RANDALL & QUILTER INVESTMENT HOLDINGS LTD.

Interim results for the 6 months ended 30 June 2018

PRIVATE & CONFIDENTIAL

STRATEGY I INNOVATION I EXPERTISE

SEPTEMBER 2018

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RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2018

Financial highlights for the 6 months ended 30 June 2018:

- Pre-tax Profit of £5.5m (2017: £5.4m)
- Basic earnings per share of 3.6p (2017: 7.9p)
- ROE (annualised) of 6.8% (2017: 15.4%)
- Proposed distributions per share increased to 3.6p (2017: 3.5p)
- Net asset value per share 133.0p (FY 2017: 132.9p)
- Cash and investments £584.2m (FY 2017: £602.8m)

	30/06/2018 £'000	30/06/2017 £'000	31/12/2017 £'000
£000s	**H1 2018**	**H1 2017**	**FY 2017**
Group results			
Operating profit	7,887	7,465	27,949
Profit before tax (continuing)	7,780	5,599	9,830
Profit before tax	5,527	5,435	23,461
Profit after tax	4,974	5,945	22,970
Earnings per share (basic)	3.6p	7.9p	25.4p
Balance sheet information			
Total gross assets	1,138,108	833,606	1,065,791
Cash and Investments	584,163	441,908	602,753
Total net insurance contract provisions	769,059	582,719	722,535
Shareholders' equity	167,490	108,817	166,772
Key statistics			
Investment return on free assets	0.7%	1.4%	1.6%
Return on tangible equity (annualised)	6.8%	15.4%	17.3%
Net tangible assets per share	117.6p	88.6p	105.3p
Net asset value per share	133.0p	124.5p	132.9p
Distribution per share	3.6p	3.5p	8.9p

OPERATIONAL HIGHLIGHTS

TO 30 JUNE 2018

- Net proceeds, c.£47m, of placing and open offer in November 2017 fully deployed to strengthen the AM Best credit ratings of Accredited and Malta to A- (Excellent).
- Insurance Services Division sold in January 2018 which completes the execution of our strategy to refocus the business on legacy and program underwriting management.
- Interim distribution (return of capital) proposed at 3.6p per share (2017: 3.5p).
- New management team functioning well.
- Largest ever legacy reinsurance contract completed for a premium of $108.5m and a reinsurance limit of $146m.

POST PERIOD-END

- Corporate restructuring and Group wide rebranding of program management as “Accredited”.
- Program management contracts secured which are expected to generate Gross Written Premiums (“GWP”) of $200m per annum and further contracts scheduled to be signed before year end which are expected to increase annualised GWP to $500m per annum.
- New business pipelines for legacy and program management remain strong, with our post-Brexit solutions generating significant industry interest in program management.
- Agreement (subject to regulatory approval) to acquire Global Re US, our largest legacy acquisition to date.
- Agreement (subject to regulatory approval) to acquire MPS Risk Solutions.

GROUP STRATEGY

MISSION STATEMENT

To offer investors profits and capital extractions from legacy insurance acquisitions/reinsurances and grow underwriting revenue and commission income from our licensed carriers in the US and UK/EU writing niche and profitable business, largely as a conduit for highly rated reinsurers.

OUR PRINCIPAL STRATEGIC OBJECTIVES

To acquire or reinsure run-off legacy portfolios in the US and UK/EU to produce attractive book value growth and cash returns

To develop Accredited, our A- (Excellent) rated US admitted carrier, as a Program management platform of choice, generating substantial and repeatable commission income

To develop Accredited Europe, our Malta domiciled A- (Excellent) rated carrier, as a conduit for niche EU and UK MGA business to highly rated reinsurers, generating substantial and repeatable commission income

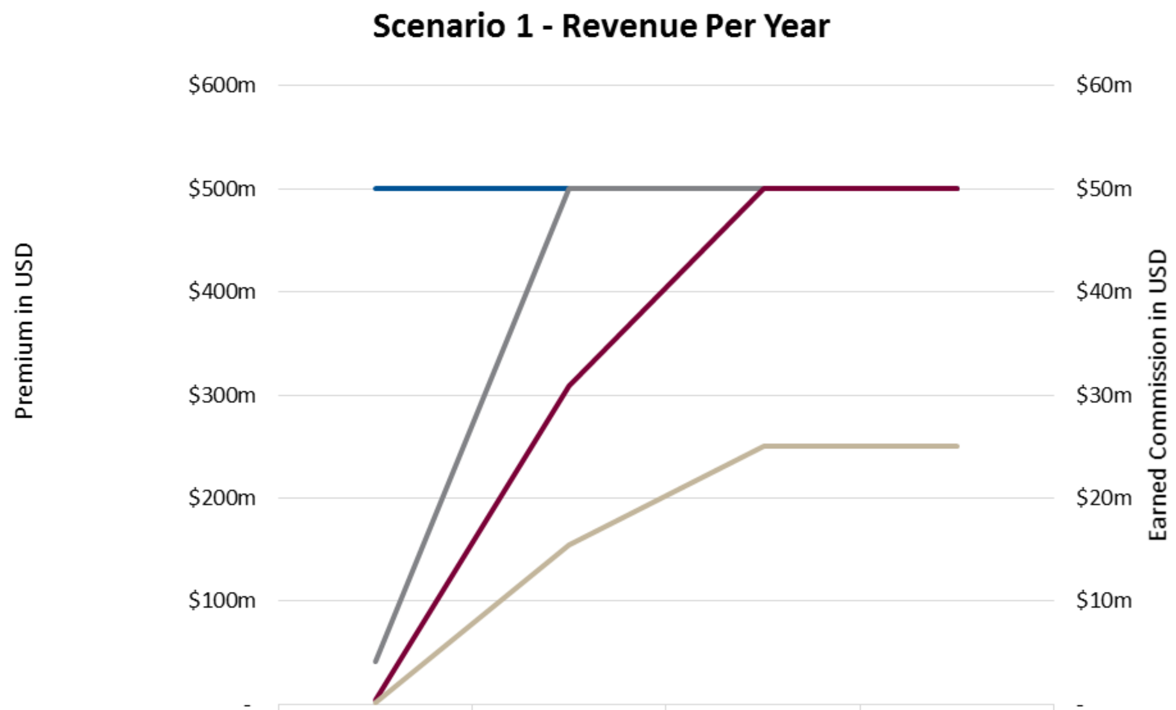
STRATEGY IMPLEMENTATION

• Disposal programme complete:	
– Insurance Services	SOLD
– Captive Management	SOLD
– Lloyd's Managing Agency	SOLD
– Norway	SOLD
– Yachtsure MGA	SOLD
– Synergy MGA	SOLD
– Gibraltar	CLOSED
– US Services	CLOSED
– Syndicate 1991	CEASES AFTER 2017 YOA
• March and October 2017 fund raises	COMPLETE
• Deployment of additional funding into Malta and Accredited	COMPLETE
• AM Best rating A- (Excellent) for Malta	COMPLETE
• AM Best upgrade for Accredited A- (Excellent)	COMPLETE

PROGRAM BUSINESS – ILLUSTRATIVE DEVELOPMENT

SCENARIO 1

Contracted annual Gross Premium of $500m signed up by December 2018 and assuming zero future growth or new contracts after 2018.

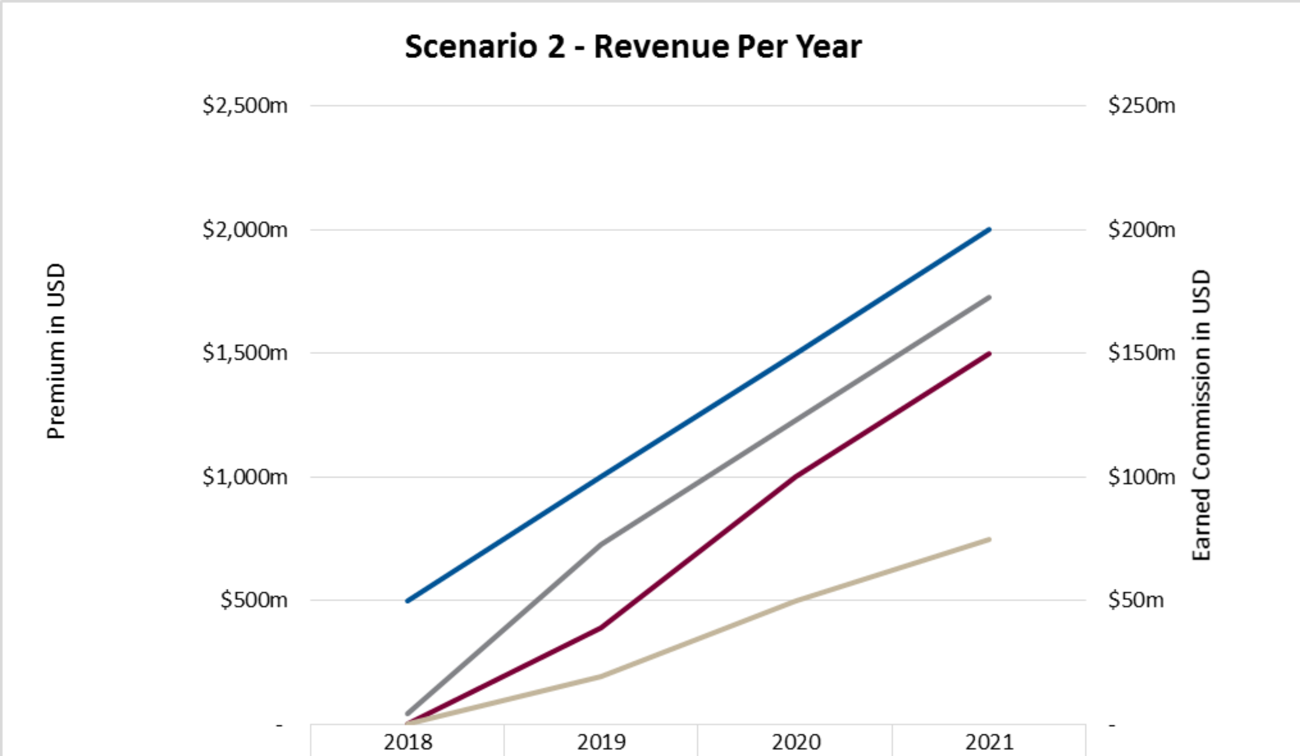


	2018	2019	2020	2021
Contracted Premium	500	500	500	500
Written Premium	42	500	500	500
Earned Premium	3	309	500	500
Earned Commission	0	15	25	25

Disclaimer: The forward-looking illustration above is based on certain assumptions, including that fronting commission is assumed to be 5% of earned GWP on an ongoing basis. There can be no certainty that the assumptions upon which this forward-looking illustration are based will prove correct and accordingly undue reliance should not be placed upon the above illustration.

SCENARIO 2

Contracted annual Gross Premium of $500m signed up by December 2018 and assuming growth of $125m (from existing and new) contracted annual Gross Premium per quarter.



	2018	2019	2020	2021
Contracted Premium	500	1,000	1,500	2,000
Written Premium	42	729	1,229	1,729
Earned Premium	3	391	1,000	1,500
Earned Commission	0	20	50	75

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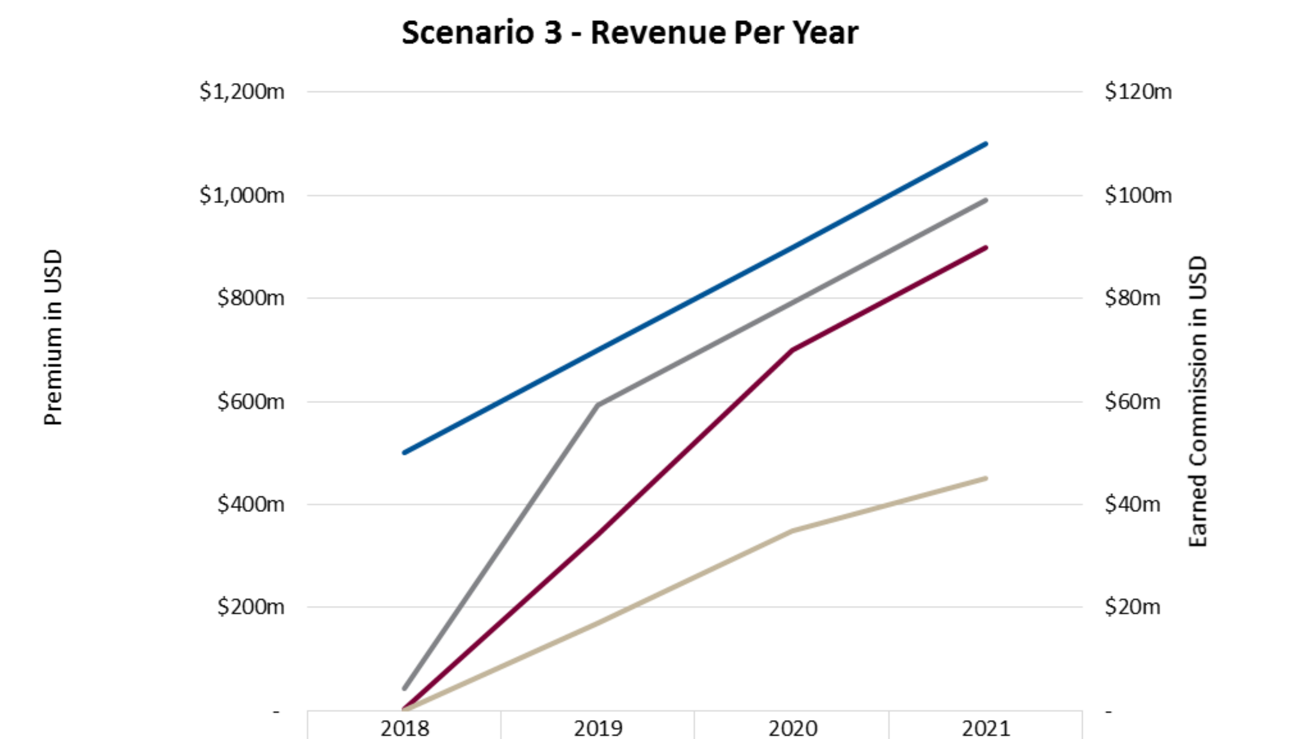
PROGRAM BUSINESS – ILLUSTRATIVE DEVELOPMENT

SCENARIO 3

Contracted annual Gross Premium of $500m signed up by December 2018 and assuming growth of $50m (from existing and new) contracted annual Gross Premium per quarter.



	2018	2019	2020	2021
Contracted Premium	500	700	900	1,100
Written Premium	42	592	792	992
Earned Premium	3	342	700	900
Earned Commission	0	17	35	45

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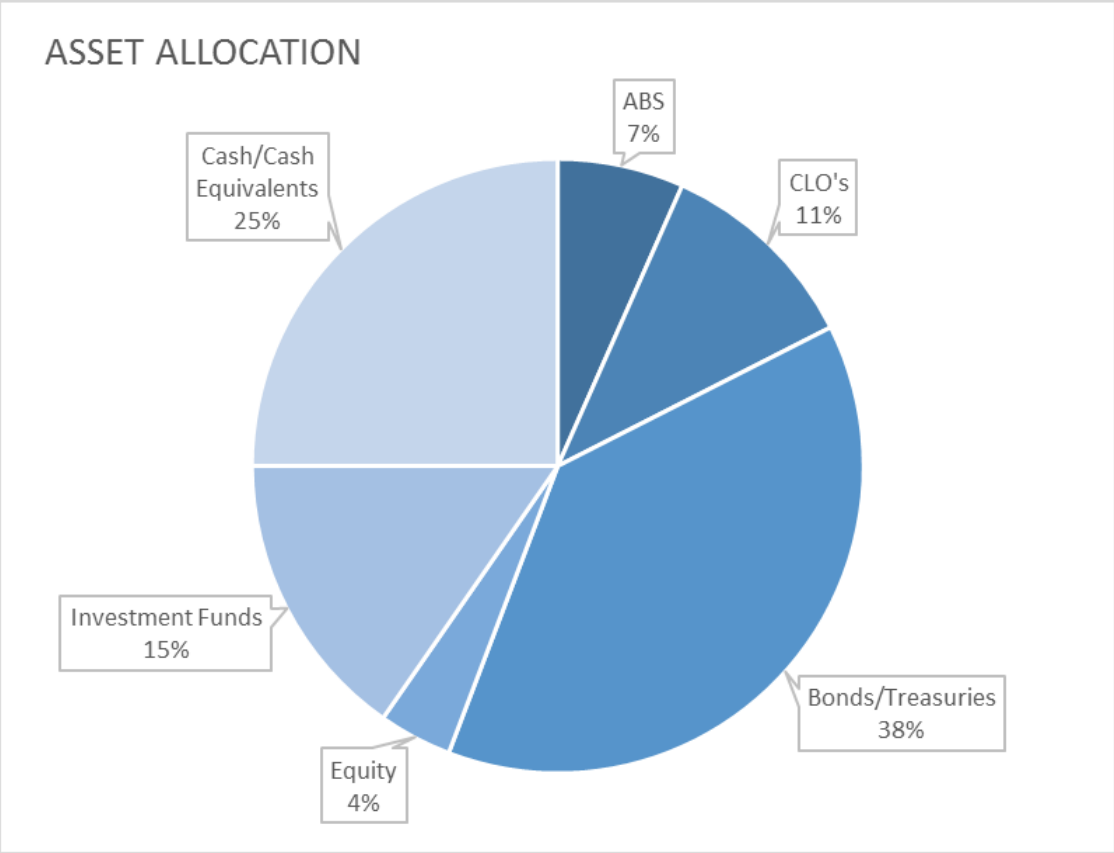
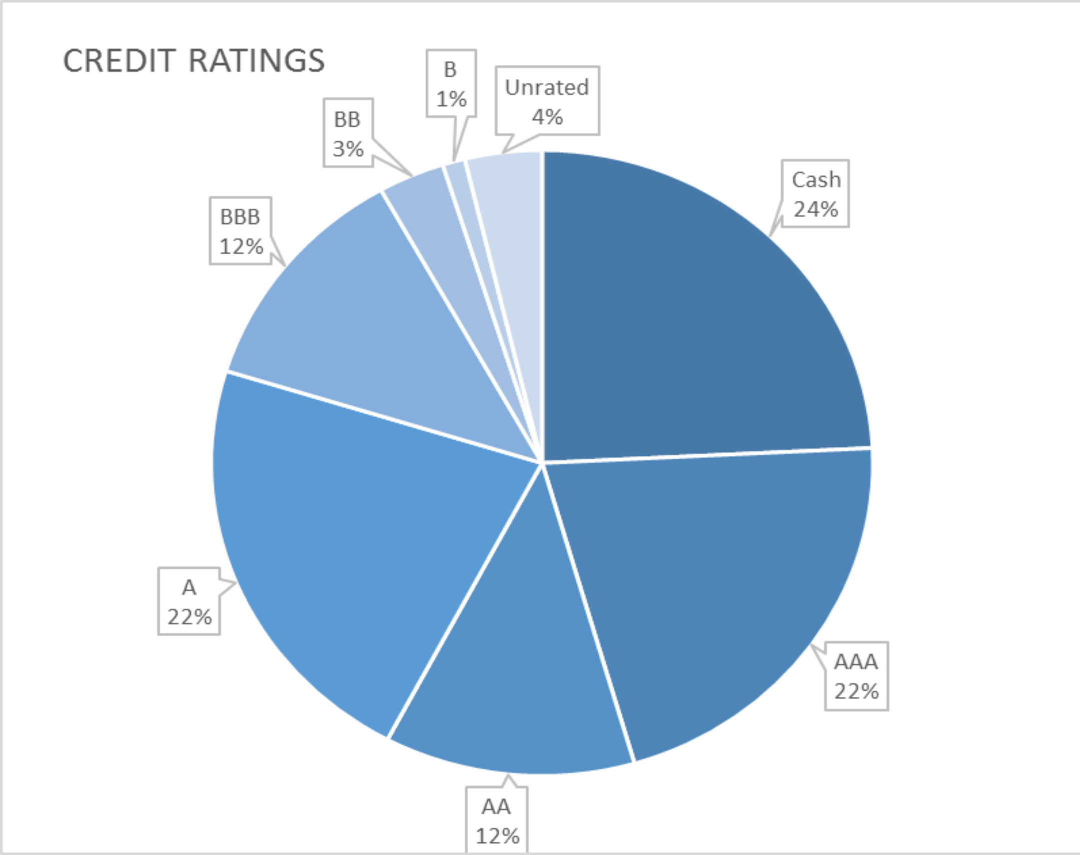
INVESTMENT PORTFOLIO AND RETURNS

INVESTMENT PORTFOLIO AS AT 30 JUNE 2018





2018 – Investment Return (6 Months) 0.71%
2017 – Investment Return (Full Year) 1.60%

BUSINESS PRIORITIES AND OUTLOOK

BUSINESS PRIORITIES

- Continue to expand legacy
  - Possibly via a partnership model
  - Captives and Lloyd's are particular targets
- Build program management
  - Contracts expected to generate annualised GWP of US$500m by December 2018
  - Opportunities arising out of Brexit
  - Disruptive technology
  - Become the 'go to' platform
- Grow cash and investments float/ increase investment income

OUTLOOK

- Both legacy and program management pipelines remain strong
- Should the acquisition of Global Re US receive regulatory consent and be completed by year end, the board expects the full year result for 2018 to substantially exceed market expectation

SUMMARY

- A much stronger underlying result in H1 2018
- Completion of disposals in January 2018
- Increasing size of legacy transactions and exciting growth prospects for Program management in the US and UK/Europe
- Brexit and Solvency II are presenting further opportunities to the Group

2019 - Anticipated Improvement In Performance

- Continued increase in contribution from legacy transactions (acquisitions and reinsurance), especially in USA
- Growth in Accredited Program management business to generate sustainable and repeatable income
- Increased investment income anticipated from larger "float" and increased investment returns

APPENDIX A : FRONTING/PROGRAM OVERVIEW

- Fronting arrangements have been around for decades – But the environment is changing
- What is fronting?
  - Business is sourced, priced and serviced by MGAs who have strictly controlled delegated underwriting authority
  - R&Q uses its licences and AM Best credit rating to underwrite the insurance risks and immediately reinsures with highly rated reinsurers
- Why is such business available?
  - Growth of MGAs to underwrite specialist insurance lines
  - Reinsurers and alternative capital can access specialist business without in-house expertise and infrastructure
  - Alternative capital (ILS) tends to have no infrastructure or licenses
  - Fintech initiatives are “disrupters” and typically do not use traditional insurance channels (e.g. Amazon, Uber casual drivers, etc)
  - R&Q is not an added step in the process – we typically replace the traditional insurance company
- Why is there an opportunity for R&Q?
  - R&Q has the necessary licenses in the USA and Europe (Lloyd's Syndicates are not authorised for “admitted” insurance in the USA)
  - Hard Brexit (R&Q has European licenses)
  - Solvency II has exposed undercapitalised fronting specialists in Europe
  - Channel “conflicts” because State National (US) sold to Markel and Markerstudy (Europe) sold to Qatar Re
  - R&Q is a natural partner for “disrupters” because we have no traditional business to defend

APPENDIX A : FRONTING/PROGRAM OVERVIEW (CONT'D)

- What are the risks?
  - MGA quality
  - Retentions
  - Reinsurer credit risk
  - "Gaps" between assumed risk and reinsurance
  - Reputational risk if assumed business is loss making
  - Compliance and conduct risk
- R&Q risk mitigation:
  - The MGAs do the work; we set the rules and monitor that they do it well
  - R&Q does not underwrite and process the detailed transactions but we control the process through excellent due diligence regular technical audits and peer review
  - R&Q undertakes ongoing credit assessment and concentration of reinsurance (with cash collateral as a back-up)
  - Portfolios are reviewed prior to inception and regularly thereafter by R&Q pricing and reserving actuaries
  - Very tightly controlled reinsurance wordings ("follow the fortunes")
- Scale and profitability of the opportunity:
  - Projected strong GWP growth over the next three years
  - Target commissions in the range of 4/5% of GWP
  - Limited additional expenses (underwriting vehicles already in place)
  - Contracts renewed annually (we target deals for 3-5 years minimum)
  - Good visibility of new business secured but slow initial impact on Group profits as whilst GWP grows quickly commission income comes through more slowly as "earned"

APPENDIX B : 2018 M&A ACTIVITY

COMPLETED IN H1

Hamilton Underwriting Syndicate 3334 2014 & prior

Reinsurance to close

Net Reserves £30.0m

Public liability, general liability, contingency and property

February 2018

CA domiciled self-insurer

Policy issuance to provide full finality to a California based self-insurer

Net Reserves $0.3m

Workers Compensation

June 2018

US Airline

Captive Reinsurance

Net Reserves $6.4m

Workers Compensation

June 2018

US RRG

Loss portfolio Transfer

Ground-up limit of $146m

Commercial Auto Liability

June 2018

Sitex Cell

Novation

Employers' liability deductible exposures

June 2018

ANNOUNCED

Global Re US

MPS Risk Solutions

APPENDIX C : INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2018

STRATEGY I INNOVATION I EXPERTISE

Randall & Quilter Investment Holdings Ltd. Consolidated Income Statement	6 months 2018 £'000	6 months 2017 £'000
Gross premiums written	157,643	112,989
Reinsurers' share of gross premiums	(45,278)	(9,254)
Premums written, net of reinsurance	112,365	103,735
Change in gross provision for unearned premiums	(13,638)	(9,276)
Change in provision for unearned premiums, reinsurers' share	14,801	6,840
Net change in provision for unearned premiums	1,163	(2,436)
Earned premium, net of reinsurance	**113,528**	**101,299**
Net investment income	2,620	3,781
Other income	5,738	3,644
	8,358	7,425
Total income	**121,886**	**108,724**
Gross claims paid	(77,989)	(56,778)
Reinsurers' share of gross claims paid	36,472	23,750
Claims paid, net of reinsurance	(41,517)	(33,028)
Movement in gross technical provisions	(16,483)	(23,242)
Movement in reinsurers' share of technical provisions	(8,904)	(17,119)
Net change in provision for claims	(25,387)	(40,361)
Net insurance claims incurred	**(66,904)**	**(73,389)**
Operating expenses	(45,164)	(33,566)
Result of operating activities before negative goodwill and impairment of intangible assets	**9,818**	**1,769**
Goodwill on Bargain purchase	1,173	6,422
Impairment and amortisation of intangible assets	(851)	(562)
Result of operating activities	**10,140**	**7,629**
Finance costs	(2,360)	(1,788)
Share of loss of associates	-	(242)
Profit on ordinary activities before income taxes	**7,780**	**5,599**
Income tax income/(expense)	(778)	371
Profit from continuing operations for the period	**7,002**	**5,970**
(Loss)/profit from discontinued operations	(2,028)	(25)
Profit for the period	**4,974**	**5,945**
Attributable to equity holders of the parent	6,536	6,026
Minority interests	466	(81)
	7,002	5,945
Pre-tax profit excluding minority interest	7,314	5,516

APPENDIX D : BALANCE SHEET AS AT 30 JUNE 2018

Randall & Quilter Investment Holdings Ltd. Consolidated Balance Sheet	30 June 2018 £'000	31 December 2017 £'000	30 June 2017 £'000
Assets			
Intangible Assets	19,430	20,712	31,406
Investments in associates	-	-	-
Property, plant & equipment	680	3,035	3,596
Investment properties	1,930	426	422
Financial assets			
- Investments	433,121	405,516	274,845
- Deposits with ceding undertakings	6,763	6,674	6,903
Reinsurers' share of insurance liabilities	261,727	253,482	201,054
Corporation tax	6,480	2,411	2,802
Deferred tax asset	6,437	10,907	5,908
Insurance and other receivables	257,263	170,273	146,010
Cash and cash equivalents	144,279	173,393	160,160
Assets held for Sale	-	18,962	500
Total assets	**1,138,110**	**1,065,791**	**833,606**
Liabilities			
Insurance contract provisions	769,059	722,535	582,719
Financial liabilities			
- Amounts owed to credit institutions	73,223	55,889	68,913
- Deposits received from reinsurers	1,084	1,170	1,254
Deferred tax liabilities	7,355	6,890	1,764
Trade and other payables, including insurance payables	101,214	92,269	54,324
Current tax liabilities	7,447	7,426	5,779
Pension scheme obligations	10,918	11,214	10,132
Liabilities held for sale	-	1,792	-
Total liabilities	**970,300**	**899,185**	**724,885**
Equity			
Share capital	2,518	2,517	1,748
Share to be issued	-	-	64
Share premium	55,481	62,257	18,062
Retained earnings	109,490	101,998	88,943
Attributable to equity holders of the parent	**167,489**	**166,772**	**108,817**
Minority interest in subsidiary undertakings	318	(166)	(96)
Total equity	**167,807**	**166,606**	**108,721**
Total liabilities and equity	**1,138,107**	**1,065,791**	**833,606**

APPENDIX E : EXECUTIVE DIRECTORS

Ken Randall, FCCA

Group Chairman & Chief Executive Officer

- Mr. Randall is a certified accountant and has worked in the Insurance industry for almost 40 years.
- During the early 1980s, Mr. Randall was Head of Regulation at Lloyd's, which was then a self-regulated institution. From 1985 until 1991 Mr. Randall served as Chief Executive of the Merrett Group.
- In 1991, Mr. Randall set up the Eastgate Group, in partnership with Mr. Quilter, which developed into the UK's largest third party provider of insurance services (1,300 employees & turnover of over £80m).
- Following the sale of Eastgate, Mr. Randall & Mr. Quilter refocused R&Q onto the acquisition and servicing of non-life run-off portfolios. R&Q expanded its services to include Captive &Underwriting management.
- In 2007 Mr. Randall presided over the Group's initial admission to AIM, and readmission in 2013.

Alan Quilter, FCA ACII MCT

Group Chief Financial Officer & Deputy Group Chief Executive Officer

- Mr. Quilter is a chartered accountant and has worked in the London insurance market since 1969.
- Between 1980 and 1987, he headed the Market Financial Services Group at Lloyd's before having several senior roles within investment management companies focused on insurance markets in the UK.
- In 1992, Mr. Quilter joined Mr. Randall to form Randall & Quilter. He was Chief Financial Officer for the Group with overall responsibility of the Group's finance functions until June 2011 and has now resumed that role.

Mark Langridge, FCCA

Executive Director & Head of Legacy

- Mr. Langridge has worked within the London insurance industry since 1980 when he began his career with the Prudential Corporation, qualifying as an accountant in 1987.
- In 1993 he joined KWELM Management Services where, as Reinsurance Director, he was responsible for managing the legacy of the insolvent HS Weavers' underwriting pool which had liabilities of more than $9bn and which presented unique challenges for the P&C industry in London and internationally.
- Following the closure of the KWELM estate in 2005, Mark set up and part owned the KMS Group before its acquisition by R&Q in 2008.
- Prior to his appointment as Executive Director in January 2018, Mr. Langridge was Chief Executive Officer of the R&Q Insurance Investments Division and prior to that R&Q Insurance Services Division.