----------------|-------------|-------------|
| Net management fee* ¹ | 292 | 185 | - | 477 |
| Other revenue* | 70 | 20 | (4) | 86 |
| Investment revenue* | 31 | 6 | 25 | 62 |
| Total net revenue* | 393 | 211 | 21 | 625 |

¹Net management fee includes the interest earned on client holdings in Quilter Cheviot and Quilter Investment Platform.

Total net revenue for the Affluent segment was £424 million, an increase of 8% from the prior year (2023: £393 million). Net management fees were £304 million, £12 million ahead of the prior year (2023: £292 million). Within net management fees, £19 million (2023: £10 million) relates to interest sharing arrangements on cash balances held on the Platform. This was offset by changes to the mix of assets and planned changes to the margins generated in 2023, predominantly the Cirilium Active repricing and the new Platform pricing policy.

Other revenue within the Affluent segment, mainly consisting of our share of income from providing advice within Quilter Financial Planning, was £84 million, 20% more than the prior year (2023: £70 million). This includes higher recurring charges from higher average levels of assets under advice. Investment revenue of £36 million (2023: £31 million) represents interest earned on shareholder capital held to meet the regulatory capital requirements of the business.

Total net revenue of £226 million in the High Net Worth segment was 7% higher in the year (2023: £211 million). Net management fees were £13 million ahead of the prior year at £198 million (2023: £185 million) largely due to higher average AuM, partially offset by changes to fee structures introduced in 2023. Net management fees include interest margin earned on client cash balances of £12 million (2023: £13 million). Investment revenue, representing revenue earned on regulatory capital to support the business, of £7 million was £1 million higher (2023: £6 million) due to higher average interest rates. Other revenue of £21 million, predominantly reflecting revenue generated in Quilter Cheviot Financial Planning, was marginally higher than the prior year (2023: £20 million).

Operating expenses*

Operating expenses increased by 3% to £474 million (2023: £458 million). This increase reflects our planned investment in the business and inflationary increases, whilst focusing on our continued sustainable cost savings through Simplification activities.

| Operating expenses (£m) | 2024 | | 2023 | |
|-------------------------------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | Operating expenses | As a percentage of revenues | Operating expenses | As a percentage of revenues |
| Support staff costs | 110 | | 115 | |
| Operations | 20 | | 21 | |
| Technology | 31 | | 32 | |
| Property | 28 | | 30 | |
| Other base costs ¹ | 33 | | 29 | |
| Sub-total base costs | 222 | 33% | 227 | 36% |
| Revenue-generating staff base costs | 101 | 15% | 96 | 15% |
| Variable staff compensation | 82 | 12% | 74 | 12% |
| Other variable costs ² | 51 | 8% | 45 | 7% |
| Sub-total variable costs | 234 | 35% | 215 | 34% |
| Regulatory/Insurance costs | 18 | 3% | 16 | 3% |
| Operating expenses* | 474 | 71% | 458 | 73% |

¹Other base costs includes depreciation and amortisation, audit fees, shareholder costs, listed Group costs and governance.

²Other variable costs includes FNZ costs, development spend and corporate functions variable costs.

We announced at our 2023 half-year results, a further £50 million of annualised run rate savings from Phase II of the Simplification programme with this anticipated to be delivered on a run-rate basis by the end of 2025. At 31 December 2024, the programme had delivered £35 million of these savings, on a run-rate basis, largely through the continued rationalisation of the Group's technology and property estate, IT and operations efficiencies from our investment in Advice technology, and a reduction in support costs as we continue to simplify our governance and internal administration processes. These benefits were partially offset by the impact of inflation on our cost base during the year. As a result, base costs as a percentage of revenues reduced 3 percentage points to 33% (2023: 36%).

Revenue-generating staff base costs increased by 5% to £101 million (2023: £96 million) and remains at a similar proportion of revenues as we continue to invest in our people and proposition across our business segments to drive growth.

Variable staff compensation of £82 million (2023: £74 million) increased by 11%, driven by an increased share price impacting the cost of deferred awards, National Insurance changes and improved business performance. Other variable costs of £51 million (2023: £45 million) were above that of the previous year, mainly driven by the increase in the average AuMA experienced over the year and increased business investment including M&A activity.

Regulatory and insurance costs increased by 13% to £18 million (2023: £16 million) reflecting increased Regulatory fees.

Taxation

The effective tax rate ("ETR") on adjusted profit before tax was 24% (2023: 23%). The Group's ETR is broadly in line with the UK headline corporation tax rate of 25%. The Group's ETR is dependent on a number of factors, including tax rates on profits in jurisdictions outside the UK and the value of non-deductible expenses or non-taxable income.

The Group's IFRS income tax expense was a charge of £69 million for the year ended 31 December 2024, compared to a charge of £46 million for the prior year. The income tax expense or credit can vary significantly year-on-year as a result of market volatility and the impact that this has on policyholder tax. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) has historically been volatile due to timing differences between the recognition of policy deductions and credits and the corresponding policyholder tax expense, resulting in the need for significant adjustments to the adjusted profit to remove these distortions. The Group has made changes to its unit pricing policy during 2024 relating to policyholder tax charges which will reduce future volatility in these timing differences. These changes are expected to reduce the value of adjustments made to future periods adjusted profit, set out in note 5(b)(vii) in the condensed consolidated financial statements.

Reconciliation of adjusted profit before tax* to IFRS result

Adjusted profit before tax represents the Group's IFRS result, adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature, as detailed in note 5(a) in the condensed consolidated financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit or loss after tax.

Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the IFRS consolidated statement of comprehensive income but is instead intended to provide additional comparability and understanding of the financial results.

| Reconciliation of adjusted profit before tax to IFRS (loss)/profit after tax (£m) | 2024 | 2023 |
|--|--------------|--------------|
| Affluent | 148 | 124 |
| High Net Worth | 48 | 41 |
| Head Office | - | 2 |
| Adjusted profit before tax* | 196 | 167 |
| Adjusting items: | | |
| Impact of acquisition and disposal-related accounting | (40) | (39) |
| Business transformation costs | (26) | (28) |
| Skilled Person Review | (10) | - |
| Customer remediation exercise | (76) | - |
| Other customer remediation | 3 | (6) |
| Exchange rate movement (ZAR/GBP) | 1 | (2) |
| Policyholder tax adjustments | (90) | (62) |
| Other adjusting items | - | 1 |
| Finance costs | (18) | (19) |
| Total adjusting items before tax | (256) | (155) |
| (Loss)/profit before tax attributable to shareholder returns | (60) | 12 |
| Tax attributable to policyholder returns | 95 | 76 |
| Income tax expense | (69) | (46) |
| IFRS (loss)/profit after tax | (34) | 42 |

The impact of acquisition and disposal-related accounting costs of £40 million (2023: £39 million) includes amortisation of acquired intangible assets and acquired adviser schemes.

Business transformation costs of £26 million were incurred in 2024 (2023: £28 million). During 2024, the Group spent £24 million on delivering Simplification initiatives (2023: £25 million). The implementation costs to deliver the remaining £15 million of annualised run-rate savings for the programme are estimated to be £40 million. Investment in business costs of £2 million (2023: £1 million) were incurred as the Group continues to enable and support advisers and clients and improve productivity through better use of technology.

Skilled Person Review costs of £10 million (2023: £nil) include the estimated external cost and direct cost of internal resources to support and perform the Skilled Person Review of historical data and practices across the Quilter Financial Planning network of Appointed Representative firms. This cost is excluded from adjusted profit as management considers it to be outside of the Group's normal operations and one-off in nature.

Customer remediation exercise costs of £76 million (2023: £nil) include the estimated redress payable to customers, comprising a refund of ongoing advice charges and interest payable for customers impacted, and administrative costs, which represents the costs to perform a potential customer remediation exercise across the Quilter Financial Planning network of Appointed Representative firms (see note 16 in the condensed consolidated financial statements). This cost is excluded from adjusted profit as management considers it to be outside of the Group's normal operations and one-off in nature.

For 2023, the other customer remediation expense of £6 million reflected £4 million of legal, consulting and other costs and a £2 million provision increase related to non-British Steel Pension Scheme redress payments. This was the result of the Group-managed past business review of defined benefit to defined contribution ("DB to DC") pension transfer advice suitability by an independent expert. For 2024, the provision for redress decreased by £3 million as a result of the redress calculations performed for customers being lower than forecast in 2023 due to the changes in assumptions used to perform the calculations and market movements of the pension scheme values during 2024. Further details of the provision are provided in note 16 in the condensed consolidated financial statements.

In 2024, income of £1 million was recognised (2023: £2 million expense) due to foreign exchange movements on cash held in South African Rand in preparation for payments of dividends to shareholders. Cash was converted to South African Rand upon announcement of the dividend payments to provide an economic hedge for the Group. The foreign exchange movements are fully offset by an equal amount taken directly to retained earnings.

Policyholder tax adjustments to adjusted profit were a credit of £90 million for 2024 (2023: £62 million credit). Adjustments to policyholder tax are made to remove distortions arising from market volatility that can, in turn, lead to volatility in the policyholder tax adjustments between years. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) can vary in timing to the recognition of the corresponding tax expense, creating volatility in the Group's IFRS profit or loss before tax. During 2024, the Group made changes to its unit pricing policy relating to policyholder tax charges which will reduce the value of these timing differences in future years. These changes, together with current year market movements, have resulted in the unwind of most of the opening timing difference.

Review of financial position

Capital and liquidity

Solvency II

The Group's solvency surplus is £851 million at 31 December 2024 (31 December 2023: £972 million), representing a solvency ratio of 219% (31 December 2023: 271%). The solvency information for the year to 31 December 2024 has been prepared based on the PRA rules and policy material that replaced Solvency II assimilated law on 31 December 2024 ("UK Solvency II"). Comparative figures for regulatory capital for 2023 are presented on a Solvency II basis. The solvency information for the year to 31 December 2024 contained in this results disclosure has not been audited.

The Group's solvency capital position is stated after allowing for the impact of the foreseeable dividend payment of £57 million (31 December 2023: £50 million).

| | At 31 December 2024 ¹ | At 31 December 2023 ² |
|---------------------------------------|--|--|
| Group Solvency II capital (£m) | | |
| Own funds | 1,566 | 1,540 |
| Solvency capital requirement ("SCR") | 715 | 568 |
| Solvency II surplus | 851 | 972 |
| Solvency II coverage ratio | 219% | 271% |

¹Filing of annual regulatory reporting forms due by 27 May 2025.

²As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2023.

The Group solvency surplus decreased by £121 million from the 31 December 2023 position primarily due to the customer remediation exercise provision and costs relating to acquisitions, business transformation and financing, partly offset by the net profit recognised in the year.

The Group's own funds include the Quilter plc issued subordinated debt security which qualifies as capital under the UK Solvency II rules. The composition of own funds by tier is presented in the table below.

| | At 31 December 2024 | At 31 December 2023 |
|--|---------------------------|---------------------------|
| Group own funds (£m) | | |
| Tier 1 ¹ | 1,366 | 1,336 |
| Tier 2 ² | 200 | 204 |
| Total Group Solvency II own funds | 1,566 | 1,540 |

¹All Tier 1 capital is unrestricted for tiering purposes.

²Comprises a UK Solvency II compliant subordinated debt security in the form of a Tier 2 bond, which was issued at £200 million in January 2023.

The Group SCR is covered by Tier 1 capital, which represents 191% of the Group SCR of £715 million. Tier 2 capital represents 23% of the Group solvency surplus.

Final Dividend

The Quilter Board recommended a Final Dividend of 4.2 pence per share at a total cost of £57 million. Subject to shareholder approval at the 2025 Annual General Meeting, the recommended Final Dividend will be paid on Tuesday 27 May 2025 to shareholders on the UK and South African share registers on Friday 11 April 2025 (the "Record Date"). For shareholders on our South African share register, a Final Dividend of 99.18040 South African cents per share will be paid, using an exchange rate of 23.61438.

Holding company cash

The holding company cash statement includes cash flows generated by the three main holding companies within the business: Quilter plc, Quilter Holdings Limited and Quilter UK Holding Limited. The flows associated with these companies will differ markedly from those disclosed in the statutory statement of cash flows, which comprises flows from the entire Quilter plc Group including policyholder movements.

| | 2024 | 2023 |
|---|-------------|------|
| Holding company cash (£m) | | |
| Opening cash at holding companies at 1 January | 349 | 392 |
| Share repurchase and Odd-lot Offer | - | (14) |
| Single Strategy business sale – price adjustment provision | - | (4) |
| Debt issuance costs | - | (2) |
| Dividends paid | (73) | (65) |
| Net capital movements | (73) | (85) |
| Head Office costs and Business transformation funding | (34) | (43) |
| Net interest received | 18 | 13 |
| Finance costs | (17) | (18) |
| Net operational movements | (33) | (48) |
| Cash remittances from subsidiaries | 325 | 176 |
| Capital contributions, loan repayments and investments | (102) | (86) |
| Other net movements | (4) | - |
| Internal capital and strategic investments | 219 | 90 |
| Closing cash at holding companies at the end of the year | 462 | 349 |

Net capital movements in 2024, totalled an outflow of £73 million (2023: £85 million) relating to dividend payments to shareholders in the year.

Net operational movements were an outflow of £33 million in 2024 (2023: £48 million). This includes £34 million (2023: £43 million) of corporate and business transformation costs, finance costs of £17 million (2023: £18 million) relating to coupon payments on the Tier 2 bond and non-utilisation fees for the revolving credit facility, and £18 million (2023: £13 million) of net interest income on money market funds, intragroup loans and cash holdings.

The net inflow related to internal capital and strategic investments of £219 million (2023: £90 million) is principally due to £325 million (2023: £176 million) of cash remittances from the trading businesses, which includes a remittance of £80 million as a result of a change in the Solvency II calculation methodology in 2023. This is partially offset by £102 million (2023: £86 million) of capital contributions to support business operational activities and further investment in the underlying business, including strategic acquisitions.

Shareholder information – Final Dividend

The Quilter Board has agreed to recommend to shareholders the payment of a Final Dividend of 4.2 pence per share. The Final Dividend will be considered by shareholders at the Quilter plc Annual General Meeting which will be held on Thursday 22 May 2025. Subject to shareholder approval, the Final Dividend will be paid on Tuesday 27 May 2025 to shareholders on the UK and South African share registers on Friday 11 April 2025 (the "Record Date").

Dividend Timetable

| | |
|---|------------------------|
| Dividend announcement in pounds sterling with South Africa ZAR equivalent | Wednesday 5 March 2025 |
| Last day to trade cum dividend in South Africa | Tuesday 8 April 2025 |
| Shares trade ex-dividend in South Africa | Wednesday 9 April 2025 |
| Shares trade ex-dividend in the UK | Thursday 10 April 2025 |
| Record Date in the UK and South Africa | Friday 11 April 2025 |
| Final Dividend payment date | Tuesday 27 May 2025 |

From the opening of trading on Wednesday 5 March 2025 until the close of business on Friday 11 April 2025, no transfers between the London and Johannesburg registers will be permitted. Share certificates for shareholders on the South African register may not be dematerialised or rematerialised between Wednesday 9 April 2025 and Friday 11 April 2025, both dates inclusive.

Additional information

For shareholders on our South African share register a Final Dividend of 99.18040 South African cents per share will be paid on Tuesday 27 May 2025, based on an exchange rate of 23.61438. Dividend Tax will be withheld at the rate of 20% from the amount of the gross dividend of 99.18040 South African cents per share paid to South African shareholders unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net Final Dividend will be 79.34432 South African cents per share. The Company had a total of 1,404,105,498 shares in issue at today's date.

If you are uncertain as to the tax treatment of any dividends, you should consult your own tax adviser.

Supplementary information

Alternative Performance Measures (“APMs”)

We assess our financial performance using a variety of measures including APMs, as explained further on pages 17 to 19. These measures are indicated with an asterisk: *.

For the year ended 31 December 2024

1. Key financial data

| | AuMA as at 31 December 2023 | Gross flows (£m) | Net flows (£m) | AuMA as at 31 December 2024 | Of which managed by Quilter AuM as at 31 December 2024 |
|--|--------------------------------------|------------------------|----------------------|--------------------------------------|---|
| 2024 gross flows, net flows & AuMA (£bn), unaudited | | | | | |
| AFFLUENT SEGMENT | | | | | |
| Quilter channel ¹ | 17.2 | 4,105 | 2,293 | 19.1 | 15.2 |
| IFA channel on Quilter Investment Platform | 58.7 | 8,801 | 3,040 | 67.5 | 12.4 |
| Funds via third-party platform | 1.6 | 401 | (400) | 1.9 | 1.9 |
| Total Affluent segment core business | 77.5 | 13,307 | 4,933 | 88.5 | 29.5 |
| HIGH NET WORTH SEGMENT | | | | | |
| Quilter channel | 2.9 | 743 | 595 | 3.6 | 3.6 |
| IFA channel incl. Direct | 24.1 | 2,373 | 4 | 25.9 | 25.9 |
| Total High Net Worth segment | 27.0 | 3,116 | 599 | 29.5 | 29.5 |
| Inter-Segment Dual Assets² | (1.1) | (447) | (332) | (1.7) | (0.5) |
| Quilter plc core business | 103.4 | 15,976 | 5,200 | 116.3 | 58.5 |
| Non-core | 3.3 | 68 | (441) | 3.1 | 1.9 |
| Quilter plc reported | 106.7 | 16,044 | 4,759 | 119.4 | 60.4 |
| Affluent AuMA breakdown (incl. Non-core): | | | | | |
| Affluent administered only | 53.2 | 7,974 | 3,272 | 60.2 | |
| Affluent managed and administered | 20.6 | 4,454 | 2,314 | 25.2 | |
| Quilter Platform Sub-Total³ | 73.8 | 12,428 | 5,586 | 85.4 | |
| Affluent external platform | 7.0 | 947 | (1,094) | 6.2 | |
| Affluent Total (Including Non-core) | 80.8 | 13,375 | 4,492 | 91.6 | |

¹Quilter channel Platform discrete gross flows and net flows were £3,615 million and £2,662 million respectively, with closing AuMA of £16.7 billion.

²Inter-segment dual assets reflect funds managed by Quilter Cheviot and administered by Quilter Investors and the Quilter Cheviot managed portfolio service solutions available to advisers on the Quilter Investment Platform. This is excluded from total AuMA to ensure no double count takes place.

³The Quilter Platform includes £12 million of gross flows, £116 million of net outflows and £1.2 billion of closing AuA related to non-core assets.

| | AuMA as at 31 December 2022 | Gross flows (£m) | Net flows (£m) | AuMA as at 31 December 2023 | Of which managed by Quilter AuM as at 31 December 2023 |
|--|-----------------------------|------------------|----------------|-----------------------------|--|
| 2023 gross flows, net flows & AuMA (£bn), unaudited | | | | | |
| AFFLUENT SEGMENT | | | | | |
| Quilter channel ¹ | 15.4 | 3,608 | 1,608 | 17.2 | 13.3 |
| IFA channel on Quilter Investment Platform | 54.1 | 5,251 | (164) | 58.7 | 10.6 |
| Funds via third-party platform | 2.0 | 301 | (316) | 1.6 | 1.6 |
| Total Affluent segment core business | 71.5 | 9,160 | 1,128 | 77.5 | 25.5 |
| HIGH NET WORTH SEGMENT | | | | | |
| Quilter channel | 2.4 | 513 | 369 | 2.9 | 2.9 |
| IFA channel incl. Direct | 23.1 | 1,681 | (507) | 24.1 | 24.1 |
| Total High Net Worth segment | 25.5 | 2,194 | (138) | 27.0 | 27.0 |
| Inter-Segment Dual Assets² | (0.8) | (258) | (158) | (1.1) | (0.3) |
| Quilter plc core business | 96.2 | 11,096 | 832 | 103.4 | 52.2 |
| Non-core | 3.4 | 78 | (695) | 3.3 | 2.1 |
| Quilter plc reported | 99.6 | 11,174 | 137 | 106.7 | 54.3 |
| Affluent AuMA breakdown (incl. Non-core): | | | | | |
| Affluent administered only | 50.0 | 4,823 | 270 | 53.2 | |
| Affluent managed and administered | 17.0 | 3,369 | 1,520 | 20.6 | |
| Quilter Platform Sub-Total³ | 67.0 | 8,192 | 1,790 | 73.8 | |
| Affluent external platform | 7.9 | 1,046 | (1,357) | 7.0 | |
| Affluent Total (Including Non-core) | 74.9 | 9,238 | 433 | 80.8 | |

¹Quilter channel Platform discrete gross flows and net flows were £2,934 million and £2,074 million respectively, with closing AuMA of £13.9 billion.

²Inter-segment dual assets reflect funds managed by Quilter Cheviot and administered by Quilter Investors and the Quilter Cheviot managed portfolio service solutions available to advisers on the Quilter Investment Platform. This is excluded from total AuMA to ensure no double count takes place.

³The Quilter Platform includes £7 million of gross flows, £120 million of net outflows and £1.2 billion of closing AuA related to non-core assets.

| Estimated asset allocation (%) | 2024 Total client AuMA | 2023 Total client AuMA |
|---|------------------------|------------------------|
| Fund profile by investment type, unaudited | | |
| Fixed interest | 25% | 26% |
| Equities | 65% | 63% |
| Cash | 4% | 5% |
| Property and alternatives | 6% | 6% |
| Total | 100% | 100% |

1. Affluent

The following table presents certain key financial metrics utilised by management with respect to the business units of the Affluent segment, for the years indicated.

| Key financial highlights | 2024 | 2023 | % change |
|--|------------|------------|------------|
| Affluent Administered | | | |
| Net management fees (£m)* | 196 | 185 | 6% |
| Other revenue (£m)* | 9 | 2 | - |
| Investment revenue (£m)* | 27 | 25 | 8% |
| Total net revenue (£m)* | 232 | 212 | 9% |
| Net flows (£m)* | 5,586 | 1,790 | - |
| Closing AuMA (£bn)* | 85.4 | 73.8 | 16% |
| Average AuMA (£bn)* | 79.8 | 69.6 | 15% |
| Revenue margin (bps)* | 25 | 27 | (2) bps |
| Asset retention (%)* | 91% | 90% | 1 ppt |
| Affluent Managed | | | |
| Net management fees (£m)* | 108 | 107 | 1% |
| Other revenue (£m)* | 1 | - | - |
| Investment revenue (£m)* | 4 | 3 | 33% |
| Total net revenue (£m)* | 113 | 110 | 3% |
| Net flows (£m)* | 1,220 | 163 | - |
| Closing AuM (£bn)* | 31.4 | 27.6 | 14% |
| Average AuM (£bn)* | 29.6 | 25.9 | 14% |
| Revenue margin (bps)* | 36 | 41 | (5) bps |
| Asset retention (%)* | 85% | 83% | 2 ppts |
| Advice (Quilter Financial Planning) | | | |
| Net management fees (£m)* | - | - | - |
| Other revenue (£m)* | 74 | 68 | 9% |
| Investment revenue (£m)* | 5 | 3 | 67% |
| Total net revenue (£m)* | 79 | 71 | 11% |
| RFPs (number) | 1,373 | 1,419 | (3%) |

2. High Net Worth

The following table presents certain key financial metrics utilised by management with respect to the business units of the High Net Worth segment, for the years indicated.

| Key financial highlights | 2024 | 2023 | % change |
|--|------------|------------|-----------|
| Quilter Cheviot | | | |
| Net management fees (£m)* | 198 | 185 | 7% |
| Other revenue (£m)* | 2 | 1 | 100% |
| Investment revenue (£m)* | 6 | 5 | 20% |
| Total net revenue (£m)* | 206 | 191 | 8% |
| Net flows (£m)* | 599 | (138) | - |
| Closing AuM (£bn)* | 29.5 | 27.0 | 9% |
| Average AuM (£bn)* | 28.3 | 25.9 | 9% |
| Revenue margin (bps)* | 70 | 71 | (1) bp |
| Asset retention (%)* | 91% | 91% | - |
| Discretionary Investment Managers (number)* | 176 | 174 | 1% |
| Advice (Quilter Cheviot Financial Planning) | | | |
| Net management fees (£m)* | - | - | - |
| Other revenue (£m)* | 19 | 19 | - |
| Investment revenue (£m)* | 1 | 1 | - |
| Total net revenue (£m)* | 20 | 20 | - |
| RFPs (number) | 67 | 70 | (4%) |

Financial performance by segment

The following table presents a breakdown of financial performance by segment and Quilter plc for the years indicated.

| Financial performance 2024 (£m) | Affluent | High Net Worth | Head Office | Quilter plc |
|------------------------------------|--------------|-------------------|-------------|--------------|
| Net management fee* ¹ | 304 | 198 | - | 502 |
| Other revenue* | 84 | 21 | (8) | 97 |
| Investment revenue* | 36 | 7 | 28 | 71 |
| Total net revenue* | 424 | 226 | 20 | 670 |
| Operating expenses* | (276) | (178) | (20) | (474) |
| Adjusted profit before tax* | 148 | 48 | - | 196 |
| Tax | | | | (48) |
| Adjusted profit after tax* | | | | 148 |
| Operating margin (%)* | 35% | 21% | | 29% |
| Revenue margin (bps)* | 35 | 70 | | 44 |

| Financial performance 2023 (£m) | Affluent | High Net Worth | Head Office | Quilter plc |
|------------------------------------|--------------|-------------------|-------------|--------------|
| Net management fee* ¹ | 292 | 185 | - | 477 |
| Other revenue* | 70 | 20 | (4) | 86 |
| Investment revenue* | 31 | 6 | 25 | 62 |
| Total net revenue* | 393 | 211 | 21 | 625 |
| Operating expenses* | (269) | (170) | (19) | (458) |
| Adjusted profit before tax* | 124 | 41 | 2 | 167 |
| Tax | | | | (38) |
| Adjusted profit after tax* | | | | 129 |
| Operating margin (%)* | 32% | 19% | | 27% |
| Revenue margin (bps)* | 38 | 71 | | 47 |

¹Net management fee includes the interest earned on client holdings in Quilter Cheviot and Quilter Investment Platform.

Alternative Performance Measures

We assess our financial performance using a variety of alternative performance measures (“APMs”). APMs are not defined under IFRS, but we use them to provide further insight into the financial performance, financial position and cash flows of the Group and the way it is managed.

APMs should be read together with the Group’s condensed consolidated financial statements, which include the Group’s statement of comprehensive income, statement of financial position and statement of cash flows, which are presented on pages 22 to 25.

Further details of APMs used by the Group in its Financial review are provided below.

| APM | Definition |
|--|--|
| Adjusted profit before tax | <p>Adjusted profit before tax represents the Group’s IFRS profit, adjusted for specific items that management consider to be outside of the Group’s normal operations or one-off in nature, as detailed in note 5(a) in the condensed consolidated financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit after tax.</p> <p>Adjusted profit before tax does not provide a complete picture of the Group’s financial performance, which is disclosed in the IFRS consolidated statement of comprehensive income, but is instead intended to provide additional comparability and understanding of the financial results.</p> <p>A detailed reconciliation of the adjusted profit before tax metrics presented, and how these reconcile to IFRS, is provided on pages 9 and 10 of the Financial review. Adjusted profit before tax is referred to throughout the Chief Executive Officer’s statement and Financial review, with comparison to the prior year explained on page 8.</p> <p>A reconciliation from each line of the Group’s IFRS income and expenses to adjusted profit before tax is provided in note 5(c) in the condensed consolidated financial statements.</p> |
| Adjusted profit after tax | <p>Adjusted profit after tax represents the post-tax equivalent of the adjusted profit before tax measure, as defined above.</p> |
| Revenue margin (bps) | <p>Revenue margin represents net management fees, divided by average AuMA. Management use this APM as it represents the Group’s ability to earn revenue from AuMA.</p> <p>Revenue margin by segment and for the Group is explained on page 8 of the Financial review.</p> |
| Operating margin | <p>Operating margin represents adjusted profit before tax divided by total net revenue.</p> <p>Management use this APM as this is an efficiency measure that reflects the percentage of total net revenue that becomes adjusted profit before tax.</p> <p>Operating margin is referred to in the Chief Executive Officer’s statement and Financial review, with comparison to the prior year explained in the adjusted profit section on page 8.</p> |
| Gross flows | <p>Gross flows are the gross client cash inflows received from customers during the period and represent our ability to increase AuMA and revenue. Gross flows are referred to in the Financial review on pages 7 to 8 and disclosed by segment in the supplementary information on pages 13 to 14.</p> |
| Net flows | <p>Net flows are the difference between money received from and returned to customers during the relevant period for the Group or for the business indicated.</p> <p>This measure is a lead indicator of total net revenue. Net flows is referred to throughout this document, with a separate section in the Financial review on pages 7 to 8 and is presented by business and segment in the supplementary information on pages 13 to 14.</p> |
| Assets under Management and Administration (“AuMA”) | <p>AuMA represents the total market value of all financial assets managed and administered on behalf of customers.</p> |

| | |
|---------------------------------|---|
| | <p>AuMA is referred to throughout this document, with a separate section in the Financial review on page 8 and is presented by business and segment in the supplementary information on pages 13 to 14.</p> |
| Non-core AuMA | <p>Non-core AuMA and associated gross and net flows represents assets managed on behalf of businesses we have sold together with some legacy funds which are in run-off and remain in outflow.</p> |
| Average AuMA | <p>Average AuMA represents the average total market value of all financial assets managed and administered on behalf of customers. Average AuMA is calculated using a 7-point average (half year) and 13-point average (full year) of monthly closing AuMA.</p> |
| Total net revenue | <p>Total net revenue represents revenue earned from net management fees, investment revenue and other revenue listed below and is a key input into the Group's operating margin.</p> <p>Further information on total net revenue is provided on pages 8 to 9 of the Financial review and note 5(c) in the condensed consolidated financial statements.</p> |
| Net management fees | <p>Net management fees consist of revenue generated from AuMA, fixed fee revenues including charges for policyholder tax contributions, interest earned on client holdings, less trail commissions payable. Net management fees are presented net of trail commission payable as trail commission is a variable cost directly linked to revenue, which is a treatment and presentation commonly used across our industry. Net management fees are a part of total net revenue and is a key input into the Group's operating margin.</p> <p>Further information on net management fees is provided on pages 8 to 9 in the Financial review and note 5(c) in the condensed consolidated financial statements.</p> |
| Other revenue | <p>Other revenue represents revenue not directly linked to AuMA (e.g. encashment charges, closed book unit-linked policies, adviser initial fees and adviser fees linked to AuMA in Quilter Financial Planning (recurring fees)). Other revenue is a part of total net revenue, which is included in the calculation of the Group's operating margin.</p> <p>Further information on other revenue is provided on pages 8 to 9 in the Financial review and note 5(c) in the condensed consolidated financial statements.</p> |
| Investment revenue | <p>Investment revenue includes interest on shareholder cash balances (including cash at bank and money market funds).</p> <p>Further information on investment revenue is provided on pages 8 to 9 in the Financial review and note 5(c) in the condensed consolidated financial statements.</p> |
| Operating expenses | <p>Operating expenses represent the costs for the Group, which are incurred to earn total net revenue and excludes the impact of specific items that management considers to be outside of the Group's normal operations or one-off in nature. Operating expenses are included in the calculation of adjusted profit before tax and impact the Group's operating margin.</p> <p>A reconciliation of operating expenses to the applicable IFRS line items is included in note 5(c) to the condensed consolidated financial statements, and the adjusting items excluded from operating expenses are explained in note 5(b). Operating expenses are explained on page 9 of the Financial review.</p> |
| Asset retention | <p>The asset retention rate measures our ability to retain assets from delivering good customer outcomes and investment performance. Asset retention reflects the gross outflows of the AuMA during the period as a percentage of opening AuMA. Asset retention is calculated as: $1 - (\text{gross outflow} / \text{opening AuMA})$.</p> <p>Asset retention is provided for the Group's core business on page 7, and by segment on page 8.</p> |
| Net inflows/opening AuMA | <p>This measure is calculated as net flows (as described above) divided by opening AuMA presented as a percentage.</p> |

| | |
|--|--|
| | This metric is provided on page 7. |
| Quilter channel gross sales per Quilter Adviser | <p>This measure represents the value created by our Quilter distribution channel and is an indicator of the success of our multi-channel business model. The measure is calculated as gross flows generated by the Quilter channel through the Quilter Investment Platform, Quilter Investors or Quilter Cheviot per average Restricted Financial Planner in both segments.</p> <p>This metric is provided on page 7.</p> |
| Return on Equity (“RoE”) | <p>Return on equity calculates how many pounds of profit the Group generates with each pound of shareholder equity. This measure is calculated as adjusted profit after tax divided by average equity. Equity is adjusted for the impact of discontinued operations, if applicable.</p> <p>Return on equity is provided on page 7.</p> |
| Adjusted diluted earnings per share | <p>Adjusted diluted earnings per share is calculated as adjusted profit after tax divided by the diluted weighted average number of shares.</p> <p>A view of adjusted diluted earnings per share and the calculation of all EPS metrics, is shown in note 8 to the condensed consolidated financial statements.</p> |
| Headline earnings per share | <p>The Group is required to calculate headline earnings per share in accordance with the Johannesburg Stock Exchange Listing Requirements, determined by reference to the South African Institute of Chartered Accountants’ circular 1/2023 <i>Headline Earnings</i>. This is calculated on a basic and diluted basis. For details of the calculation, refer to note 8 of the condensed consolidated financial statements.</p> |
| Dividend pay-out ratio | <p>The dividend pay-out ratio is an indicator of the total amount of dividends paid to shareholders in relation to the Group’s profits expressed as a percentage. It is calculated by dividing the recommended total dividend (in £ millions) by the post-tax, post-interest adjusted profit (in £ millions).</p> |

Index to the condensed consolidated financial statements

For the year ended 31 December 2024

Group condensed consolidated financial statements

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Statement of Directors' responsibilities

in respect of the preliminary announcement of the Annual Report and the financial statements

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

- The results in this preliminary announcement have been taken from the Group's 2024 Annual Report, which will be available on the Company's website on 20 March 2025; and
- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group

Signed on behalf of the Board

Steven Levin
Chief Executive Officer

Mark Satchel
Chief Financial Officer

5 March 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

| | | £m | |
|--|-------|-----------------------------------|-----------------------------------|
| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Income | | | |
| Fee income and other income from service activities | | 544 | 542 |
| Investment return | | 4,877 | 4,075 |
| Other income | | 28 | 9 |
| Total income | | 5,449 | 4,626 |
| Expenses | | | |
| Change in investment contract liabilities | 15 | (4,065) | (3,313) |
| Fee and commission expenses and other acquisition costs | | (49) | (49) |
| Change in third-party interests in consolidated funds | | (587) | (579) |
| Other operating and administrative expenses | | (691) | (575) |
| Finance costs | | (21) | (22) |
| Total expenses | | (5,413) | (4,538) |
| Impairment of investments in associates | | (1) | - |
| Profit before tax | | 35 | 88 |
| Income tax expense attributable to policyholder returns | 7(a) | (95) | (76) |
| (Loss)/profit before tax attributable to shareholder returns | | (60) | 12 |
| Income tax expense | 7(a) | (69) | (46) |
| Less: income tax expense attributable to policyholder returns | | 95 | 76 |
| Income tax credit attributable to shareholder returns | 7(a) | 26 | 30 |
| (Loss)/profit after tax attributable to the owners of the Company | | (34) | 42 |
| Other comprehensive expense | | | |
| Exchange losses on translation of foreign operations | | (1) | - |
| Total comprehensive income | | (35) | 42 |
| Earnings per Ordinary Share | | | |
| Basic earnings per Ordinary Share (pence) | 8 | (2.5) | 3.1 |
| Diluted earnings per Ordinary Share (pence) | 8 | (2.5) | 3.1 |

All income and expenses relate to continuing operations.

Consolidated statement of financial position

At 31 December 2024

| | | £m | |
|---|-------|---------------------|---------------------|
| | Notes | 31 December 2024 | 31 December 2023 |
| Assets | | | |
| Goodwill and intangible assets | 9 | 339 | 372 |
| Property, plant and equipment | | 91 | 91 |
| Investment property | | 9 | 10 |
| Investments in associates | | 16 | 2 |
| Contract costs | | 24 | 16 |
| Loans and advances | | 56 | 38 |
| Financial investments | 10 | 59,360 | 50,329 |
| Deferred tax assets | | 115 | 91 |
| Current tax receivable | | 45 | 33 |
| Trade, other receivables and other assets | | 418 | 447 |
| Derivative assets | | 26 | 57 |
| Cash and cash equivalents | 13 | 1,949 | 1,859 |
| Total assets | | 62,448 | 53,345 |
| Equity and liabilities | | | |
| Equity | | | |
| Ordinary Share capital | 14 | 115 | 115 |
| Ordinary Share premium reserve | | 58 | 58 |
| Capital redemption reserve | | 346 | 346 |
| Share-based payments reserve | | 42 | 42 |
| Other reserves | | (1) | - |
| Retained earnings | | 863 | 958 |
| Total equity | | 1,423 | 1,519 |
| Liabilities | | | |
| Investment contract liabilities | 15 | 51,758 | 43,396 |
| Third-party interests in consolidated funds | | 8,225 | 7,444 |
| Provisions | 16 | 111 | 46 |
| Deferred tax liabilities | | 96 | 64 |
| Current tax payable | | 1 | 2 |
| Borrowings and lease liabilities | | 275 | 279 |
| Trade, other payables and other liabilities | | 506 | 570 |
| Derivative liabilities | | 53 | 25 |
| Total liabilities | | 61,025 | 51,826 |
| Total equity and liabilities | | 62,448 | 53,345 |

Approved by the Board of Directors and authorised for issue on 5 March 2025 and signed on its behalf by:

Steven Levin
Chief Executive Officer

Mark Satchel
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2024

| | £m | | | | | | |
|--|------------------------|--------------------------------|----------------------------|------------------------------|----------------|-------------------|----------------------------|
| | Ordinary Share capital | Ordinary Share premium reserve | Capital redemption reserve | Share-based payments reserve | Other reserves | Retained earnings | Total shareholders' equity |
| Year ended 31 December 2024 | | | | | | | |
| Balance at 1 January 2024 | 115 | 58 | 346 | 42 | - | 958 | 1,519 |
| Loss after tax attributable to the owners of the Company | - | - | - | - | - | (34) | (34) |
| Other comprehensive expense | - | - | - | - | (1) | - | (1) |
| Total comprehensive income | - | - | - | - | (1) | (34) | (35) |
| Dividends | - | - | - | - | - | (73) | (73) |
| Exchange rate movements (ZAR/GBP) ¹ | - | - | - | - | - | (1) | (1) |
| Movement in own shares | - | - | - | - | - | (6) | (6) |
| Equity-settled share-based payment transactions | - | - | - | (4) | - | 18 | 14 |
| Aggregate tax effects of items recognised directly in equity | - | - | - | 4 | - | 1 | 5 |
| Total transactions with the owners of the Company | - | - | - | - | - | (61) | (61) |
| Balance at 31 December 2024 | 115 | 58 | 346 | 42 | (1) | 863 | 1,423 |

| | £m | | | | | | |
|--|------------------------|--------------------------------|----------------------------|------------------------------|----------------|-------------------|----------------------------|
| | Ordinary Share capital | Ordinary Share premium reserve | Capital redemption reserve | Share-based payments reserve | Other reserves | Retained earnings | Total shareholders' equity |
| Year ended 31 December 2023 | | | | | | | |
| Balance at 1 January 2023 | 115 | 58 | 346 | 41 | (1) | 989 | 1,548 |
| Total comprehensive income ² | - | - | - | - | - | 42 | 42 |
| Dividends | - | - | - | - | - | (65) | (65) |
| Exchange rate movements (ZAR/GBP) ¹ | - | - | - | - | - | 2 | 2 |
| Acquisition of own shares ³ | - | - | - | - | - | (14) | (14) |
| Movement in own shares | - | - | - | - | - | (13) | (13) |
| Equity-settled share-based payment transactions | - | - | - | - | - | 18 | 18 |
| Aggregate tax effects of items recognised directly in equity | - | - | - | 1 | - | - | 1 |
| Total transactions with the owners of the Company | - | - | - | 1 | - | (72) | (71) |
| Transfer to retained earnings | - | - | - | - | 1 | (1) | - |
| Balance at 31 December 2023 | 115 | 58 | 346 | 42 | - | 958 | 1,519 |

¹For shares registered on the Johannesburg Stock Exchange, the amounts of proposed dividends are set in South African Rand on the relevant Market Announcement date which is prior to the date of payment. The impact of exchange rate movements between these dates is recognised directly in equity. The Group held cash in South African Rand equal to the expected cash outflows and therefore was economically hedged for these payments.

²The total comprehensive income in 2023 was equal to profit after tax attributable to the owners of the Company.

³In November 2023, as a result of an Odd-lot Offer, Quilter plc purchased 15,798,423 of its own Ordinary Shares for £14 million. Those shares were gifted to the Employee Benefit Trust and subsequently held as treasury shares.

Consolidated statement of cash flows

For the year ended 31 December 2024

The cash flows presented in this statement cover all the Group's activities and include flows from both policyholder and shareholder activities. All cash and cash equivalents are available for general use by the Group for the purposes of the disclosures required under IAS 7 Statement of Cash Flows except for cash and cash equivalents in consolidated funds (as shown in note 13).

| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|-------|-----------------------------------|-----------------------------------|
| £m | | | |
| Cash flows from operating activities | | | |
| Cash flows from operating activities | | 4,654 | 2,137 |
| Taxation paid | | (69) | (26) |
| Total net cash flows from operating activities | 13(b) | 4,585 | 2,111 |
| Cash flows from investing activities | | | |
| Net purchases and sales of financial investments | | (4,360) | (1,908) |
| Purchase of property, plant and equipment | | (8) | (1) |
| Proceeds from sale of property, plant and equipment held for sale | | - | 1 |
| Acquisition of subsidiary | | (6) | - |
| Acquisition of shares in associates | | (14) | (1) |
| Total net cash flows from investing activities | | (4,388) | (1,909) |
| Cash flows from financing activities | | | |
| Dividends paid to the owners of the Company | | (73) | (65) |
| Exchange rate movements passed to shareholders ¹ | | (1) | 2 |
| Finance costs on borrowings ² | | (18) | (18) |
| Payment of interest on lease liabilities ² | | (2) | (3) |
| Payment of principal of lease liabilities | | (8) | (9) |
| Quilter plc shares acquired under the Odd-lot Offer ³ | | - | (14) |
| Quilter plc shares acquired for use within the Group's employee share scheme | | (6) | (15) |
| Proceeds from the issue of subordinated debt | | - | 199 |
| Subordinated debt repaid | | - | (200) |
| Total net cash flows from financing activities | 13(c) | (108) | (123) |
| Net increase in cash and cash equivalents | | 89 | 79 |
| Cash and cash equivalents at the beginning of the year | | 1,859 | 1,782 |
| Effect of exchange rate changes on cash and cash equivalents | | 1 | (2) |
| Cash and cash equivalents at the end of the year | 13(a) | 1,949 | 1,859 |

¹The exchange rate movements passed to shareholders relate to foreign exchange gains or losses that have arisen on dividend payments to JSE shareholders. Further details are included within the consolidated statement of changes in equity.

²The total interest paid during the year includes finance costs on borrowings and payment of interest on lease liabilities.

³Further information relating to the Odd-lot Offer is included within the consolidated statement of changes in equity.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

General information

Quilter plc (the "Company"), a public limited company incorporated in England and Wales and domiciled in the United Kingdom ("UK"), together with its subsidiaries (collectively, the "Group") offers investment and wealth management services, long-term savings and financial advice primarily in the UK. Quilter plc is listed with a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange ("JSE").

The Company's registration number is 06404270. The address of the registered office is Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

1: Basis of preparation

The results in this preliminary announcement have been taken from the Group's 2024 Annual report which will be available on the Company's website on 20 March 2025. These condensed consolidated financial statements of Quilter plc for the year ended 31 December 2024 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

These condensed consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are held at fair value, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

Going concern

The Directors have considered the resilience of the Group, its current financial position, the principal risks facing the business and the effectiveness of any mitigating strategies which are or could be applied. This included an assessment of capital and liquidity over a three-year planning period covering 2025 to 2027. This assessment incorporated a number of stress tests covering a broad range of scenarios, including economic and market shocks of up to 40% falls in equity markets, mass lapse events, new business growth scenarios and severe business interruption, equivalent to 1-in-50 and 1-in-200 year events. The assessment also considered the potential implications of the Skilled Person Review which could include the potential payment of remediation and associated administrative costs (see note 16). As part of the going concern assessment, the Group took into consideration the current position of the UK and global economy. The Group also considered how climate-related risks and opportunities affect operations, investment activities, advice and distribution, and their impact on specific projects and initiatives, estimates and judgements. Based on the assessment, the Directors believe that both the Group and Quilter plc have sufficient financial resources to continue in business for a period of at least 12 months from the date of approval of these financial statements and continue to adopt the going concern basis in preparing the Group and Parent Company financial statements. Further information is contained in the viability statement and going concern section of the Annual Report.

Liquidity analysis of the statement of financial position

The Group's statement of financial position is in order of liquidity. For each asset and liability line item, those amounts expected to be recovered or settled more than 12 months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying the Group's material accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. The Board Audit Committee reviews these areas of judgement and estimates, and the appropriateness of material accounting policies adopted in the preparation of these financial statements.

Critical accounting judgements

The Group's critical accounting judgements are those made when applying its material accounting policies and that have the greatest effect on the net profit and net assets recognised in the Group's financial statements.

Ongoing Advice Review

In the preliminary results announcement on 6 March 2024, the Group committed to undertake a review of historical data and practices across the Appointed Representative firms in the Quilter Financial Planning network in relation to the provision of ongoing advice. Following discussion with the FCA, a Skilled Person was appointed in June 2024 to assess and provide a view to the FCA on whether the delivery of ongoing advice services by Appointed Representative firms in the Quilter Financial Planning network has been compliant with applicable regulatory requirements during the period from 1 January 2017 to 31 December 2023. Although the Skilled Person Review has not yet completed, it is well advanced, and the final report is expected to be submitted to the FCA in the second quarter of 2025. Subject to further discussions with the FCA that will occur following the Skilled Person Review, it is currently expected that some form of customer remediation will likely be required. Based on the results of the Skilled Person Review to date together with other evidence available, including consideration of the announcement made by the FCA on 24 February 2025 titled "Ongoing financial advice services", the Group has recognised a provision for a reasonable estimate of the costs of a potential customer remediation exercise, including both redress and administrative costs, based upon current assumptions as to a plausible customer remediation approach that may be followed. See notes 16 and 17 for further details of the provision and contingent liability (including assumptions made and uncertainties arising). The significant judgements are:

- the precise period to be included within the scope of a potential remediation exercise; and
- the proportion of customers, determined by reference to cohorts shown by the Skilled Person's sample to be at the highest likelihood of having not received the expected level of service from their adviser, to be involved within the scope of a potential remediation exercise.

Critical accounting estimates

The Group's critical accounting estimates involve the most complex or subjective assessments and assumptions, which have a significant risk of resulting in material adjustment to the net carrying amounts of assets and liabilities until those amounts are settled. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques, that are aligned with relevant actuarial and accounting standards and guidance, to make predictions about future actions and events. Actual results may differ materially from those estimates.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

1: Basis of preparation *continued*

Critical accounting estimates continued

Ongoing Advice Review

As set out above, based on the results to date of the Skilled Person Review together with other evidence available, the Group considers that a customer remediation exercise in relation to ongoing advice will likely be required to consider cases where the customer has been charged for ongoing advice services, and the adviser is unable to satisfactorily evidence the provision of those services. The Group currently expects to finalise the Skilled Person Review and undertake discussions with the FCA during the second quarter of 2025, to consider the form and methodology of this potential customer remediation exercise. Any such remediation exercise is currently expected to involve the population of customers who are at the highest likelihood of having not received the expected level of service from their adviser, based upon the results of the Skilled Person Review. Given that a customer remediation exercise will likely be required, the Group has considered the estimated costs. This includes estimates for refunds of fees previously charged and interest payable and the cost of the remediation exercise. While there are a number of outstanding contingencies and variables the Group has determined that a reasonable estimate can be made based on the information currently available and, as a result has recognised a provision (see notes 16 and 17). Following the initial draft results of the statistically reliable representative cohort of customers undertaken by the Skilled Person, an initial quantification of the potential financial impact of the approach to be followed can be reasonably estimated. In determining this provision, consideration has been given to a wide range of assumptions, drawing on data from the Skilled Person's results to date, previous experience of past business reviews, and the views of external specialists familiar with similar remediation exercises. The significant estimates in the calculation of the provision are:

- extrapolation of the proportion of the Skilled Person's statistically significant sample where satisfactory evidence of servicing was not found, to the entire population of ongoing advice customers;
- response rate for customers invited to engage in the potential remediation exercise; and
- administrative costs to perform a potential remediation exercise, including costs associated with customer engagement and case reviews, which have been determined based upon experience from previous past business reviews performed by the Group, and assumptions on the number of customers who may be subject to the review process.

Measurement of deferred tax

The annual business planning process estimates future taxable profits based on estimated levels of assets under management and administration ("AuMA"), which are subject to a large number of factors including global stock market movements, related movements in foreign exchange rates, net client cash flows and estimates of expenses and other charges. The Business Plan, adjusted for known and estimated tax adjusting items, is used to determine the extent to which deferred tax assets are recognised. The Group assesses the recoverability of shareholder deferred tax assets based on estimated taxable profits over a five-year horizon and assesses policyholder deferred tax assets based on estimated investment growth over the medium term. To the extent that profit estimates extend beyond the normal three-year planning cycle, average profits over the final two years of the plan are used. This approach is considered reasonable based on historical profitability. Future profit projections show the majority of deferred tax assets being utilised over the next three years. Management has reassessed the sensitivity of the recoverability of deferred tax assets based on the latest forecast cash flows.

Other principal estimates

The Group's assessment of goodwill and intangible assets for impairment uses the latest cash flow forecasts from the Group's three-year Business Plan. These forecasts include estimates relating to equity market levels and growth in AuMA in future periods, together with levels of new business growth, net client cash flows, revenue margins, and future expenses and discount rates (see note 9). These forecasts take account of climate-related risks and other responsible business considerations. Management does not consider that the use of these estimates has a significant risk of causing a material adjustment to the carrying amount of the assets within the next financial year.

2: New standards, amendments to standards, and interpretations adopted by the Group

The amendments to accounting standards in the table below became applicable for the current reporting period, with no material impact on the Group's results, financial position or disclosures or on those of the Parent Company.

| Adopted by the Group from | Amendments to standards |
|---------------------------|---|
| 1 January 2024 | Amendments to IAS 1 Presentation of Financial Statements – classification of liabilities as current and non-current |
| 1 January 2024 | Amendments to IAS 1 Presentation of Financial Statements – non-current liabilities with covenants |
| 1 January 2024 | Amendments to IFRS 16 Leases – Sale and leaseback transactions |
| 1 January 2024 | Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements |

3: Significant changes in the year

Ongoing Advice Review

In the preliminary results announcement on 6 March 2024, the Group committed to undertake a review of historical data and practices across the Appointed Representative firms in the Quilter Financial Planning network in relation to the provision of ongoing advice. Following discussion with the FCA, a Skilled Person was appointed in June 2024 to assess and provide a view to the FCA on whether the delivery of ongoing advice services by Appointed Representative firms in the Quilter Financial Planning network has been compliant with applicable regulatory requirements during the period from 1 January 2017 to 31 December 2023. Although the Skilled Person Review has not yet completed, it is relatively well progressed. Subject to further engagement with the FCA that will occur following the Skilled Person Review, it is currently expected that some form of customer remediation will likely be required. Based on the results of the Skilled Person Review to date together with other evidence available, the Group has recognised a provision for a reasonable estimate of the costs of such a customer remediation exercise, including both redress and administrative costs, based upon current assumptions as to a plausible customer remediation approach that may be followed. See notes 16 and 17 for further details of the provision and contingent liability.

Acquisitions

The Group made two acquisitions in the year, 100% of the share capital of NuWealth Limited and 35% of the share capital of Beals Mortgage and Financial Services Limited. Further details are given in note 4.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

4: Business combinations, acquisitions and disposals

The Group made two acquisitions during the year. There were no material acquisitions in the prior year.

On 5 September 2024, Quilter acquired 100% of the share capital of NuWealth Limited for a total consideration of £6 million. NuWealth Limited provides a savings and investment app that offers its users savings tools, high-interest accounts and access to stocks, fractional shares and exchange traded funds. An intangible asset of £5 million was recognised on acquisition (see note 9) related to the software acquired.

On 29 October 2024, the Group acquired 35.0% of the share capital of Beals Mortgage and Financial Services Limited, and 9.4% of the share capital of its subsidiary, Clinton Kennard Associates Ltd for the total of £13 million. The Group has carried out an assessment of control and influence and concluded that it has significant influence but not control of each of these entities. It will therefore account for each of these holdings as an investment in associate and account for its share of the profits or losses of these companies using the equity method of accounting. Subject to certain terms being met, the Group intends to acquire the remaining share capital of each company over the next five years.

There have been no material disposals of businesses during 2023 and 2024.

5: Alternative performance measures

5(a): Adjusted profit before tax and reconciliation to (loss)/profit after tax

Basis of preparation of adjusted profit before tax

Adjusted profit before tax is one of the Group's alternative performance measures ("APMs") and represents the Group's IFRS results, adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature, as detailed in note 5(b). Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the statement of comprehensive income, but is instead intended to provide additional comparability and understanding of the financial results.

| | | £m | |
|---|------------|-----------------------------------|-----------------------------------|
| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Affluent | | 148 | 124 |
| High Net Worth | | 48 | 41 |
| Head Office | | - | 2 |
| Adjusted profit before tax | 6(b) | 196 | 167 |
| Adjusting items: | | | |
| Impact of acquisition and disposal-related accounting | 5(b)(i) | (40) | (39) |
| Business transformation costs | 5(b)(ii) | (26) | (28) |
| Skilled Person Review | 5(b)(iii) | (10) | - |
| Customer remediation exercise | 5(b)(iv) | (76) | - |
| Other customer remediation | 5(b)(v) | 3 | (6) |
| Exchange rate movements (ZAR/GBP) | 5(b)(vi) | 1 | (2) |
| Policyholder tax adjustments | 5(b)(vii) | (90) | (62) |
| Other adjusting items | 5(b)(viii) | - | 1 |
| Finance costs | 5(b)(ix) | (18) | (19) |
| Total adjusting items before tax | | (256) | (155) |
| (Loss)/profit before tax attributable to shareholder returns | | (60) | 12 |
| Income tax attributable to policyholder returns | 7 | 95 | 76 |
| IFRS profit before tax | | 35 | 88 |
| Income tax expense | 7 | (69) | (46) |
| IFRS (loss)/profit after tax | | (34) | 42 |

5(b): Adjusting items

The adjustments made to the Group's IFRS profit before tax to calculate adjusted profit before tax are detailed below.

5(b)(i): Impact of acquisition and disposal-related accounting

The Group excludes any impairment of goodwill from adjusted profit as well as the amortisation and impairment of acquired intangible assets, finance costs related to the discounting of contingent consideration and incidental items relating to past disposals.

The effect of these adjustments to determine adjusted profit are summarised below.

| | | £m | |
|--|--|-----------------------------------|-----------------------------------|
| | | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Amortisation of acquired intangible assets | | 38 | 38 |
| Impairment of acquired intangible assets ¹ | | - | 1 |
| Amortisation of acquired adviser schemes | | 2 | - |
| Total impact of acquisition and disposal-related accounting | | 40 | 39 |

¹The impairment of acquired intangible assets in 2023 resulted from the impairment of specific client books held within the Affluent operating segment as the Group could no longer support the carrying value.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

5: Alternative performance measures *continued*

5(b): Adjusting items *continued*

5(b)(ii): Business transformation costs

In 2024, business transformation costs totalled £26 million (2023: £28 million), the principal components of which are described below:

Business Simplification costs – 2024: £24 million, 2023: £25 million

During 2024, the Group spent £24 million on delivering Simplification initiatives (2023: £25 million). The implementation costs to deliver the remaining £15 million of annualised run-rate savings for the programme are estimated to be £40 million.

Investment in business costs – 2024: £2 million, 2023: £1 million

Investment in business costs of £2 million (2023: £1 million) were incurred as the Group continues to enable and support advisers and clients and improve productivity through better utilisation of technology.

Business separation costs following the sale of Quilter International – 2024: £nil, 2023: £2 million

The Group sold Quilter International to Utmost Group in 2021 and entered into a Transitional Service Agreement with the acquirer. The cost to the Group of running the Transitional Service Agreement, which ended in November 2023, was £nil for 2024 (2023: £2 million).

5(b)(iii): Skilled Person Review

Skilled Person Review costs of £10 million (2023: £nil) include the estimated external cost and direct cost of internal resources to support and perform the Skilled Person Review of historical data and practices across the Quilter Financial Planning network of Appointed Representative firms. This cost is excluded from adjusted profit as management considers it to be outside of the Group's normal operations and one-off in nature.

5(b)(iv): Customer remediation exercise

Customer remediation exercise costs of £76 million (2023: £nil) include the estimated redress payable to customers, comprising a refund of ongoing advice charges and interest payable for customers impacted, and administrative costs, which represent the costs to perform a potential customer remediation exercise across the Quilter Financial Planning network of Appointed Representative firms (see note 16). This cost is excluded from adjusted profit as management considers it to be outside of the Group's normal operations and one-off in nature.

5(b)(v): Other customer remediation

Lighthouse pension transfer advice provision – 2024: £3 million credit, 2023: £6 million cost

For 2023, the customer remediation expense of £6 million reflected £4 million of legal, consulting and other costs and a £2 million provision increase related to non-British Steel Pension Scheme redress payments. This was the result of the Group-managed past business review of defined benefit to defined contribution ("DB to DC") pension transfer advice suitability by an independent expert. For 2024, the provision for redress decreased by £3 million as a result of the redress calculations performed for customers being lower than forecast in 2023 due to the changes in assumptions used to perform the calculations and market movements of the pension scheme values during 2024. Further details of the provision are provided in note 16.

5(b)(vi): Exchange rate movements (ZAR/GBP)

In 2024, income of £1 million was recognised (2023: £2 million expense) due to foreign exchange movements on cash held in South African Rand in preparation for payments of dividends to shareholders. Cash was converted to South African Rand upon announcement of the dividend payments to provide an economic hedge for the Group. The foreign exchange movements are fully offset by an equal amount taken directly to retained earnings.

5(b)(vii): Policyholder tax adjustments

In 2024, the total amount of policyholder tax adjustments to adjusted profit is a credit of £90 million (2023: £62 million credit). Adjustments to policyholder tax are made to remove distortions arising from market volatility that can, in turn, lead to volatility in the policyholder tax adjustments between periods. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) can vary in timing to the recognition of the corresponding tax expense, creating volatility in the Group's IFRS profit or loss before tax. During 2024, the Group made changes to the Group's unit pricing policy relating to policyholder tax charges which will reduce the value of these timing differences in future periods. These changes, together with current year market movements, have resulted in the unwind of most of the opening timing difference.

5(b)(viii): Other adjusting items

In 2024, there were no other adjusting items. In 2023, £1 million of income was received in relation to the settlement offer for the indemnification asset that was impaired in 2022.

5(b)(ix): Finance costs

The nature of much of the Group's operations means that, for management's decision-making and internal performance management, the effects of interest costs on external borrowings are removed when calculating adjusted profit. For 2024, finance costs were £18 million (2023: £19 million).

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

5: Alternative performance measures *continued*

5(c): Reconciliation of IFRS income and expenses to “Total net revenue” and “Operating expenses” within adjusted profit

This reconciliation shows how each line of the Group's IFRS income and expenses are allocated to the Group's APMs: Net management fees, Other revenue, Investment revenue, Total net revenue and Operating expenses, which are all defined on page 18 and form the Group's adjusted profit before tax. The total column in the table below, down to “Profit before tax attributable to shareholder returns”, reconciles to each line of the consolidated statement of comprehensive income. Allocations are determined by management and aim to show the Group's sources of profit (net of relevant directly attributable expenses). These allocations remain consistent from year to year to ensure comparability, unless otherwise stated.

| | £m | | | | | | | |
|--|-----------------------------|----------------------------|---------------------------------|--------------------------------|---------------------------------|----------------------------|-------------------------------|----------------|
| Year ended 31 December 2024 | Net mgmt. fees ¹ | Other revenue ¹ | Investment revenue ¹ | Total net revenue ¹ | Operating expenses ¹ | Adjusted profit before tax | Consol. of funds ² | Total |
| Income | | | | | | | | |
| Fee income and other income from service activities | 541 | 87 | - | 628 | - | 628 | (84) | 544 |
| Investment return ³ | 57 | 4,037 | 78 | 4,172 | - | 4,172 | 705 | 4,877 |
| Other income | - | 3 | - | 3 | 21 | 24 | 4 | 28 |
| Total income | 598 | 4,127 | 78 | 4,803 | 21 | 4,824 | 625 | 5,449 |
| Expenses | | | | | | | | |
| Change in investment contract liabilities ³ | (26) | (4,032) | (7) | (4,065) | - | (4,065) | - | (4,065) |
| Fee and commission expenses and other acquisition costs | (50) | 3 | - | (47) | (1) | (48) | (1) | (49) |
| Change in third-party interests in consolidated funds | - | - | - | - | - | - | (587) | (587) |
| Other operating and administrative expenses | (15) | - | - | (15) | (639) | (654) | (37) | (691) |
| Finance costs | - | - | - | - | (21) | (21) | - | (21) |
| Total expenses | (91) | (4,029) | (7) | (4,127) | (661) | (4,788) | (625) | (5,413) |
| Impairment of investments in associates | - | - | - | - | (1) | (1) | - | (1) |
| Profit before tax | 507 | 98 | 71 | 676 | (641) | 35 | - | 35 |
| Income tax expense attributable to policyholder returns | (95) | - | - | (95) | - | (95) | - | (95) |
| Loss before tax attributable to shareholder returns | 412 | 98 | 71 | 581 | (641) | (60) | - | (60) |
| Adjusting items: | | | | | | | | |
| Impact of acquisition and disposal-related accounting | - | - | - | - | 40 | 40 | | |
| Business transformation costs | - | - | - | - | 26 | 26 | | |
| Skilled Person Review | - | - | - | - | 10 | 10 | | |
| Customer remediation exercise | - | - | - | - | 76 | 76 | | |
| Other customer remediation | - | - | - | - | (3) | (3) | | |
| Exchange rate movements (ZAR/GBP) | - | (1) | - | (1) | - | (1) | | |
| Policyholder tax adjustments | 90 | - | - | 90 | - | 90 | | |
| Finance costs | - | - | - | - | 18 | 18 | | |
| Adjusting items | 90 | (1) | - | 89 | 167 | 256 | | |
| Adjusted profit before tax | 502 | 97 | 71 | 670 | (474) | 196 | | |

¹The APMs “Net management fees”, “Other revenue”, “Investment revenue”, “Total net revenue” and “Operating expenses” are commented on within the Financial review.

²Consolidation of funds shows the grossing up impact to the Group's income and expenses as a result of the consolidation of funds requirements. This grossing up is excluded from the Group's adjusted profit.

³Reported within net management fees, investment return of £57 million represents £36 million interest income on investments held for the benefit of policyholders and £21 million net interest income on client money balances. Change in investment contract liabilities of £26 million represents the amount of interest income paid to policyholders. The net balance of £31 million represents interest income on customer balances retained by the Group for 2024. The £78 million investment return less £7 million change in investment contract liabilities paid to customers on transactional cash balances, as reported within investment revenue, represents £71 million of interest income on shareholder cash and cash equivalents.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

5: Alternative performance measures *continued*

5(c): Reconciliation of IFRS income and expenses to “Total net revenue” and “Operating expenses” within adjusted profit *continued*

| | £m | | | | | | | |
|--|-----------------------------------|-------------------------------|------------------------------------|-----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------|
| Year ended 31 December 2023 | Net mgmt. fees ¹ | Other revenue ¹ | Investment revenue ¹ | Total net revenue ¹ | Operating expenses ¹ | Adjusted profit before tax | Consol. of funds ² | Total |
| Income | | | | | | | | |
| Fee income and other income from service activities | 527 | 86 | - | 613 | - | 613 | (71) | 542 |
| Investment return ³ | 48 | 3,285 | 68 | 3,401 | - | 3,401 | 674 | 4,075 |
| Other income | - | - | - | - | 9 | 9 | - | 9 |
| Total income | 575 | 3,371 | 68 | 4,014 | 9 | 4,023 | 603 | 4,626 |
| Expenses | | | | | | | | |
| Change in investment contract liabilities ³ | (25) | (3,282) | (6) | (3,313) | - | (3,313) | - | (3,313) |
| Fee and commission expenses, and other acquisition costs | (46) | - | - | (46) | - | (46) | (3) | (49) |
| Change in third-party interests in consolidated funds | - | - | - | - | - | - | (579) | (579) |
| Other operating and administrative expenses | (13) | (5) | - | (18) | (536) | (554) | (21) | (575) |
| Finance costs | - | - | - | - | (22) | (22) | - | (22) |
| Total expenses | (84) | (3,287) | (6) | (3,377) | (558) | (3,935) | (603) | (4,538) |
| Profit before tax | 491 | 84 | 62 | 637 | (549) | 88 | - | 88 |
| Tax credit attributable to policyholder returns | (76) | - | - | (76) | - | (76) | - | (76) |
| Profit before tax attributable to shareholder returns | 415 | 84 | 62 | 561 | (549) | 12 | - | 12 |
| Adjusting items: | | | | | | | | |
| Impact of acquisition and disposal-related accounting | - | - | - | - | 39 | 39 | | |
| Business transformation costs | - | - | - | - | 28 | 28 | | |
| Other customer remediation | - | - | - | - | 6 | 6 | | |
| Exchange rate movements (ZAR/GBP) | - | 2 | - | 2 | - | 2 | | |
| Policyholder tax adjustments | 62 | - | - | 62 | - | 62 | | |
| Other adjusting items | - | - | - | - | (1) | (1) | | |
| Finance costs | - | - | - | - | 19 | 19 | | |
| Adjusting items | 62 | 2 | - | 64 | 91 | 155 | | |
| Adjusted profit before tax | 477 | 86 | 62 | 625 | (458) | 167 | | |

¹The APMs “Net management fees”, “Other revenue”, “Investment revenue”, “Total net revenue” and “Operating expenses” are commented on within the Financial review.
²Consolidation of funds shows the grossing up impact to the Group’s profit or loss as a result of the consolidation of funds requirements. This grossing up is excluded from the Group’s adjusted profit.

³Reported within net management fees, investment return of £48 million represents £30 million interest income on investments held for the benefit of policyholders and £18 million net interest income on client money balances. Change in investment contract liabilities of £25 million represents the amount of interest income paid to policyholders. The net balance of £23 million represents interest income on customer balances retained by the Group for 2023. The £68 million investment return less £6 million change in investment contract liabilities paid to customers on transactional cash balances, as reported within investment revenue, represents £62 million of net interest income on shareholder cash and cash equivalents.

6: Segment information

6(a): Segment presentation

The Group has two operating segments: High Net Worth and Affluent. The segments used for reporting purposes are consistent with the structure and management of the Group. Head Office includes certain revenues and central costs that are not allocated to the segments.

Adjusted profit before tax is an APM reported to the Group’s management and the Board of Quilter plc. The segment information in this note reflects the adjusted and IFRS profit measures for each operating segment as provided to management and the Board. Management and the Board use additional performance indicators to assess the performance of each of the segments, including net client cash flows, assets under management and administration, total net revenue and operating margin. Income is analysed in further detail for each operating segment in note 6(b).

Consistent with internal reporting, income and expenses that are not directly attributable to a particular segment are allocated between segments where appropriate. The Group accounts for inter-segment income and transfers as if the transactions were with third parties at current market prices.

High Net Worth

This segment comprises Quilter Cheviot and Quilter Cheviot Financial Planning.

Quilter Cheviot provides discretionary investment management, predominantly in the United Kingdom, with bespoke investment portfolios tailored to the individual needs of high-net-worth clients, charities, companies and institutions through a network of branches in London and the regions. Investment management services are also provided by operations in the Channel Islands and Ireland.

Quilter Cheviot Financial Planning provides financial advice for protection, mortgages, savings, investments and pensions predominantly to high-net-worth clients.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

6: Segment information *continued*

6(a): Segment presentation *continued*

Affluent

This segment comprises Quilter Investment Platform, Quilter Investors, Quilter Financial Planning and NuWealth.

Quilter Investment Platform is a leading investment platform provider of advice-based wealth management products and services in the UK, which serves an affluent client base through advised multi-channel distribution.

Quilter Investors is a leading provider of investment solutions in the UK multi-asset market. It develops and manages investment solutions in the form of funds for the Group and third-party clients. It has several fund ranges which vary in breadth of underlying asset class. The investment management of the Quilter investors fund range has been delegated to Quilter Investment Platform from 1 January 2025.

Quilter Financial Planning is a restricted and independent financial adviser network providing mortgage and financial planning advice and financial solutions for both individuals and businesses through a network of intermediaries. It operates across all markets, from wealth management and retirement planning advice through to dealing with property wealth and personal and business protection needs.

NuWealth is a developer of a fintech platform through which customers can build investment portfolios. The NuWealth platform provides access to savings and investments and is particularly beneficial for people starting to invest who are looking for additional help and guidance, with the option to work with a financial adviser later in their investment journey.

Head Office

In addition to the Group's two operating segments, Head Office comprises the investment return on centrally held assets, central support function expenses, central core structural borrowings and certain tax balances.

6(b): Adjusted profit statement — segment information

The table below presents the Group's operations split by operating segment, reconciling IFRS profit or loss to adjusted profit before tax. The Total column reconciles to the consolidated statement of comprehensive income.

| | | Operating segments | | | | £m |
|---|-----------|--------------------|----------------|-------------|--|----------------|
| | Notes | Affluent | High Net Worth | Head Office | Consolidation adjustments ¹ | Total |
| Year ended 31 December 2024 | | | | | | |
| Income | | | | | | |
| Premium-based fees | | 70 | 19 | - | - | 89 |
| Fund-based fees | | 343 | 184 | - | (83) | 444 |
| Fixed fees | | 1 | - | - | - | 1 |
| Other fee and commission income | | 10 | - | - | - | 10 |
| Fee income and other income from service activities | | 424 | 203 | - | (83) | 544 |
| Investment return ² | | 4,131 | 21 | 31 | 694 | 4,877 |
| Other income | | 98 | 2 | 1 | (73) | 28 |
| Segment income | | 4,653 | 226 | 32 | 538 | 5,449 |
| Expenses | | | | | | |
| Change in investment contract liabilities ² | | (4,065) | - | - | - | (4,065) |
| Fee and commission expenses and other acquisition costs | | (49) | - | - | - | (49) |
| Change in third-party interests in consolidated funds | | - | - | - | (587) | (587) |
| Other operating and administrative expenses | | (484) | (217) | (29) | 39 | (691) |
| Finance costs | | (2) | - | (29) | 10 | (21) |
| Segment expenses | | (4,600) | (217) | (58) | (538) | (5,413) |
| Impairment of investments in associates | | - | - | (1) | - | (1) |
| Profit/(loss) before tax | | 53 | 9 | (27) | - | 35 |
| Income tax expense attributable to policyholder returns | | (95) | - | - | - | (95) |
| (Loss)/profit before tax attributable to shareholder returns | | (42) | 9 | (27) | - | (60) |
| Adjusting items: | | | | | | |
| Impact of acquisition and disposal-related accounting | 5(b)(i) | 9 | 31 | - | - | 40 |
| Business transformation costs | 5(b)(ii) | 8 | 8 | 10 | - | 26 |
| Skilled Person Review | 5(b)(iii) | 10 | - | - | - | 10 |
| Customer remediation exercise | 5(b)(iv) | 76 | - | - | - | 76 |
| Other customer remediation | 5(b)(v) | (3) | - | - | - | (3) |
| Exchange rate movements (ZAR/GBP) | 5(b)(vi) | - | - | (1) | - | (1) |
| Policyholder tax adjustments | 5(b)(vii) | 90 | - | - | - | 90 |
| Finance costs | 5(b)(ix) | - | - | 18 | - | 18 |
| Adjusting items before tax | | 190 | 39 | 27 | - | 256 |
| Adjusted profit before tax | | 148 | 48 | - | - | 196 |

¹Consolidation adjustments comprise the elimination of inter-segment transactions and the consolidation of investment funds.

²Investment return and change in investment contract liabilities includes net £31 million of interest income on customer cash and cash equivalents retained by the Group. Investment return total also includes £71 million of interest income on shareholder cash and cash equivalents.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

6: Segment information *continued*

6(b): Adjusted profit statement — segment information *continued*

| | Notes | Operating segments | | | | Total |
|---|------------|--------------------|----------------|-------------|--|----------------|
| | | Affluent | High Net Worth | Head Office | Consolidation adjustments ¹ | |
| £m | | | | | | |
| Year ended 31 December 2023 | | | | | | |
| Income | | | | | | |
| Premium-based fees | | 66 | 20 | - | - | 86 |
| Fund-based fees | | 336 | 172 | - | (71) | 437 |
| Fixed fees | | 1 | - | - | - | 1 |
| Other fee and commission income | | 18 | - | - | - | 18 |
| Fee income and other income from service activities | | 421 | 192 | - | (71) | 542 |
| Investment return ² | | 3,361 | 19 | 28 | 667 | 4,075 |
| Other income | | 88 | 1 | - | (80) | 9 |
| Segment income | | 3,870 | 212 | 28 | 516 | 4,626 |
| Expenses | | | | | | |
| Change in investment contract liabilities ² | | (3,313) | - | - | - | (3,313) |
| Fee and commission expenses, and other acquisition costs | | (47) | - | - | (2) | (49) |
| Change in third-party interests in consolidated funds | | - | - | - | (579) | (579) |
| Other operating and administrative expenses | | (387) | (205) | (41) | 58 | (575) |
| Finance costs | | (3) | - | (26) | 7 | (22) |
| Segment expenses | | (3,750) | (205) | (67) | (516) | (4,538) |
| Profit/(loss) before tax | | 120 | 7 | (39) | - | 88 |
| Tax credit attributable to policyholder returns | | (76) | - | - | - | (76) |
| Profit/(loss) before tax attributable to shareholder returns | | 44 | 7 | (39) | - | 12 |
| Adjusting items: | | | | | | |
| Impact of acquisition and disposal-related accounting | 5(b)(i) | 7 | 32 | - | - | 39 |
| Business transformation costs | 5(b)(ii) | 5 | 3 | 20 | - | 28 |
| Other customer remediation | 5(b)(v) | 6 | - | - | - | 6 |
| Exchange rate movements (ZAR/GBP) | 5(b)(vi) | - | - | 2 | - | 2 |
| Policyholder tax adjustments | 5(b)(vii) | 62 | - | - | - | 62 |
| Other adjusting items | 5(b)(viii) | - | (1) | - | - | (1) |
| Finance costs | 5(b)(ix) | - | - | 19 | - | 19 |
| Adjusting items before tax | | 80 | 34 | 41 | - | 155 |
| Adjusted profit before tax | | 124 | 41 | 2 | - | 167 |

¹Consolidation adjustments comprise the elimination of inter-segment transactions and the consolidation of investment funds.

²Investment return and change in investment contract liabilities includes net £23 million of interest income on customer cash and cash equivalents retained by the Group. Investment return total also includes £62 million of interest income on shareholder cash and cash equivalents.

7: Tax

7(a): Tax charged

| | £m | |
|---|--|-----------------------------------|
| | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Current tax | | |
| United Kingdom | 67 | 2 |
| Overseas tax | 1 | - |
| Adjustments to current tax in respect of prior periods | (10) | - |
| Total current tax charge | 58 | 2 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 3 | 52 |
| Effect on deferred tax of changes in tax rates | - | (3) |
| Adjustments to deferred tax in respect of prior periods | 8 | (5) |
| Total deferred tax charge | 11 | 44 |
| Total tax charged | 69 | 46 |
| Attributable to policyholder returns | 95 | 76 |
| Attributable to shareholder returns | (26) | (30) |
| Total tax charged | 69 | 46 |

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

7: Tax *continued*

7(a): Tax charged *continued*

Policyholder tax

Certain products are subject to tax on policyholders' investment returns. This "policyholder tax" is an element of total tax expense. To make the tax expense more meaningful, tax attributable to policyholder returns and tax attributable to shareholder returns are shown separately in the consolidated statement of comprehensive income.

The tax attributable to policyholder returns is the amount payable in the year plus the movement of amounts expected to be payable in future years. The remainder of the tax expense is attributed to shareholder returns.

The Group's income tax charge was £69 million in 2024 (2023: £46 million tax charge). The income tax charge can vary significantly year-on-year as a result of market volatility and the impact this has on policyholder tax.

The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) has historically been volatile due to timing differences between the recognition of policy deductions and credits and the corresponding policyholder tax expense, resulting in the need for significant adjustments to the adjusted profit to remove these distortions. The Group has made changes to the Group's unit pricing policy during 2024 relating to policyholder tax charges which will reduce future volatility in these timing differences. These changes are expected to reduce the value of adjustments made to future periods adjusted profit, set out in note 5(b)(vii).

Market movements for the year ended 31 December 2024 resulted in investment gains of £342 million on products subject to policyholder tax. The gain is a component of the total "investment return" gain of £4,877 million shown in the consolidated statement of comprehensive income. The tax impact of the £342 million investment return gain is a significant element of the £95 million tax charge attributable to policyholder returns in 2024 (2023: £76 million charge).

First time recognition of deferred tax assets on tax losses

Within the £11 million total deferred tax charge, the Group has recognised £10 million shareholder deferred tax credit in respect of previously unrecognised losses.

Pillar II taxes

Pillar II legislation has been substantively enacted in the UK, introducing a Pillar II minimum effective tax rate of 15%. The legislation implements a Multinational Top-up Tax ("MTT") and a Domestic Top-up Tax ("DTT"), effective for the Group's financial year beginning 1 January 2024. The Group has applied the exemption under IAS 12.4A and accordingly will not recognise or disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

The assessment of the exposure to Pillar II income taxes has shown that the majority of the Group's profits arise in countries with tax rates above 15%. The position in respect of these rules in each of the Group's main territories is summarised below.

UK

The Group has assessed that its Pillar II UK effective tax rate exceeds the 15% minimum rate and therefore there is no additional liability in relation to the UK.

The scope of the MTT means that a top-up tax charge may also arise in the UK on profits earned in countries with lower tax rates in which the Group operates, subject to a local qualifying domestic minimum tax. The Group's main non-UK operations are in Jersey and Ireland. Ireland has enacted a qualifying domestic minimum tax (see below), and accordingly no additional tax charge is due in the UK on Irish operations. Jersey is expected to introduce a qualifying domestic minimum tax in 2025. The Group's effective tax rate in Jersey is 10% and therefore a MTT liability of £0.1 million in relation to Jersey profits arises in the UK during 2024. This does not have a material impact on the Group's tax charge.

Jersey, Guernsey and the Isle of Man

The three Crown Dependencies have enacted or are due to enact legislation to introduce a domestic minimum tax with effect from 1 January 2025. The Group does not therefore expect to pay an additional local tax in these countries during 2024. The Group expects to pay a MTT in the UK in respect of any 2024 taxable profits arising in these countries (see above).

Ireland

Ireland has introduced a qualifying domestic minimum tax. This has been substantively enacted, effective for the Group's financial year beginning 1 January 2024. The Group's effective tax rate in Ireland is 19% and therefore no additional tax arises in Ireland in 2024.

Other

The Group has assessed there are no material Pillar II tax charge in any other countries in which it had a presence during 2024.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

7: Tax *continued*

7(b): Reconciliation of total income tax expense

The income tax credited or charged to profit or loss differs from the amount that would apply if all of the Group's profits from all the countries in which the Group operates had been taxed at the UK standard Corporation Tax rate. The difference in the effective rate is explained below:

| | £m | |
|---|-----------------------------------|-----------------------------------|
| | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Profit before tax | 35 | 88 |
| Tax at UK standard rate of 25% (2023: 23.5%) | 9 | 21 |
| Untaxed and low taxed income | (1) | (1) |
| Expenses not deductible for tax purposes | 1 | 2 |
| Adjustments to current tax in respect of prior years | (10) | - |
| Net movements on unrecognised deferred tax assets | (10) | (29) |
| Effect of changes in tax rates on deferred tax | - | (3) |
| Adjustments to deferred tax in respect of prior periods | 8 | (5) |
| Income tax attributable to policyholder returns (net of tax relief) | 72 | 61 |
| Total tax charged to profit or loss | 69 | 46 |

7(c): Reconciliation of IFRS income tax credit or expense to income tax on adjusted profit

| | | £m | |
|--|-----------|-----------------------------------|-----------------------------------|
| | Note | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Income tax expense¹ | | 69 | 46 |
| Tax on adjusting items | | | |
| Impact of acquisition and disposal-related accounting | | 10 | 9 |
| Business transformation costs | | 7 | 7 |
| Skilled Person Review | | 2 | - |
| Customer remediation exercise | | 19 | - |
| Other customer remediation | | (1) | 1 |
| Finance costs | | 4 | 4 |
| Exchange rate movements (ZAR/GBP) | | - | 1 |
| Tax adjusting items | | | |
| Policyholder tax adjustments | 5(b)(vii) | (90) | (62) |
| Other shareholder tax adjustments ² | | 33 | 46 |
| Tax on adjusting items | | (16) | 6 |
| Less: tax attributable to policyholder returns within adjusted profit ³ | | (5) | (14) |
| Tax charged on total adjusted profit | | 48 | 38 |

¹Includes both tax attributable to policyholder and shareholder returns, in compliance with IFRS.

²Other shareholder tax adjustments comprise the reallocation of adjustments from policyholder tax as explained in note 5(b)(vii) and shareholder tax adjustments for one-off items in line with the Group's adjusted profit policy.

³Adjusted profit treats policyholder tax as a pre-tax expense (this includes policyholder tax under IFRS and the policyholder tax adjustments) and is therefore removed from the tax charge on adjusted profit.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

8: Earnings per share

The Group calculates earnings per share ("EPS") on a number of different bases. IFRS requires the calculation of basic and diluted EPS. Adjusted EPS reflects earnings that are consistent with the Group's adjusted profit measure and Headline earnings per share ("HEPS") is a requirement of the Johannesburg Stock Exchange.

8(a): Weighted average number of Ordinary Shares

The table below summarises the calculation of the weighted average number of Ordinary Shares for the purposes of calculating basic and diluted earnings per share for each profit measure (IFRS, adjusted profit and Headline earnings).

| | Million | |
|---|-----------------------------------|-----------------------------------|
| | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Weighted average number of Ordinary Shares | 1,404 | 1,404 |
| Own shares including those held in consolidated funds and employee benefit trusts | (60) | (54) |
| Basic weighted average number of Ordinary Shares | 1,344 | 1,350 |
| Adjustment for dilutive share awards and options | 48 | 24 |
| Diluted weighted average number of Ordinary Shares | 1,392 | 1,374 |

8(b): Basic and diluted EPS (IFRS and adjusted profit)

| | | £m | |
|------------------------------------|-------|-----------------------------------|-----------------------------------|
| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
| (Loss)/profit after tax | | (34) | 42 |
| Total adjusting items before tax | 5(a) | 256 | 155 |
| Tax on adjusting items | 7(c) | 16 | (6) |
| Less: policyholder tax adjustments | 7(c) | (90) | (62) |
| Adjusted profit after tax | | 148 | 129 |

| | | Pence | |
|--------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| | Post-tax profit measure used | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Basic EPS | IFRS profit | (2.5) | 3.1 |
| Diluted EPS ¹ | IFRS profit | (2.5) | 3.1 |
| Adjusted basic EPS | Adjusted profit | 11.0 | 9.6 |
| Adjusted diluted EPS | Adjusted profit | 10.6 | 9.4 |

¹The adjustment for share awards and options would be antidilutive and as such has not been included in the calculation of diluted EPS in accordance with the requirements of IFRS.

8(c): Headline earnings per share

| | £m | | | |
|---|-----------------------------|--------------|-----------------------------|------------|
| | Year ended 31 December 2024 | | Year ended 31 December 2023 | |
| | Gross | Net of tax | Gross | Net of tax |
| (Loss)/profit | | (34) | | 42 |
| Adjusted for: | | | | |
| - add back of impairment of investments in associates | 1 | 1 | - | - |
| - add back of impairment loss on intangible assets | - | - | 1 | 1 |
| Headline earnings | | (33) | | 43 |
| Headline basic EPS (pence) | | (2.5) | | 3.2 |
| Headline diluted EPS (pence)¹ | | (2.5) | | 3.1 |

¹The adjustment for share awards and options would be antidilutive and as such has not been included in the calculation of diluted HEPS in accordance with the requirements of The South African Institute of Chartered Accountants Circular 1/2023.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

9: Goodwill and intangible assets

9(a): Analysis of goodwill and intangible assets

The table below shows the movements in cost and amortisation of goodwill and intangible assets.

| | £m | | | |
|---|------------|-------------------------------|------------|--------------|
| | Goodwill | Other intangible assets | Software | Total |
| Gross amount | | | | |
| 1 January 2023 | 306 | 425 | 30 | 761 |
| Disposals | - | - | (21) | (21) |
| 31 December 2023 | 306 | 425 | 9 | 740 |
| Acquisitions through business combinations ¹ | 1 | - | 7 | 8 |
| 31 December 2024 | 307 | 425 | 16 | 748 |
| Accumulated amortisation and impairment losses | | | | |
| 1 January 2023 | - | (324) | (24) | (348) |
| Amortisation charge for the year | - | (38) | (2) | (40) |
| Disposals | - | - | 21 | 21 |
| Impairment of other intangibles | - | (1) | - | (1) |
| 31 December 2023 | - | (363) | (5) | (368) |
| Acquisitions through business combinations ¹ | - | - | (1) | (1) |
| Amortisation charge for the year | - | (38) | (2) | (40) |
| 31 December 2024 | - | (401) | (8) | (409) |
| Carrying amount | | | | |
| 31 December 2023 | 306 | 62 | 4 | 372 |
| 31 December 2024 | 307 | 24 | 8 | 339 |

¹Relates to the acquisition of NuWealth Limited as explained in note 4. Total gross amount includes £1 million goodwill and £7 million software, which consists of £2 million of NuWealth's net assets and £5 million recognised by the Group on acquisition of the business. Total accumulated amortisation of £1 million relates to software in NuWealth's net assets.

9(b): Analysis of other intangible assets and software

| | 31 December 2024 £m | 31 December 2023 £m | Average estimated useful life | Average period remaining |
|--|---------------------------|---------------------------|-------------------------------------|-----------------------------|
| Net carrying value | | | | |
| Other intangible assets | | | | |
| Distribution channels — Quilter Financial Planning | 1 | 2 | 8 years | < 1 year |
| Customer relationships | | | | |
| Quilter Cheviot | 4 | 32 | 10 years | < 1 year |
| Quilter Financial Planning | 12 | 17 | 8 years | 2 years |
| Quilter Cheviot Financial Planning | 7 | 10 | 8 years | 2 years |
| Other | - | 1 | 7 years | - |
| | 24 | 62 | | |
| Software | | | | |
| NuWealth | 6 | - | 5 years | 5 years |
| Quilter Financial Planning | 2 | 4 | 5 years | 1 year |
| | 8 | 4 | | |
| Total other intangible assets and software | 32 | 66 | | |

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

9: Goodwill and intangible assets *continued*

9(c): Allocation of goodwill to cash-generating units ("CGUs") and consideration of the need for an impairment review

Goodwill is monitored by management at the level of the Group's two operating segments: Affluent and High Net Worth. Both operating segments represent a group of CGUs.

| | £m | |
|---------------------------------------|---------------------|---------------------|
| | 31 December 2024 | 31 December 2023 |
| Goodwill (net carrying amount) | | |
| Affluent | 224 | 223 |
| High Net Worth | 83 | 83 |
| Total goodwill | 307 | 306 |

Consideration of the need for an impairment review

Goodwill in both the Affluent and High Net Worth CGU groups is tested for impairment annually, or earlier if an indicator of impairment exists, by comparing the carrying value of the CGU group to which the goodwill relates to the recoverable value of that CGU group, being the higher of that CGU group's value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value. Goodwill impairment indicators include sudden stock market falls, the absence of positive Net Client Cash Flows ("NCCF"), significant falls in profits and significant increases in the discount rate.

The goodwill balance has been tested for impairment at 31 December 2024 and continues to demonstrate a surplus of the recoverable amount over the carrying value of the CGUs. As a result, no impairment is required.

The following table shows the percentage change required in each key assumption before the carrying value would exceed the recoverable amount, assuming all other variables remain the same. This highlights that further adverse movements in the key assumptions used in the CGU value-in-use calculation would be required before an impairment would need to be recognised.

| | Affluent | High Net Worth |
|--|----------|-------------------|
| Reduction in forecast cash flows | 65% | 81% |
| Percentage point increase in the discount rate | 42% | 48% |

Forecast cash flows are impacted by movements in underlying assumptions, including equity market levels, revenue margins and NCCF. The Group considers that forecast cash flows are most sensitive to movements in equity markets because they have a direct impact on the level of the Group's fee income.

The principal sensitivity within equity market level assumptions relates to the estimated growth in equity market indices included in the three-year cash flow forecasts. Management forecasts equity market growth for each business using estimated asset-specific growth rates that are supported by internal research, historical performance, Bank of England forecasts and other external estimates.

The Group has considered and assessed reasonably possible changes for other key assumptions and has not identified any other instances that could cause the carrying amount of CGUs to exceed its recoverable amount.

Value-in-use methodology

The cash flows used to determine the value in use of the groups of CGUs are based on the most recent management approved three-year profit forecasts, which are contained in the Group's Business Plan. These profit forecasts incorporate anticipated equity market growth on the Group's future cash flows and take into account climate-related risks and opportunities affecting operations, investments, advice and distribution, and their impact on specific projects and initiatives, estimates and judgements. After the three-year forecast period, the growth rate used to determine the terminal value of the groups of CGUs in the annual assessment was 2.0% (31 December 2023: 2.0%).

The Group uses a single cost of capital (post tax) of 9.0% (31 December 2023: 10.0%) to discount expected future cash flows across its two groups of CGUs. The single cost of capital is based on the Group's consideration of the level of risk that each group of CGUs represents. Capital is provided to the Group predominantly by shareholders with a relatively small amount of debt financing.

10: Financial investments

The table below analyses the investments and securities that the Group invests in, either on its own proprietary behalf (shareholder funds) or on behalf of third parties (policyholder funds).

| | £m | |
|---|---------------------|---------------------|
| | 31 December 2024 | 31 December 2023 |
| Government and government-guaranteed securities | 171 | 202 |
| Other debt securities, preference shares and debentures | 2,644 | 2,175 |
| Equity securities | 11,034 | 8,488 |
| Pooled investments | 45,510 | 39,462 |
| Short-term funds and securities treated as investments | - | 1 |
| Other | 1 | 1 |
| Total financial investments | 59,360 | 50,329 |

The financial investments are recoverable within 12 months, apart from £6 million (2023: £nil) which is recoverable after 12 months. The financial investments recoverability profile is based on the intention with which the financial assets are held. The assets held on behalf of policyholders cover the liabilities for linked investment contracts, all of which can be withdrawn by policyholders on demand.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

11: Categories of financial instruments

The analysis of financial assets and liabilities into categories as defined in IFRS 9 Financial Instruments is set out in the following tables. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

For information about the methods and assumptions used in determining fair value, refer to note 12. The Group's exposure to various risks associated with financial instruments is discussed in note 18.

31 December 2024

| Measurement basis | Fair value | | | | £m |
|--|----------------------|---------------------|----------------|--------------------------------------|---------------|
| | Mandatorily at FVTPL | Designated at FVTPL | Amortised cost | Non-financial assets and liabilities | Total |
| | | | | | |
| Assets | | | | | |
| Loans and advances | - | - | 56 | - | 56 |
| Financial investments | 59,359 | 1 | - | - | 59,360 |
| Trade, other receivables and other assets | - | - | 370 | 48 | 418 |
| Derivative assets | 26 | - | - | - | 26 |
| Cash and cash equivalents | 1,215 | - | 734 | - | 1,949 |
| Total assets that include financial instruments | 60,600 | 1 | 1,160 | 48 | 61,809 |
| Total other non-financial assets | - | - | - | 639 | 639 |
| Total assets | 60,600 | 1 | 1,160 | 687 | 62,448 |
| Liabilities | | | | | |
| Investment contract liabilities | - | 51,758 | - | - | 51,758 |
| Third-party interests in consolidated funds | 8,225 | - | - | - | 8,225 |
| Borrowings and lease liabilities | - | - | 275 | - | 275 |
| Trade, other payables and other liabilities | - | 1 | 399 | 106 | 506 |
| Derivative liabilities | 53 | - | - | - | 53 |
| Total liabilities that include financial instruments | 8,278 | 51,759 | 674 | 106 | 60,817 |
| Total other non-financial liabilities | - | - | - | 208 | 208 |
| Total liabilities | 8,278 | 51,759 | 674 | 314 | 61,025 |

31 December 2023

| Measurement basis | Fair value | | | | £m |
|--|----------------------|---------------------|----------------|--------------------------------------|---------------|
| | Mandatorily at FVTPL | Designated at FVTPL | Amortised cost | Non-financial assets and liabilities | Total |
| | | | | | |
| Assets | | | | | |
| Loans and advances | - | - | 38 | - | 38 |
| Financial investments | 50,329 | - | - | - | 50,329 |
| Trade, other receivables and other assets | - | - | 404 | 43 | 447 |
| Derivative assets | 57 | - | - | - | 57 |
| Cash and cash equivalents | 1,091 | - | 768 | - | 1,859 |
| Total assets that include financial instruments | 51,477 | - | 1,210 | 43 | 52,730 |
| Total other non-financial assets | - | - | - | 615 | 615 |
| Total assets | 51,477 | - | 1,210 | 658 | 53,345 |
| Liabilities | | | | | |
| Investment contract liabilities | - | 43,396 | - | - | 43,396 |
| Third-party interests in consolidated funds | 7,444 | - | - | - | 7,444 |
| Borrowings and lease liabilities | - | - | 279 | - | 279 |
| Trade, other payables and other liabilities | 1 | - | 476 | 93 | 570 |
| Derivative liabilities | 25 | - | - | - | 25 |
| Total liabilities that include financial instruments | 7,470 | 43,396 | 755 | 93 | 51,714 |
| Total other non-financial liabilities | - | - | - | 112 | 112 |
| Total liabilities | 7,470 | 43,396 | 755 | 205 | 51,826 |

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

12: Fair value methodology

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognised and measured at fair value in the financial statements. Classifying financial instruments into the three levels of the fair value hierarchy (see note 12(b)) provides an indication of the reliability of inputs used in determining fair value.

12(a): Determination of fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market exit prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs:

- for units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published quoted prices representing exit values in an active market;
- for equity and debt securities not actively traded in organised markets and where the price cannot be retrieved, the fair value is determined by reference to similar instruments for which market observable prices exist;
- for assets that have been suspended from trading on an active market, the last published price is used. Many suspended assets are still regularly priced. At the reporting date, all suspended assets are assessed for impairment; and
- where the assets are private equity investments or within consolidated investment funds, the valuation is based on the latest available set of audited financial statements, or if more recent is available, reports from Investment Managers or professional valuation experts on the value of the underlying assets of the private equity investment or fund.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. Where assets are valued by the Group, the general principles applied to those instruments measured at fair value are outlined below:

Financial investments

Financial investments include government and government-guaranteed securities, listed and unlisted debt securities, preference shares and debentures, listed and unlisted equity securities, listed and unlisted pooled investments (see below), short-term funds and securities treated as investments and certain other securities.

Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated.

Other financial investments that are measured at fair value use observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued using various approaches including valuations based on discounted cash flows and earnings before interest, tax, depreciation and amortisation multiples.

Derivatives

The fair value of derivatives is determined with reference to the exchange-traded prices of the specific instruments. The fair value of over-the-counter forward foreign exchange contracts is determined by reference to the relevant exchange rates.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the underlying funds that are held by the Group.

Third-party interests in consolidated funds

Third-party interests in consolidated funds are measured at the attributable net asset value of each fund.

12(b): Fair value hierarchy

Fair values are determined according to the following hierarchy:

| Description of hierarchy | Types of instruments classified in the respective levels |
|--|--|
| Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets. | Listed equity securities, government securities and other listed debt securities and similar instruments that are actively traded, actively traded pooled investments, certain quoted derivative assets and liabilities and investment contract liabilities directly linked to Level 1 financial assets. |
| Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable. | Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data. Over-the-counter derivatives, certain privately placed debt instruments and third-party interests in consolidated funds which meet the definition of Level 2 financial instruments. |
| Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. | Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments. |

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. Certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

12: Fair value methodology *continued*

12(c): Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 or Level 3 when an actively traded primary market ceases to exist for that financial instrument. A transfer between Level 2 and Level 3 occurs when one or more of the significant inputs used to determine the fair value of the instrument become unobservable. Transfers from Levels 3 or 2 to Level 1 are also possible when assets become actively priced.

There were no transfers of financial investments between Level 1 and Level 2 during the year to 31 December 2024 (31 December 2023: £nil).

See note 12(e) for the reconciliation of Level 3 financial instruments.

12(d): Financial assets and liabilities measured at fair value, classified according to the fair value hierarchy

The majority of the Group's financial assets are measured using quoted market prices for identical instruments in active markets (Level 1) and there have been no significant changes during the year.

The linked assets are held to cover the liabilities for linked investment contracts. The difference between the value of linked assets and that of linked liabilities is mainly due to short-term timing differences between policyholder premiums being received and invested in advance of policies being issued, and tax liabilities within funds which are reflected within the Group's tax liabilities.

Differences between assets and liabilities within the respective levels of the fair value hierarchy also arise due to the mix of underlying assets and liabilities within consolidated funds. In addition, third-party interests in consolidated funds are classified as Level 2.

The tables below analyse the Group's financial assets and liabilities measured at fair value by the fair value hierarchy described in note 12(b).

| | £m | | | |
|---|----------------|----------------|----------------|---------------|
| 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
| Financial investments | 49,052 | 10,292 | 16 | 59,360 |
| Cash and cash equivalents | 1,215 | - | - | 1,215 |
| Derivative assets | - | 26 | - | 26 |
| Total financial assets measured at fair value through profit or loss | 50,267 | 10,318 | 16 | 60,601 |

| | | | | |
|--|---------------|--------------|-----------|---------------|
| Third-party interests in consolidated funds | - | 8,225 | - | 8,225 |
| Derivative liabilities | - | 53 | - | 53 |
| Investment contract liabilities | 51,745 | - | 13 | 51,758 |
| Other liabilities | - | 1 | - | 1 |
| Total financial liabilities measured at fair value through profit or loss | 51,745 | 8,279 | 13 | 60,037 |

| | £m | | | |
|---|----------------|----------------|----------------|---------------|
| 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
| Financial investments | 41,691 | 8,605 | 33 | 50,329 |
| Cash and cash equivalents | 1,091 | - | - | 1,091 |
| Derivative assets | - | 57 | - | 57 |
| Total financial assets measured at fair value through profit or loss | 42,782 | 8,662 | 33 | 51,477 |

| | | | | |
|--|---------------|--------------|-----------|---------------|
| Third-party interests in consolidated funds | - | 7,444 | - | 7,444 |
| Derivative liabilities | - | 25 | - | 25 |
| Investment contract liabilities | 43,372 | - | 24 | 43,396 |
| Other liabilities | - | 1 | - | 1 |
| Total financial liabilities measured at fair value through profit or loss | 43,372 | 7,470 | 24 | 50,866 |

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

12: Fair value methodology *continued*

12(e): Level 3 fair value hierarchy disclosure

The majority of the assets classified as Level 3 are held within linked policyholder funds. Where this is the case, all of the investment risk associated with these assets is borne by policyholders and the value of these assets is exactly matched by a corresponding liability due to policyholders. The Group bears no risk from a change in the market value of these assets except to the extent that it has an impact on management fees earned.

Level 3 assets also include investments within consolidated funds attributable to the third-party interest in those funds. The Group bears no risk from a change in the market value of these assets except to the extent that it has an impact on management fees earned. Any changes in market value are matched by a corresponding Level 2 liability within third-party interests in consolidated funds.

The table below reconciles the opening balance of Level 3 financial assets to the closing balance at each year end:

| | £m | |
|---|-----------|-----------|
| | 2024 | 2023 |
| At beginning of the year | 33 | 29 |
| Fair value gains/(losses) credited/(charged) to profit or loss ¹ | 4 | (1) |
| Sales | (17) | (1) |
| Transfers in | 8 | 27 |
| Transfers out | (12) | (21) |
| Total Level 3 financial assets at the end of the year | 16 | 33 |
| Unrealised fair value (losses)/gains recognised in profit or loss relating to assets held at the year end | (3) | 2 |

¹Included in Investment return.

All of the assets that are classified as Level 3 are suspended funds for 2023 and 2024.

Transfers into Level 3 assets in the current year total £8 million (2023: £27 million). This is mainly due to funds from Level 1 being suspended and moved to Level 3. Suspended funds are valued based on external valuation reports received from fund managers. Transfers out of Level 3 assets in the current year of £12 million (2023: £21 million) result from a transfer to Level 1 assets relating to assets that are now being actively repriced (that were previously stale) and where fund suspensions have been lifted.

The table below reconciles the opening balance of Level 3 financial liabilities to the closing balance at each year end:

| | £m | |
|---|-----------|-----------|
| | 2024 | 2023 |
| At beginning of the year | 24 | 25 |
| Fair value gains credited to profit or loss ¹ | (2) | - |
| Transfers in | - | 20 |
| Transfers out | (9) | (21) |
| Total Level 3 financial liabilities at the end of the year | 13 | 24 |
| Unrealised fair value losses recognised in profit or loss relating to liabilities at the year end | (2) | - |

¹Included in Investment return.

12(f): Effect of changes in significant unobservable assumptions to reasonable alternatives

Details of the valuation techniques applied to the different categories of financial instruments can be found in note 12(a) above, including the valuation techniques applied when significant unobservable assumptions are used to value Level 3 assets.

For Level 3 assets and liabilities, no reasonable alternative assumptions are applicable and the Group therefore performs a sensitivity test of an aggregate 10% (2023: 10%), which is a reasonably possible change in the value of the financial asset or liability. It is therefore considered that the impact of this sensitivity will be in the range of £2 million (2023: £3 million) to the reported fair value of Level 3 assets, and £1 million (2023: £3 million) to the reported fair value of Level 3 liabilities, both favourable and unfavourable.

12(g): Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value. The carrying values of these are considered reasonable approximations of their respective fair values as they are either short term in nature or are repriced to current market rates at frequent intervals.

13: Cash and cash equivalents

13(a): Analysis of cash and cash equivalents

| | £m | |
|--|------------------|------------------|
| | 31 December 2024 | 31 December 2023 |
| Cash at bank | 369 | 444 |
| Money market funds | 1,215 | 1,091 |
| Cash and cash equivalents in consolidated funds | 365 | 324 |
| Total cash and cash equivalents per statement of cash flows | 1,949 | 1,859 |

The Group's management does not consider that the cash and cash equivalents balance arising due to consolidation of funds of £365 million (2023: £324 million) is available for use in the Group's day-to-day operations. The remainder of the Group's cash and cash equivalents balance of £1,584 million (2023: £1,535 million) is considered to be available for general use by the Group for the purposes of the disclosures required under IAS 7 Statement of Cash Flows. This balance includes policyholder cash as well as cash and cash equivalents held by regulated subsidiaries to meet their capital and liquidity requirements.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

13 Cash and cash equivalents *continued*

13(b): Analysis of net cash flows from operating activities:

| | | £m | |
|---|-------|-----------------------------------|-----------------------------------|
| | Notes | Year ended 31 December 2024 | Year ended 31 December 2023 |
| Cash flows from operating activities | | | |
| Profit before tax | | 35 | 88 |
| Adjustments for | | | |
| Depreciation of property, plant and equipment | | 11 | 12 |
| Depreciation of investment property | | 1 | - |
| Movement on contract costs | | (8) | (6) |
| Amortisation and impairment of intangibles | | 40 | 41 |
| Fair value and other movements in financial assets | | (3,891) | (3,200) |
| Fair value movements in investment contract liabilities | 15 | 3,153 | 2,528 |
| Other changes in investment contract liabilities | | 5,209 | 2,682 |
| Other movements | | 41 | 47 |
| | | 4,556 | 2,104 |
| Net changes in working capital | | | |
| Decrease/(increase) in derivatives position | | 59 | (12) |
| Increase in loans and advances | | (18) | (4) |
| Increase/(decrease) in provisions | 16 | 65 | (23) |
| Movement in other assets and other liabilities | | (43) | (16) |
| | | 63 | (55) |
| Taxation paid | | (69) | (26) |
| Net cash flows from operating activities | | 4,585 | 2,111 |

14: Ordinary Share capital

At 31 December 2023 and 31 December 2024, the Company's equity capital comprises 1,404,105,498 Ordinary Shares of 8 1/6 pence each with an aggregated nominal value of £114,668,616. All Ordinary Shares have been called up and fully paid.

All Ordinary Shares issued carry equal voting rights. The holders of the Company's Ordinary Shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the Company.

15: Investment contract liabilities

The following table provides a summary of the Group's investment contract liabilities:

| | £m | |
|---|---------------|---------|
| | 2024 | 2023 |
| Carrying amount at 1 January | 43,396 | 38,186 |
| Fair value movements | 3,153 | 2,528 |
| Investment income | 912 | 785 |
| Movements arising from investment return | 4,065 | 3,313 |
| Contributions received | 8,222 | 5,358 |
| Withdrawals and surrenders | (3,661) | (3,212) |
| Claims and benefits | (260) | (245) |
| Other movements | (4) | (4) |
| Change in liability | 8,362 | 5,210 |
| Investment contract liabilities at end of the year | 51,758 | 43,396 |

For unit-linked investment contracts, movements in asset values are offset by corresponding changes in liabilities, limiting the net impact on profit.

The benefits offered under the unit-linked investment contracts are based on the risk appetite of policyholders and the return on their selected investments and collective fund investments, whose underlying investments include equities, debt securities, property and derivatives. This investment mix is unique to each individual policyholder.

For unit-linked business, the unit liabilities are determined as the value of units credited to policyholders. Since these liabilities are determined on a retrospective basis, no assumptions for future experience are required. Assumptions for future experience are required for unit-linked business in assessing whether the total of the contract costs asset and contract liability is greater than the present value of future profits expected to arise on the relevant blocks of business (the "recoverability test"). If this is the case, then the contract costs asset is restricted to the recoverable amount. For linked contracts, the assumptions are on a best estimate basis.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

16: Provisions

| | £m | | | | | |
|------------------------------------|---|-------------------------|--------------------------------|---------------------|-------------------------------|------------|
| | Customer remediation exercise provision | Compensation provisions | Sale of subsidiaries provision | Property provisions | Clawback and other provisions | Total |
| Year ended 31 December 2024 | | | | | | |
| Balance at beginning of the year | - | 17 | 3 | 10 | 16 | 46 |
| Charge to profit or loss | 76 | 10 | - | - | 4 | 90 |
| Used during the year | - | (5) | (2) | (2) | (6) | (15) |
| Unused amounts reversed | - | (8) | - | (1) | (1) | (10) |
| Balance at 31 December 2024 | 76 | 14 | 1 | 7 | 13 | 111 |

| | £m | | | | | |
|------------------------------------|---|-------------------------|--------------------------------|---------------------|-------------------------------|-----------|
| | Customer remediation exercise provision | Compensation provisions | Sale of subsidiaries provision | Property provisions | Clawback and other provisions | Total |
| Year ended 31 December 2023 | | | | | | |
| Balance at beginning of the year | - | 23 | 15 | 12 | 19 | 69 |
| Charge to profit or loss | - | 17 | - | - | 6 | 23 |
| Used during the year | - | (14) | (12) | (2) | (8) | (36) |
| Unused amounts reversed | - | (9) | - | - | (1) | (10) |
| Balance at 31 December 2023 | - | 17 | 3 | 10 | 16 | 46 |

Customer remediation exercise provision

Based on the results to date of the Skilled Person Review, which is not yet complete, together with other evidence available, the Group considers that a customer remediation exercise in relation to ongoing advice will likely be required. As such, a present obligation exists and a provision of £76 million has been recognised at 31 December 2024 (31 December 2023: £nil) relating to potential remediation following the review of the delivery of ongoing advice services by the Appointed Representative firms in the Quilter Financial Planning network. A reasonable estimate of the provision has been determined based upon a potential customer remediation exercise, whereby the population of customers who are at the highest likelihood of having not received the expected level of service from their adviser would be identified. These customers would be invited to join the Review if they believe that they have not received ongoing advice and if they wish to have their situation reviewed by Quilter. Appropriate and proportionate redress would be paid to impacted customers. Following the initial draft results of the statistically reliable representative cohort of customers undertaken by the Skilled Person, together with other available evidence, the Group has determined a reasonable estimate of a provision for potential cost to settle the obligation based upon this approach, considering uncertainties and based upon key assumptions. The draft results from the Skilled Person Review have been extrapolated from their sample to the population of all customers who paid an ongoing advice charge between 2018 and 2023 (inclusive of both years). An independent expert has reviewed the results of the Skilled Person Review on a sample basis to determine, based on the available evidence, the cases where the expected level of service from their adviser may not have been received, and these results have been considered in determining the provision. An estimate of the response rate of customers to join the Review, and of the associated administrative costs, has been determined based upon experience from previous past business reviews performed by the Group, and assumptions on the number of customers who may be subject to the review process.

The provision recognised, based upon the approach described above, includes an estimate of the refund of ongoing advice charges for customers impacted, interest payable to customers at rates in line with the Financial Ombudsman Service interest rates, and administrative costs, both internal and external, to perform the potential customer remediation exercise. Customer redress is expected to be calculated and paid to relevant customers over a two-year period to December 2026. Of the total £76 million provision outstanding, £33 million is estimated to be payable within one year. Where amounts are estimated to be payable after 12 months, these payments have been discounted to their present value. The discount rate used is not a significant estimate given the short time period over which payments are expected to be made.

The following table presents the potential change to the provision balance at 31 December 2024 as a result of movements in the key assumptions:

| | £m | |
|---|------------------|----------|
| | 31 December 2024 | |
| | Increase | Decrease |
| Percentage point change in proportion of population where satisfactory service evidence is unavailable of 10% | 16 | (16) |
| Percentage point change in response rate of 10% | 14 | (14) |
| Change in administrative costs of 10% | 3 | (3) |

Significant uncertainty exists regarding the scope and method of a potential remediation exercise, which will be informed by the final results of the Skilled Person Review and follow further discussions with the FCA, including the customer cohorts to be involved within the Review and the customer and Appointed Representative firm contact strategies, the proportion of the population of customers charged a fee where satisfactory evidence of servicing is unavailable, the response rate of customers contacted and the administrative costs. The financial impact could be materially higher or lower than the amount of the provision.

Separate to the Skilled Person Review and the related provision for the potential customer remediation exercise, where the Group's regular adviser oversight controls have determined, based on the available evidence, that a customer may not have received the servicing that they have paid for, or where the Group has received complaints from customers regarding ongoing servicing, this has been investigated, and, where appropriate, remediation has been undertaken and recognised as a normal business as usual expense.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

16: Provisions *continued*

Compensation provisions

At 31 December 2024, compensation provisions total £14 million (31 December 2023: £17 million). The net reduction of £3 million during the year consists of additional charges to profit or loss of £10 million, compensation and professional fees payments of £5 million and £8 million release of unused amounts following further review work completed during the year. Compensation provisions comprise the following:

Lighthouse pension transfer advice provision of £1 million (31 December 2023: £6 million)

A further review of a sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme is being conducted by an independent expert to identify any cases of unsuitable DB to DC pension transfer advice. The review is being conducted under a Group managed past business review process, and the sample has been selected on a risk-based approach. The review of this sample has identified some additional cases where customer redress is required. Until the review of the relevant sample has been completed, uncertainty exists as to the number of cases where this will be required and the value of total redress which may be payable. A provision for redress relating to the review of this further sample of cases was increased at 31 December 2023, based upon the suitability review of cases, and the anticipated number of cases required to be reviewed. Payments of £1 million were made to customers during 2023. Anticipated costs associated with the redress activity of £2 million were included within the provision at 31 December 2023.

During 2024, redress payments of £1 million were made to customers, £1 million of professional fees were paid, and £3 million of the provision related to customer redress was unused and reversed, as a result of the redress calculations performed for customers being lower than forecast at 31 December 2023, due to changes in the assumptions used to perform the calculations and market movements of the pension scheme values during 2024. Given that the review is nearing completion, the Group's estimate of the remaining liability is expected to be utilised in full and settled within the next 12 months.

Compensation provisions (other) of £13 million (31 December 2023: £11 million)

Other compensation provisions of £13 million include amounts relating to internally conducted past business reviews, the cost of correcting deficiencies in policy administration systems, including redress, any associated litigation costs and the related costs to compensate current and former policyholders and customers. This provision represents management's best estimate of expected outcomes based upon past experience, and a review of the details of each case. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. The best estimate of the timing of outflows is that the majority of the balance is expected to be settled within 12 months.

A provision of £7 million, included within the balance, has been recognised at 31 December 2024 (31 December 2023: £nil) relating to internally conducted past business reviews of ongoing servicing within Quilter Financial Planning, as part of the Group's normal business operations. The estimate of the provision has been determined for the current status of the past business reviews and redress estimated based upon an initial analysis of adviser servicing records. Customer redress is expected to be calculated and paid to relevant customers during 2025.

A provision of £2 million, included within the balance, has been recognised at 31 December 2024 (31 December 2023: £3 million) relating to potentially unsuitable DB to DC pension transfer advice provided by adviser businesses other than Lighthouse. The estimate of the provision has been updated for the current status of the past business reviews and redress estimated based upon the Group's experience of past business reviews. Customer redress is expected to be calculated and paid to relevant customers during the first half of 2025.

The Group estimates a reasonably possible change of +/- £4 million from the £13 million balance, based upon a review of the cases and the range of potential outcomes for the customer redress payments.

Sale of subsidiaries provision

The sale of subsidiaries provision totals £1 million at 31 December 2024 (31 December 2023: £3 million), and includes the following:

Provisions arising on the sale of Quilter International of £nil (31 December 2023: £2 million)

Quilter International was sold in November 2021, resulting in provisions totalling £17 million being established in respect of costs related to the disposal including the costs of business separation and data migration activities.

The costs of business separation arise from the process required to separate Quilter International's infrastructure, which was complex and covered a wide range of areas including people, IT systems, data, contracts and facilities. A programme team was established to ensure the transition of these areas to the acquirer. These provisions were based on external quotations and estimates, together with estimates of the incremental time and resource costs required to achieve the separation, which was expected to occur over a two-to-three-year period from the date of the sale.

The most significant element of the provision was the cost of migration of IT systems and data to the acquirer. Calculation of the provision was based on management's best estimate of the work required, the time it was expected to take, the number and skills of the staff required and their cost, and the cost of related external IT services to support the work. In reaching these judgements and estimates, management made use of its past experience of previous IT migrations following business disposals.

During the year, £2 million (31 December 2023: £9 million) of the provision related to decommissioning works has been used, and the project has been completed.

Provision for tax warranty claim £1 million (31 December 2023: £1 million)

This provision is for warranty claims relating to the sale of former subsidiaries. The amount is expected to be realised within one year.

Property provisions

Property provisions total £7 million (31 December 2023: £10 million). Property provisions represent the discounted value of expected future costs of reinstating leased property to its original condition at the end of the lease term, and any onerous commitments which may arise in cases where a leased property is no longer fully used by the Group. The estimate is based upon property location, size of property and an estimate of the cost per square foot. Property provisions are used or released when the reinstatement obligations are satisfied. The associated asset for the property provisions relating to the cost of reinstating property is included within Property, plant and equipment.

Of the £7 million provision outstanding, £1 million (31 December 2023: £3 million) is estimated to be payable within one year. The majority of the balance relates to leased properties which have a lease term maturity of more than five years.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

16: Provisions *continued*

Clawback and other provisions

Clawback and other provisions total £13 million (31 December 2023: £16 million) and include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties and indemnity commission provisions. Where the impact of discounting is material, provisions are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

Included within the balance at 31 December 2024 is £10 million (31 December 2023: £12 million) of clawback provisions in respect of potential refunds due to product providers on indemnity commission within the Quilter Financial Planning business. This provision, which is estimated and charged as a reduction of revenue at the point of sale of each policy, is based upon assumptions determined from historical experience of the proportion of policyholders cancelling their policies, which requires Quilter to refund a portion of commission previously received to the product provider. Reductions to the provision result from the payment of cash to product providers as refunds or the recognition of revenue where a portion of the indemnity commission is assessed as no longer payable. The provision has been assessed at the reporting date and adjusted for the latest cancellation information available. At 31 December 2024, an associated balance of £6 million recoverable from brokers is included within Trade, other receivables and other assets (31 December 2023: £8 million).

The Group estimates a reasonably possible change of +/- £3 million, based upon the potential range of outcomes for the proportion of cancelled policies within the clawback provision, and a detailed review of the other provisions.

Of the total £13 million provision outstanding, £6 million is estimated to be payable within one year (31 December 2023: £7 million).

17: Contingent liabilities

The Group, in the ordinary course of business, enters into transactions that expose it to tax, legal, regulatory and business risks. The Group recognises a provision when it has a present obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made (see note 16). Possible obligations and known liabilities where no reliable estimate can be made, or it is considered improbable that an outflow would result, are reported as contingent liabilities.

The Group routinely monitors and assesses contingent liabilities arising from matters such as business reviews, litigation, warranties and indemnities relating to past acquisitions and disposals.

Tax

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the countries in which it operates and this includes compliance with legislation related to levies, sales taxes and payroll deductions.

The tax authorities in the countries in which the Group operates routinely review historical transactions undertaken and tax law interpretations made by the Group. All interpretations made by the Group are made with reference to the specific facts and circumstances of the transaction and the relevant legislation.

There are occasions where the Group's interpretation of tax law may be challenged by the tax authorities. The consolidated financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review. The Group is satisfied that adequate provisions have been made to allow for the resolution of tax uncertainties.

Due to the level of estimation required in determining tax provisions, amounts eventually payable may differ from the provision recognised.

DB to DC pension transfer advice redress

As set out in note 16, a sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme is being reviewed under a Group-managed past business review process. Until the review has finalised, which is expected during the first half of 2025, uncertainty exists as to the value of total redress that will be payable.

Customers have the legal right to challenge the outcome of the review in respect of their case via a complaint to the Financial Ombudsman Service. The review is being undertaken by a party who is independent from the Group and has run a robust process overseen by the FCA. The Financial Ombudsman Service may uphold further challenges, which may lead to further redress payable by the Group.

It is possible that further material costs of redress may be incurred in relation to past business reviews. Further customer redress costs may also be incurred for other potential unsuitable DB to DC pension transfer advice provided across the Group.

Any further redress costs, and any differences between the provision and the final payment to be made for any unsuitable DB to DC pension transfer cases, will be recognised as an expense or credit in profit or loss.

Complaints, disputes and regulations

The Group is committed to treating customers fairly and remains focused on delivering good outcomes for customers to support them in meeting their lifetime goals. During the normal course of business, from time to time, the Group receives complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established.

Ongoing Advice Review

As disclosed in note 16, the Group has recognised a provision for a reasonable estimate of the cost of a potential customer remediation exercise in relation to ongoing advice. However, until the results of the Skilled Person Review are finalised and further discussions with the FCA are progressed, there is significant uncertainty as to the nature, scope and form of any potential future customer remediation exercise. This includes consideration of the customer cohorts to be involved within a potential customer remediation exercise, and the customer and Appointed Representative firm contact strategies.

In addition, where redress payments are made to customers, the Group has the ability to seek appropriate reimbursement from the relevant Appointed Representative firms who have been unable to demonstrate that the ongoing advice service paid by the client was provided. Should the Group make payments to customers, recompense to the Group can be sought from the relevant Appointed Representative firm who has benefited from the majority of the revenue recognised over the period of the servicing agreement. Any reimbursement would not be recognised as an asset until such time as recoverability became virtually certain, and would only be disclosed, but not recognised, as a contingent asset if and when a cash inflow becomes probable.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management

18(a): Capital management

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's Business Plans, forecasts, strategic initiatives and the regulatory requirements applicable to Group entities.

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
- optimise debt to equity structure to enhance shareholder returns; and
- retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Group are equity shareholders' funds of £1,423 million (2023: £1,519 million) and subordinated debt which was issued at £200 million in January 2023. Alternative resources are utilised where appropriate. Risk appetite has been defined for the level of capital, liquidity and debt within the Group. The risk appetite includes long-term targets, early warning thresholds and risk appetite limits. The dividend policy sets out the target dividend level in relation to profits.

The regulatory capital for the Group is assessed under UK Solvency II requirements.

18(a)(i): Regulatory capital (unaudited)

The Group is subject to UK Solvency II group supervision by the Prudential Regulation Authority. The Group is required to measure and monitor its capital resources under the UK Solvency II regulatory regime. The UK Solvency II regime replaced Solvency II with effect from 31 December 2024 reporting. Comparative figures for regulatory capital for 2023 are presented on a Solvency II basis.

The Group's UK life insurance undertaking is included in the Group solvency calculation on a UK Solvency II basis. Other regulated entities are included in the Group solvency calculation according to the relevant sectoral rules. The Group's UK Solvency II surplus is the amount by which the Group's capital on a UK Solvency II basis (own funds) exceeds the UK Solvency II capital requirement (solvency capital requirement or "SCR").

The Group's UK Solvency II surplus is £851 million at 31 December 2024 (2023: £972 million), representing an SCR coverage ratio of 219% (2023: 271%) calculated under the standard formula. The UK Solvency II regulatory position at 31 December 2024 allows for the impact of the recommended Final Dividend payment of £57 million (2023: £50 million).

The UK Solvency II position as at 31 December 2024 (unaudited estimate) and 31 December 2023 is presented below:

| | £m | |
|--------------------------------------|----------------------------------|----------------------------------|
| | 31 December 2024 ¹ | 31 December 2023 ² |
| Own funds | 1,566 | 1,540 |
| Solvency capital requirement | 715 | 568 |
| UK Solvency II surplus | 851 | 972 |
| UK Solvency II coverage ratio | 219% | 271% |

¹Filing of annual regulatory reporting forms due by 27 May 2025.

²As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2023.

The Group's own funds include the Quilter plc issued subordinated debt security which qualifies as capital under UK Solvency II. The composition of own funds by tier is presented in the table below.

| | £m | |
|---|---------------------|---------------------|
| Group own funds | 31 December 2024 | 31 December 2023 |
| Tier 1 ¹ | 1,366 | 1,336 |
| Tier 2 ² | 200 | 204 |
| Total Group UK Solvency II own funds | 1,566 | 1,540 |

¹All Tier 1 capital is unrestricted for tiering purposes.

²Comprises a UK Solvency II compliant subordinated debt security in the form of a Tier 2 bond, which was issued at £200 million in January 2023.

The Group's UK life insurance undertaking is also subject to UK Solvency II at entity level. Other regulated entities in the Group are subject to the locally applicable entity-level capital requirements in the countries in which they operate. In addition, the Group's asset management and advice businesses are subject to group supervision by the FCA under the UK Investment Firms Prudential Regime ("IFPR").

During 2024, the capital requirements for the Group and its regulated subsidiaries were reported and monitored through regular Group Financial Risk Management Committee meetings. Throughout 2024, the Group has complied with the regulatory requirements that apply at a consolidated level and Quilter's insurance undertakings and investment firms have complied with the regulatory capital requirements that apply at entity level.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management *continued*

18(a): Capital management *continued*

18(a)(ii): Loan covenants

Under the terms of the revolving credit facility agreement, the Group is required to comply with the following financial covenant: the ratio of total net borrowings to consolidated equity shareholders' funds shall not exceed 0.5.

| | £m | |
|---|-----------------------------|---------------------|
| | 31 December 2024 | 31 December 2023 |
| Total external borrowings of the Company | 198 | 198 |
| Less: cash and cash equivalents of the Company | (135) | (110) |
| Total net external borrowings of the Company | 63 | 88 |
| Total shareholders' equity of the Group | 1,423 | 1,519 |
| Tier 2 bond | 198 | 198 |
| Total Group equity (including Tier 2 bond) | 1,621 | 1,717 |
| Ratio of Company net external borrowings to Group equity | 0.039 | 0.051 |

The Group has complied with the covenant since the facility was originally created in 2018.

18(a)(iii): Own Risk and Solvency Assessment ("ORSA") and Internal Capital Adequacy and Risk Assessment ("ICARA")

The Group ORSA process is an ongoing cycle of risk and capital management processes which provides an overall assessment of the current and future risk profile of the Group and demonstrates the relationship between business strategy, risk appetite, risk profile and solvency needs. These assessments support strategic planning and risk-based decision making.

The underlying ORSA processes cover the Group and consider how risks and solvency needs may evolve over the planning period. The ORSA includes stress and scenario tests, which are performed to assess the financial and operational resilience of the Group.

The Group ORSA report is produced annually. This summarises the analysis, insights and conclusions from the underlying risk and capital management processes in respect of the Group. The ORSA report is submitted to the PRA as part of the normal supervisory process and may be supplemented by ad hoc assessments where there is a material change in the risk profile of the Group outside the usual reporting cycle.

In addition to the Group ORSA process, an entity-level ORSA process is performed for Quilter Life & Pensions Limited, with its results included in the Group ORSA report.

The Group ICARA process is an ongoing cycle of risk and capital management processes, similar to the ORSA process. The Group ICARA process is performed for the prudential consolidation of Quilter's investment and advice firms under IFPR requirements. The ICARA process is also performed at an entity level for Quilter's UK investment firms, which are Quilter Investment Platform Limited, Quilter Investors Limited, Quilter Cheviot Limited and NuWealth Limited.

The Group ICARA report is produced annually. This summarises the analysis, insights and conclusions from the underlying risk and capital management processes in respect of Quilter's IFPR prudential consolidation group.

The conclusions of the ORSA and ICARA processes are reviewed by management and the Board throughout the year.

18(b): Credit risk

Overall exposure to credit risk

Credit risk is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, counterparty concentration risk and spread risk.

The Group has established a Credit Risk Framework that includes a Credit Risk Policy and Credit Risk Appetite Statement. This framework applies to all activities where the Group is exposed to credit risk, either directly or indirectly, ensuring appropriate identification, measurement, management, monitoring and reporting of the Group's credit risk exposures.

The credit risk arising from all exposures is mitigated by ensuring that the Group only enters into relationships with appropriately robust counterparties, adhering to the Group Credit Risk Policy. For each asset, consideration is given as to:

- the credit rating of the counterparty, which is used to derive the probability of default;
- the loss given default;
- the potential recovery which may be made in the event of default;
- the extent of any collateral that the Group has in respect of the exposures; and
- any second order risks that may arise where the Group has collateral against the credit risk exposure.

The credit risk exposures of the Group are monitored regularly to ensure that counterparties remain creditworthy, that there is appropriate diversification of counterparties and that exposures are within approved limits. At the end of 2024, the Group's material credit exposures were to financial institutions (primarily through the investment of shareholder funds), corporate entities (including external fund managers) and individuals (primarily through fund management trade settlement activities).

There is no direct exposure to non-UK sovereign debt within the shareholder investments. The Group has no significant concentrations of credit risk exposure.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management *continued*

18(b): Credit risk *continued*

Other credit risks

The Group is exposed to financial adviser counterparty risk through a number of loans that it makes to its financial advisers and the payment of upfront commission on the sale of certain types of business. The risk of default by financial advisers is managed through monthly monitoring of loan and commission debt balances.

The Group is also exposed to the risk of default by fund management groups in respect of settlements. This risk is managed through the due diligence process which is completed before entering into any relationship with a fund group. Amounts due to and from fund groups are monitored for prompt settlement and appropriate action is taken where settlement is not timely.

Legal contracts are maintained where the Group enters into credit transactions with a counterparty.

Impact of credit risk on fair value

Due to the limited exposure that the Group has to credit risk, credit risk does not have a material impact on the fair value movement of financial instruments for the year under review. The fair value movements on these instruments are mainly due to changes in market conditions.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the consolidated financial statements.

Loans and advances subject to 12-month expected credit losses are £56 million (2023: £38 million) and other receivables subject to lifetime expected credit losses are £268 million (2023: £297 million). Those balances represent the pool of counterparties that do not require a rating. These counterparties individually generate no material credit exposure and this pool is highly diversified, monitored and subject to limits.

Exposure arising from financial instruments not recognised on the statement of financial position is measured as the maximum amount that the Group would have to pay, which may be significantly greater than the amount that would be recognised as a liability. The Group does not have any significant exposure arising from items not recognised on the statement of financial position.

The table below represents the Group's exposure to credit risk from cash and cash equivalents.

| | Credit rating relating to cash and cash equivalents | | | | | | £m |
|---|---|-----------|------------|----------|----------|------------------------|----------------|
| | AAA | AA | A | B | <BBB | Not rated ¹ | Carrying value |
| 31 December 2024 | | | | | | | |
| Cash at amortised cost, subject to 12-month ECL | - | 73 | 296 | - | - | 365 | 734 |
| Money market funds at FVTPL | 1,215 | - | - | - | - | - | 1,215 |
| Total cash and cash equivalents | 1,215 | 73 | 296 | - | - | 365 | 1,949 |

| | Credit rating relating to cash and cash equivalents | | | | | | £m |
|---|---|-----------|------------|----------|----------|------------------------|----------------|
| | AAA | AA | A | B | <BBB | Not rated ¹ | Carrying value |
| 31 December 2023 | | | | | | | |
| Cash at amortised cost, subject to 12-month ECL | - | 63 | 381 | - | - | 324 | 768 |
| Money market funds at FVTPL | 1,091 | - | - | - | - | - | 1,091 |
| Total cash and cash equivalents | 1,091 | 63 | 381 | - | - | 324 | 1,859 |

¹Cash included in the consolidation of funds is categorised as not rated (see note 13(a)).

Impairment allowance

Assets that are measured and classified at amortised cost are monitored for any expected credit losses on either a 12-month or lifetime ECL model. The majority of such assets within the Group are measured on the lifetime ECL model, with the exception of some specific loans that are on the 12-month ECL model.

| | £m |
|--|--------------|
| Impairment allowance | |
| Balance at 1 January 2023 | (1.1) |
| Change due to change in counterparty balance | (0.4) |
| Additional impairment in the year ¹ | (4.3) |
| 31 December 2023 | (5.8) |
| Change due to change in counterparty balance | (0.8) |
| Change due to change in counterparty credit rating | (0.1) |
| Additional impairment in the year | (2.4) |
| Write-offs | 0.2 |
| 31 December 2024 | (8.9) |

¹The 2023 additional impairment figure was presented as £1.5 million in the 2023 financial statements and has now been presented as £4.3 million due to the reclassification of a credit against loan receivables. This reclassification, which had no net impact on loan receivables, was made in order to ensure comparability between the figures presented for 2023 and 2024.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management *continued*

18(c): Market risk

Market risk is the risk of an adverse change in the level or volatility of market prices of assets or liabilities resulting in loss of earnings or reduced solvency. Market risk arises from changes in equity, bond and property prices, interest rates and foreign exchange rates. Market risks are linked to wider economic and geopolitical conditions and may be driven by the crystallisation of climate-related financial risks. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held.

The Group has a market risk policy which sets out the Group's requirements for the management of market risk.

The Group does not undertake any principal trading for its own account. The Group's revenue is however affected by the value of assets under management and administration and consequently the Group has exposure to equity market levels and economic conditions. Scenario testing is undertaken to test the resilience of the business to severe but plausible events, including assessment of the potential implications of climate-related risks and opportunities, and to assist in the identification of management actions.

18(c)(i): Equity risk

In accordance with the market risk policy, the Group does not generally invest shareholder assets in equity, or related collective investments, except where the exposure arises due to:

- mismatches between unitised fund assets and liabilities. These mismatches are permitted, subject to maximum limits, to avoid excessive dealing costs; and
- seed capital investments. Seed capital is invested within new unitised or other funds within the Group at the time when these funds are launched. The seed capital is then withdrawn from the funds as policyholders and customers invest in the funds.

The above exposures are not material to the Group.

The Group derives fees (e.g. annual management charges) and incurs costs (e.g. in respect of outsourced service providers) which are linked to the performance of the underlying assets. Therefore, future earnings will be affected by equity market performance.

Equity sensitivity testing

A movement in equity would impact the fee income that is based on the market value of the investments held by or on behalf of customers. The sensitivity is applied as an instantaneous shock to equity at the start of the year. The sensitivity analysis is not limited to the unit-linked business and therefore reflects the sensitivity of the Group as a whole.

| | £m | |
|--|---------------------|---------------------|
| | 31 December 2024 | 31 December 2023 |
| Impact on profit after tax and net assets | | |
| Impact of 10% increase in equity | 26 | 26 |
| Impact of 10% decrease in equity | (26) | (26) |

18(c)(ii): Interest rate risk

Interest rate risk arises primarily from bank balances held with financial institutions.

A rise in interest rates would also cause an immediate fall in the value of investments in fixed income securities within clients' investment funds, resulting in a fall in fund-based revenues.

Conversely, a reduction in interest rates would cause a rise in the value of investments in fixed income securities within clients' investment funds. It would also reduce the interest rate earned on cash deposits and money market funds.

Exposure of the financial statements to interest rates are summarised below.

Interest rate sensitivity testing

The impact of an increase and decrease in market interest rates of 1% is tested (e.g. if the current interest rate is 5%, the test allows for the effects of an instantaneous change to 4% and 6% from the start of the year). The test allows consistently for similar changes in investment returns and movements in the market value of any fixed interest assets backing the liabilities. The sensitivity of profit to changes in interest rates is provided.

| | £m | |
|--|---------------------|---------------------|
| | 31 December 2024 | 31 December 2023 |
| Impact on profit after tax and net assets | | |
| Impact of 1% increase in interest rates | 9 | 9 |
| Impact of 1% decrease in interest rates | (9) | (9) |

18(c)(iii): Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional currency is pounds sterling, which accounts for the majority of the Group's transactions. The Group has minor exposure to Euros, through the Group's Irish subsidiary and to the South African Rand, due to the listing on the Johannesburg Stock Exchange and the payment of a proportion of shareholder dividends in Rand. During 2024, the Group had limited exposure to foreign currency risk in respect of other currencies due to its non-UK operations and foreign currency transactions.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management *continued*

18(d): Liquidity risk

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the Group to trade in illiquid assets in order to maintain its asset and liability matching ("ALM") profile. The Group manages liquidity on a daily basis through:

- maintaining adequate high-quality liquid assets and banking facilities, the level of which is informed through appropriate liquidity stress testing;
- continuously monitoring forecast and actual cash flows; and
- monitoring a number of key risk indicators to help in the identification of a liquidity stress.

Individual businesses maintain and manage their local liquidity requirements according to their business needs within the overall Group Liquidity Risk Framework that includes a Group Liquidity Risk Policy and Group Liquidity Risk Appetite Statement. The Group framework is applied consistently across all businesses in the Group to identify, manage, measure, monitor and report on all liquidity risks that have a material impact on liquidity levels. This framework considers both short-term liquidity and cash management considerations and longer-term funding risk considerations.

Liquidity is monitored centrally by Group Treasury, with management actions taken at a business level to ensure each business has sufficient liquidity to cover its minimum liquidity requirement, with an appropriate buffer set in line with the Group Liquidity Risk Appetite Statement.

During 2024, Quilter plc and its subsidiaries have operated above their individual liquidity targets and there were no material liquidity stresses identified during the year. Daily liquidity monitoring continues across the Group to enable timely identification of any emerging issues.

The Group maintains contingency funding arrangements to provide liquidity support to businesses in the event of liquidity stresses. Contingency Funding Plans are in place for each individual business under a Group Consolidated Contingent Funding Plan in order to set out the approach and management actions that would be taken should liquidity levels fall below liquidity thresholds which have been set to reflect the liquidity risk appetite of each business. The plans undergo a periodic review and testing cycle to ensure they are fit for purpose and can be relied upon during a liquidity stress.

Information on the nature of the investments and securities held is given in note 10.

The Group has a £125 million five-year revolving credit facility with a five-bank club that provides a form of contingency liquidity for the Group. No drawdown on this facility has been made since its original inception in February 2018. The Group entered into a five-year arrangement in January 2024 with the option to extend the facility for a further two-year period, to January 2031, and has continued to meet all the covenants attached to its financing arrangements. The first one-year extension has been exercised in January 2025 and approved by the bank club. This takes the current expiration date of the arrangement to January 2030. No drawdown on this facility has been made since its inception.

The financing arrangements are considered sufficient to maintain the target liquidity levels of the Group and offer coverage for appropriate stress scenarios identified within the liquidity stress testing undertaken across the Group.

18(e): Insurance risk

18(e)(i): Overview

Insurance risk covers risks arising under products provided by Quilter's life insurance firm, Quilter Life & Pensions Limited. These products do not meet the IFRS definition of insurance contracts.

Insurance risk covers risk of adverse experience of withdrawal, overrun in expenses or higher than expected mortality experience.

The sensitivity of the Group's earnings and capital position to insurance risks is monitored through the Group's capital management processes.

The Group manages its insurance risks through the following mechanisms:

- Management of expense levels relative to approved budgets.
- Analysis and monitoring of experience relative to the assumptions used to determine technical provisions.

Persistence

Persistence risk is the risk that the level of surrenders or withdrawals on products offered by Quilter Life & Pensions Limited occurs at levels that are different to the levels assumed in the determination of technical provisions. Persistence statistics are monitored monthly and a detailed persistence analysis at a product group level is carried out on an annual basis. Management actions may be triggered if persistence statistics indicate significant adverse movement or emerging trends in experience.

Expenses

Expense risk is the risk that actual expenses and expense inflation differ from the levels assumed in the determination of technical provisions. Expense levels are monitored on a quarterly basis against budgets and forecasts. Expense drivers are used to allocate expenses to entities and products. Some product structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market rate of inflation. This review may result in changes in charge levels.

Mortality

Mortality risk is not material as the Group does not provide material mortality insurance on its products.

Notes to the condensed consolidated financial statements

For the year ended 31 December 2024

18: Capital and financial risk management *continued*

18(e): Insurance Risk *continued*

18(e)(ii): Sensitivity analysis

Sensitivity analysis has been performed by applying the following parameters to the financial statements for 2023 and 2024. Interest rate and equity and property price sensitivities are included within the Group market sensitivities above.

Expenses

The increase in expenses is assumed to apply to the costs associated with the maintenance and acquisition of contracts within the unit-linked business. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase. The only administrative expenses that are deferrable are sales bonuses but as new business volumes are unchanged in this sensitivity, sales bonuses and the associated deferrals have not been increased. Administrative expenses have been allocated equally between life and pensions.

An increase in expenses of 10% would have decreased profit by £5 million after tax (2023: £5 million).

18(f): Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events, resulting in an adverse impact to earnings or reduced solvency. Operational risk includes all risks resulting from operational activities, excluding the risks already described above and excluding strategic risks.

Operational risk includes, but is not limited to, the effects of failure of oversight and administration processes, IT and Information Security maintenance and development processes, advice processes (including oversight of ongoing servicing provided by financial advisers), investment processes (including settlements with fund managers, fund pricing and matching and dealing), people and HR processes, product development and management processes, legal risks (e.g. risk of inadequate legal contracts with third parties), change delivery risks (including poorly managed responses to regulatory change), physical and certain transitional financial risks arising from climate change, risks relating to the relationship with outsourced service providers and other suppliers, and the consequences of financial crime and business interruption events.

In accordance with Group policies, management has primary responsibility for the identification, measurement, assessment, management and monitoring of risks, and the escalation and reporting on issues to Executive Management.

The Group's Executive Management has responsibility for implementing the Group Operational Risk Framework and for the development and implementation of action plans designed to manage risk levels within acceptable tolerances and to resolve issues identified.

18(g): Contractual maturity analysis

Investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies, and these liabilities are therefore classified as having a maturity of less than three months. Although these liabilities are payable on demand, the Group does not expect that all liabilities will be settled within a short time period.

19: Related party transactions

In the normal course of business, the Group enters into transactions with related parties. Loans to related parties are conducted on an arm's length basis and are not material to the Group's results. There were no transactions with related parties during the current year or the prior year which had a material effect on the results or financial position of the Group. Full details of transactions with related parties, including key management personnel compensation is included within note 40 of the financial statements within the Group's 2024 Annual report. The Group's interest in subsidiaries and related undertakings are set out in Appendix A of the financial statements within the Group's 2024 Annual report.

20: Events after the reporting date

Final Dividend

On 5 March 2025, the Group announced a proposed Final Dividend for 2024 of 4.2 pence per Ordinary Share amounting to £57 million in total. Subject to approval by shareholders at the Annual General Meeting, the dividend will be paid on 27 May 2025.