

---

# UK Financial Services Industry Annual Review 2013

February 2014

---



In association with



**UK Trade  
& Investment**

## UK financial services: international appeal



This report highlights the size and structure of the UK financial services industry and the increasing overseas interest in the sector. Over 1,000 international firms own businesses in UK financial services, which demonstrates the openness of the sector. This number is growing, given the UK's importance in the global financial services market which reflects its experience, concentration of expertise, favourable time zone and language. The UK

openness to investment is matched and facilitated by transparency of information. Every company has to file financial returns annually and the majority of firms that are active in UK financial services are regulated by the Financial Conduct Authority. These two sources form the basis of the detailed analysis behind this report.

### 英国金融服务业: 国际吸引力



本报告突出了英国金融服务业的规模和结构以及海外对于这一领域日益增长的兴趣。1000多家国际公司在英国金融服务业拥有企业，展示出这一领域的开放度，而英国在全球金融服务市场的重要地位反映出英国拥有经验、专长集聚、时区和语言有利，有鉴于此，这一数字正在增长。英国对投资的开放度由信息的透明度所推动，并且与之匹配。每家公司每年都必须申报财务收益，而且活跃在英国金融服务业的大多数公司都由金融服务署监管。来源于财务收益和金融服务署的信息组成了本报告背后详细分析的基础。

### Сектор финансовых услуг Великобритании: международная привлекательность



Данный отчет освещает размер и структуру сектора финансовых услуг Великобритании и растущий международный интерес к деятельности этого сектора. Более 1000 международных фирм владеют британскими компаниями в сфере финансовых услуг, что наглядно демонстрирует открытость этого сектора. Количество этих компаний растет, учитывая важную роль Великобритании на рынке международных финансовых услуг, отражающую опыт, накопленные знания, удобный часовой пояс и язык. Открытость Великобритании для инвестиций существует одновременно с прозрачностью информации и опирается на нее. Каждая компания обязана ежегодно подавать финансовые отчеты, и большинство фирм, работающих в британском секторе финансовых услуг, подлежат регулированию со стороны Управления по финансовому регулированию и надзору (FSA). Эти два источника легли в основу подробного анализа, стоящего за данным отчетом.

### Serviços financeiros no Reino Unido: interesse internacional



Este relatório destaca a dimensão e a estrutura da indústria de serviços financeiros no Reino Unido e o crescente interesse internacional no setor. Mais de mil empresas internacionais possuem negócios em serviços financeiros no Reino Unido, o que demonstra a abertura do setor. Esse número vem aumentando devido à importância do Reino Unido no mercado global de serviços financeiros, o que reflete a sua experiência, sua concentração de conhecimento, fuso horário favorável e idioma. A abertura do Reino Unido a investimentos tem seu correspondente na transparência de informação, que a facilita. Toda empresa deve declarar imposto de renda anualmente e a maior parte das que se encontram ativas na prestação de serviços financeiros no Reino Unido é regulada pela Autoridade de Serviços Financeiros. Estas duas fontes são o fundamento da análise detalhada que serve de base ao presente relatório.

### الخدمات المالية في المملكة المتحدة: جاذبية دولية

يُلقى هذا التقرير الضوء على حجم وهيكل صناعة الخدمات المالية في المملكة المتحدة والرغبة الدولية المتزايدة في هذا القطاع. حيث تمتلك أكثر من 1000 شركة عالمية أعمال في قطاع الخدمات المالية في المملكة المتحدة. وهذا يدل على انفتاح هذا القطاع. ويزداد نمو هذا القطاع نظرًا لأهمية المملكة المتحدة في السوق العالمي للخدمات المالية مما يعكس خبرتها وتركيزها في هذا المجال وفرق التوقيت المواتية بالإضافة إلى عامل اللغة. ويرتبط انفتاح المملكة المتحدة على الاستثمارات ويسهل من عملها وجود شفافية في المعلومات حيث تلتزم جميع الشركات بالكشف عن عوائدها المالية سنويًا وتخضع غالبية الشركات التي تنشط في قطاع الخدمات المالية في المملكة المتحدة إلى لوائح وضوابط هيئة الخدمات المالية. ومن ثم يُشكل هذان المصدران أساس التحليل المفصل لهذا التقرير.



## Contents

Forewords	4
Executive summary	6
The leading UK financial services groups	7
<b>The UK financial services industry</b>	
• M&A activity	9
• Overseas investment	11
• Private equity activity	12
• Market structure	13
• Ownership	14
• FCA regulation	15
<b>Sector reviews</b>	
• <b>The general insurance sector</b>	<b>16</b>
• <b>The investment sector</b>	<b>20</b>
• <b>The lending sector</b>	<b>24</b>
• <b>The financial support services sector</b>	<b>28</b>
About UK Trade & Investment	32
About IMAS and IMAS- <i>insight</i>	33
Report methodology	34
IMAS- <i>insight</i> web examples	35

## Foreword

### UK Trade & Investment

As Chief Executive of UK Trade & Investment's Financial Services Organisation, I am delighted to support the third IMAS Annual Review. This report provides an in-depth insight which is essential to anyone seeking a better understanding of the structure and ownership of the UK's financial services industry.

The UK Financial Services sector plays a vital role in the UK economy, contributing 9.6 per cent of GDP, employing over one million people, and accounting for 12 per cent of total UK tax receipts. In recognition of the integral importance of the sector to the backbone of the UK economy, in 2013 UK Trade & Investment established the UKTI Financial Services Organisation, taking direction from the Treasury led Financial Services Trade and Investment Board (FSTIB), and tasked with attracting high quality Foreign Direct Investment into the UK and helping UK companies grow their business through trade overseas.

There is diverse ownership within the Industry and, as the report shows, we have seen increased influence of overseas and private equity firms. Of the overseas investors the US continues to account for the largest share. However, there is also strong interest from the rapidly growing economies of the East, notably India and China. Mergers and acquisitions continue to be the key driver of change and it is overseas businesses that are currently taking the opportunity to expand their operations through such activity.

It is the UK Government's intention to ensure that the UK is as globally competitive and as welcoming as possible to investors seeking a presence here. We are determined to continue to strengthen the UK's position as an investment destination of choice and maintain our leading position as a global financial centre and gateway to the European market.

The UK financial services industry continues to offer a number of compelling reasons for overseas firms to invest, including the UK's expertise and skills base, its robust legal and regulatory framework, its liquid capital markets, its transparency in financial reporting and its geographic position and language. As a result, the industry should continue to attract investment from a broad range of overseas investors as well as from local UK-based businesses, and UK companies should enjoy a beneficial commercial environment from which to grow their business at home and overseas.

I hope that in reading this report you find the information to be as invaluable as it is interesting.



A handwritten signature in black ink that reads "Sue Langley". The signature is fluid and cursive.

**Sue Langley**  
CEO, UKTI Financial Services Organisation

## Foreword

### IMAS Corporate Finance

I am delighted to be writing the foreword of what is our third annual review of the UK financial services industry and to be assisting UKTI in promoting overseas investment into the UK.

The report highlights some of the analysis resulting from our unique approach of combining our industry presence with our proprietary mapping of the industry, which is itself driven from a broad range of sources including the Financial Conduct Authority's register of companies and Companies House.

If you are interested in more detailed analysis of the financial services industry in the UK, please visit [www.imasinsight.com](http://www.imasinsight.com), where you will find a wide range of up to date information on sub-sectors, ownership changes and structural developments, including data on individual FCA authorised companies and individuals.

As independent advisers on mergers and acquisitions in the industry, our experience and relationships when allied with a map of the entire financial services industry provides us with a unique ability to identify the fullest range of strategic options for our clients.

We are very pleased to have the opportunity to share our knowledge with you and produce a comprehensive and factual document. I trust you will find it of great value. If you would like to review the options open to your business to maximise shareholder value please contact me or one of my partners.



A handwritten signature in black ink that reads "Olly Laughton-Scott".

**Olly Laughton-Scott**  
Founding Partner, IMAS

## Executive summary

### The UK financial services market

The UK financial services market continues to be a key component of the UK economy. IMAS estimates that there are in excess of 50,000 trading entities operating within this diverse market. Of those with an estimated capital value in excess of £5m, IMAS has mapped the market into constituent groups resulting in over 3,100 groups split into four principal sectors: investment (1,525), general insurance (621), lending (503) and financial support services (464).

### M&A activity increasing

2013 marked a sharp upturn in financial services M&A activity with deal values rising 92.5% to £15.5bn, driven by significant growth within the general insurance sector. As confidence over the global economic outlook has improved, there has been a corresponding increase in the number of transactions being completed and it is notable that the fastest growing component of the market is in the larger deal sizes in excess of £100m.

The most marked feature of 2013 M&A activity was the return of publicly quoted companies to the fray. In 2012, they accounted for only 11% of acquisitions by volume, but this has increased to 19% in 2013 suggesting renewed confidence to re-enter the market and to deploy capital.

Private equity (including private equity-backed businesses) also remained an important driver of M&A activity, accounting for over 25% of acquisitions by volume.

### Continued strong investment from overseas

Overseas owned companies continue to represent the most acquisitive constituency within the market, representing almost 36% of all acquisitions in 2013. Overseas buyers comprise new entrants to the market and those with existing operations in the UK that are looking to expand. This is an important distinction as for every one company acquired by a new entrant from overseas during 2013, over five are acquired by those already established in the UK.

Overseas owned companies represent 46% of all financial services groups worth in excess of £100m. This is nearly three times larger than any other constituency and demonstrates the continued international appeal of the UK. The US continues to drive the majority of investment into UK financial services. In 2013, US acquirers completed 33 deals (26 – 2012), representing 67% (2012 – 65%) of all overseas backed acquisitions. However, there is also strong interest from the rapidly growing economies of the East, notably India and China.

The UK and in particular London is one of the leading, if not the leading, international centres for financial services. As emerging countries develop mature economies, financial services will become increasingly more important and the UK is strongly positioned to benefit from their investment.

### Increased regulatory scrutiny

Regulation of UK financial services continues to impact the landscape and has been a key driver of M&A activity in 2013. The year began with the Retail Distribution Review coming into effect, making significant changes to the investment advice sector and requiring most participants to review their strategic options in the face of increasing margin pressures. 2013 was also a year of bank deleveraging as banks sought to augment their capital ratios to meet the Prudential Regulation Authority's assessment of their capital adequacy ahead of the introduction of Basel III.

The new regulatory pressures have resulted in the larger institutions reviewing the breadth of their operations and strategically refocusing their activities on their core markets. This has resulted in several non-core disposals, as can be seen in the fund management industry, and enabled new markets and new entrants to flourish to meet demand that is no longer being satisfied. This can be seen not only in the number of new challenger banks in the market, but also by new markets such as peer-to-peer lending that are growing quickly and leveraging the latest technological innovations.

The net effect of market conditions and enhanced regulatory scrutiny has resulted in the number of entities authorised by the Financial Conduct Authority (FCA) continuing to fall, although 2013 represented a slowing of this trend. Having peaked at 24,592 authorised firms in 2005 the number of authorised firms fell by just 2% in 2013 to 18,377.

However, 2014 will see a significant broadening of the FCA's scope as it takes on the regulation of the consumer credit industry from the Office of Fair Trading (OFT), which is likely to drive further M&A activity. Accordingly, markets such as payday loans and peer-to-peer lending will fall under the FCA's jurisdiction.

### 2014 – a year of continued M&A growth expected

The UK financial services sector has maintained a strong position within the global market, offering broad expertise and skills, robust legal and regulatory frameworks, liquid capital markets, transparency in financial reporting and a favourable geographic location.

As confidence continues to build, we expect M&A activity within the UK financial services sector to continue to grow, driven not only by continued investment from overseas but also by publicly quoted companies and private equity firms that have significant capital to deploy.

## The leading UK financial services groups

IMAS has analysed the whole of the UK financial services industry by activity, size and ownership. In order to illustrate the diversity within the industry, some of the leading participants in each segment of the industry have been highlighted below, listed in alphabetical order.

<p><b>General insurance</b> Distribution</p> <ul style="list-style-type: none"> <li>• Acromas</li> <li>• Ageas Retail</li> <li>• Aon</li> <li>• Arthur J Gallagher</li> <li>• BGL Group</li> <li>• JLT</li> <li>• Marsh</li> <li>• Swinton</li> <li>• Towergate</li> <li>• Willis</li> </ul>	<p><b>General insurance</b> Underwriting (Risk)</p> <ul style="list-style-type: none"> <li>• Aviva</li> <li>• Ace</li> <li>• Ageas</li> <li>• AIG Europe</li> <li>• Allianz</li> <li>• Amlin</li> <li>• Axa</li> <li>• BUPA</li> <li>• Direct Line</li> <li>• RSA</li> </ul>	<p><b>General insurance</b> Services</p> <ul style="list-style-type: none"> <li>• Helphire</li> <li>• Homeserve</li> <li>• Quindell</li> <li>• RAC Motoring</li> <li>• Xchanging</li> </ul>
<p><b>Investment</b> Advice</p> <ul style="list-style-type: none"> <li>• Aberdeen AM</li> <li>• BlackRock</li> <li>• BlueCrest</li> <li>• Goldman Sachs</li> <li>• Invesco</li> <li>• JPMorgan</li> <li>• Man Group</li> <li>• Old Mutual</li> <li>• Schroders</li> <li>• Threadneedle</li> </ul>	<p><b>Investment</b> Distribution</p> <ul style="list-style-type: none"> <li>• Cofunds</li> <li>• Hargreaves Lansdown</li> <li>• Sesame Bankhall</li> <li>• St James's Place</li> <li>• Towry</li> </ul>	<p><b>Investment</b> Product</p> <ul style="list-style-type: none"> <li>• Aegon</li> <li>• Axa</li> <li>• Legal &amp; General</li> <li>• Prudential</li> <li>• Standard Life</li> </ul>
<p><b>Investment</b> Trading</p> <ul style="list-style-type: none"> <li>• Bank of America Merrill Lynch</li> <li>• Barclays Capital</li> <li>• Citi</li> <li>• Credit Suisse</li> <li>• Deutsche Bank</li> <li>• Goldman Sachs</li> <li>• ICAP</li> <li>• JPMorgan</li> <li>• Morgan Stanley</li> <li>• Tullett Prebon</li> </ul>	<p><b>Lending</b> Distribution</p> <ul style="list-style-type: none"> <li>• KRS</li> <li>• LSL</li> <li>• Richmond Group</li> <li>• Econocom UK</li> <li>• Mortgage Advice Bureau</li> </ul>	<p><b>Lending</b> Services</p> <ul style="list-style-type: none"> <li>• Cabot Credit Management</li> <li>• CapQuest Group</li> <li>• Lowell Group</li> <li>• Arrow Global</li> <li>• Wescot</li> </ul>
<p><b>Lending</b> Underwriting (Risk)</p> <ul style="list-style-type: none"> <li>• Barclays</li> <li>• HSBC</li> <li>• Lloyds Banking Group</li> <li>• Nationwide</li> <li>• Santander UK</li> <li>• Standard Chartered</li> <li>• Co-operative Banking Group</li> <li>• RBS Group</li> <li>• Tesco Personal Finance</li> <li>• Virgin Money</li> </ul>	<p><b>Financial support services</b> Financial technology</p> <ul style="list-style-type: none"> <li>• American Express Europe</li> <li>• VISA Europe</li> <li>• WorldPay</li> <li>• London Stock Exchange</li> <li>• Markit</li> <li>• Misys</li> </ul>	<p><b>Financial support services</b> Outsourced services</p> <ul style="list-style-type: none"> <li>• Capita</li> <li>• Infosys</li> <li>• Fitch</li> <li>• Thomson Reuters</li> </ul>

## The UK financial services industry



**Olly Laughton-Scott**  
 Founding Partner  
 ols@imas.uk.com  
 +44 (0)20 7444 4399

It is widely understood that the financial services sector is a key component of the UK economy. What this report sets out is a summary of the industry based on a detailed analysis of every business within the sector and how merger and acquisition activity is changing the landscape.

M&A activity has seen a sharp increase over 2012 and we expect this to continue in 2014 as global economies recover. Overseas buyers are the largest buyer group, though most acquisitions are made by overseas companies who already have a UK presence.

We also expect the UK financial services sector to benefit from structural changes taking place in the world's fastest developing economies. As wealth increases, spending on financial services rises as a percentage of income. As one of the leading centres, if not the leading international centre, the UK economy will benefit.

The corollary is that the leading companies in the rapidly growing economies will wish to take their place in international financial services and the logical location of such activities is the UK. The US continues to dominate overseas investment in the UK, but we are receiving an increasing level of interest from Asian businesses. One striking feature of their approach is the confidence with which they view the prospects for their own success in years to come, no doubt borne out of what in many cases has been, dramatic growth.

Fintech is an increasingly important sector and per capita has the most active M&A market. Growth, globalisation and gadgets will ensure that UK financials services continue to provide a fertile field for deal making.

**Table 1: Ownership by value band of UK financial services groups**

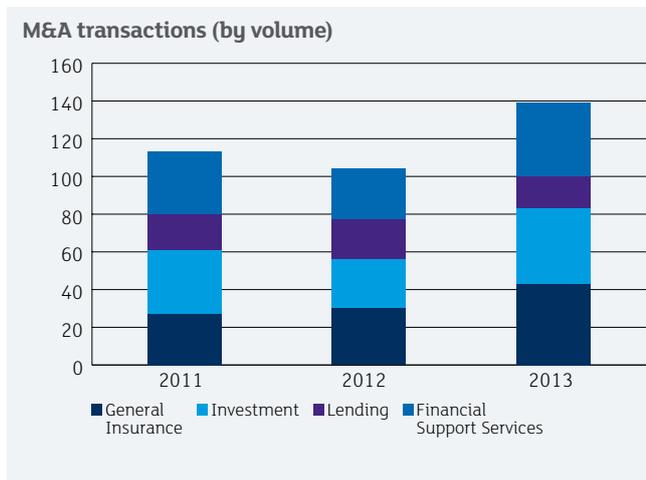
	UK Quoted	Privately Held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	93	89	19	278	56	40	23	<b>598</b>
£25-100 million	42	239	31	279	75	52	10	<b>728</b>
£5-25 million	26	1,009	57	463	60	154	18	<b>1,787</b>
<b>Total</b>	<b>161</b>	<b>1,337</b>	<b>107</b>	<b>1,020</b>	<b>191</b>	<b>246</b>	<b>51</b>	<b>3,113</b>

Source: IMAS-insight

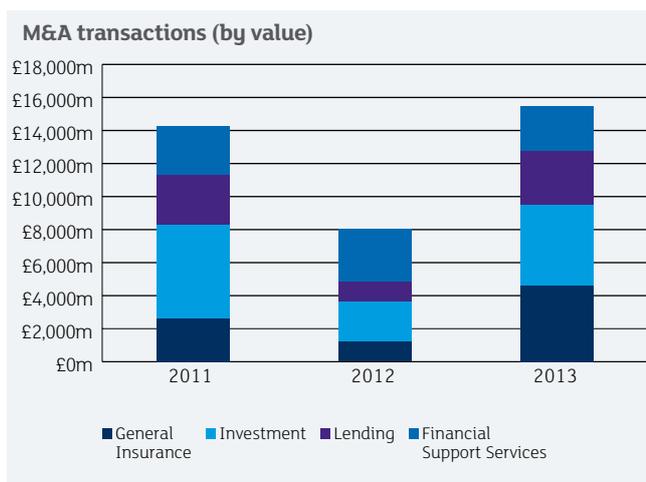
The outstanding feature of the table above is that overseas owned businesses account for 46.5% of all businesses worth in excess of £100m reflecting the truly international nature of the sector. This is in part the result of the UK's open economy, which has witnessed, over the last 20 years, many quoted companies being acquired by international companies. The effect is that quoted companies represent less than one sixth of the larger entities and are only just larger than privately held companies.

Over half of all businesses are either privately held or private equity owned, thus ensuring a plentiful supply of acquisition opportunities. The 6% representation greatly understates their importance to the M&A market where private equity and private equity backed firms are one of the largest buyer groups and of course also major sellers.

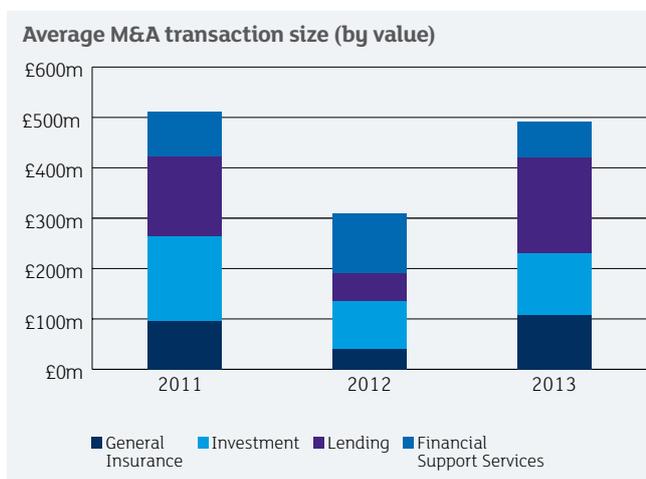
## M&A activity



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

M&A transaction volumes, representing those deals with a minimum transaction value of £5m, grew by 33.7% in 2013, reflecting renewed confidence in the market as optimism returned over the economic outlook.

The lending sector has lagged other parts of the market as the focus has largely been on bank deleveraging, achieved through portfolio sales, as opposed to business sales which are captured in this data.

M&A transaction values grew significantly in 2013, achieving c. £15bn, which is almost double the value of 2012 and ahead of 2011.

The general insurance and investment sectors drove the growth in M&A values over 2013, expanding by 284% and 97% respectively.

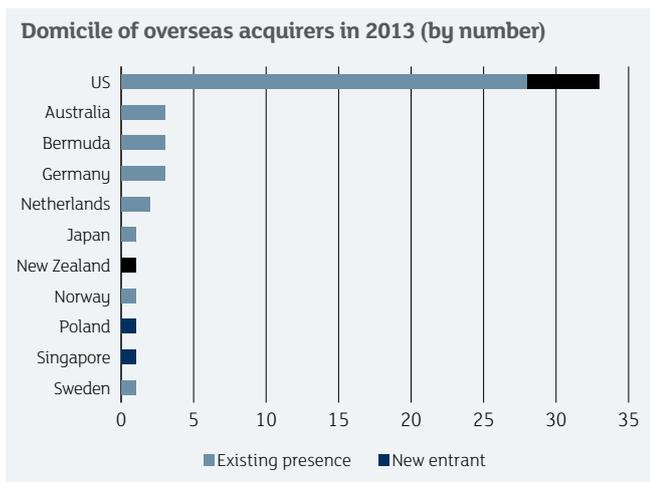
Average transaction sizes are a function of the value and the number of deals announced, and are a general indicator as to the level of confidence in the broader market.

Average deal values grew in 2013 as confidence returned, and we expect that the trend towards larger deals to continue in 2014.

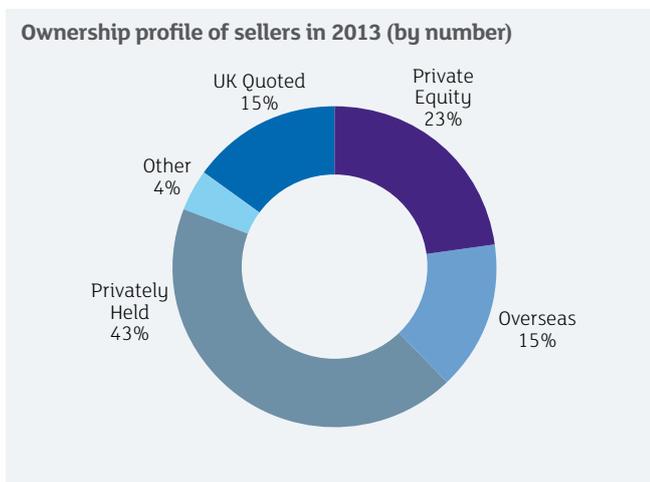
## M&A activity



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

Overseas-owned businesses continue to be the most active acquirers of UK financial services firms, representing 36% of all deals in 2013. Private equity has been the second most active acquirer of businesses in the industry, representing 29% of all deals announced.

The most significant change in the the profile of acquirers in 2013 is UK quoted companies, which increased their share by c.8% to c.19%, again reflecting the greater confidence in the M&A market.

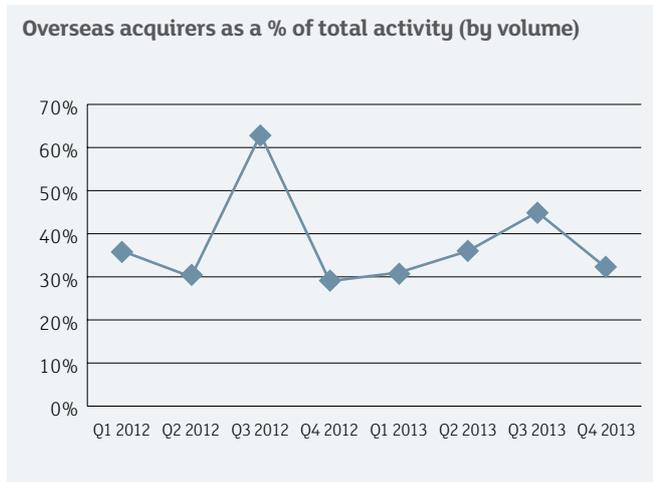
The US continues to be the dominant overseas investor in UK financial services, having made over 30 acquisitions in the course of 2013, representing over 25% of all M&A activity.

Of those transactions executed by overseas acquirers in 2013, the US represented over two-thirds of all such M&A activity.

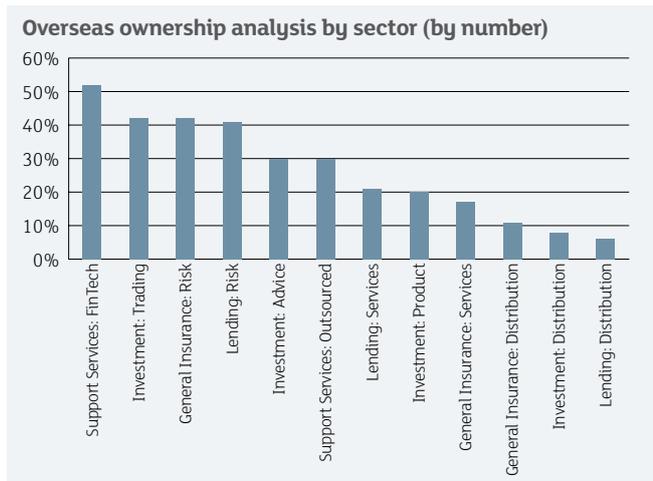
Privately-owned businesses are still the most commonly sold businesses in UK financial services, representing 43% of all businesses sold in the industry in 2013.

Both private equity firms and UK quoted groups have continued to take the opportunity to divest businesses and non-core subsidiaries in 2013.

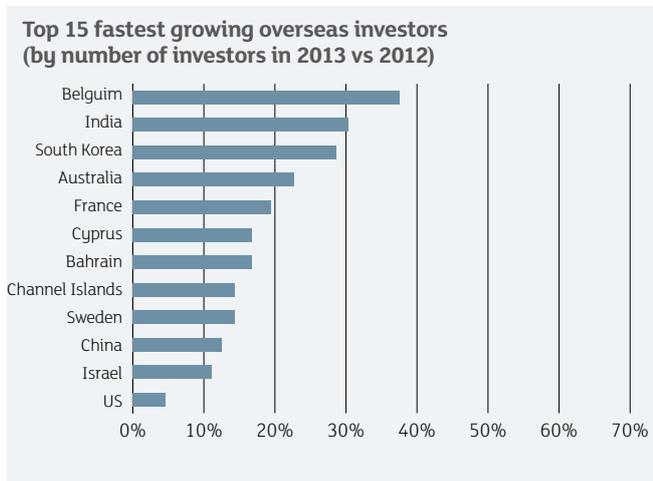
## Overseas investment



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

Overseas owned businesses have consistently been the most active acquirers of UK financial services businesses in recent times.

Activity has been driven by overseas businesses that already had an existing presence in the UK, seeking to expand, but also by new entrants to the UK market.

Contrasting the level of overseas ownership within each sub-sector of the UK financial services industry reveals significantly different levels of control.

The risk-taking sub-sectors of investment, general insurance and lending typically operate in global markets, and have high levels of overseas ownership accordingly.

The financial technology (“FinTech”) sub-sector within support services continues to show the highest level of overseas ownership at over 50%, demonstrating how international that market is.

The US remains the largest absolute investor in UK financial services. Other nations have been increasing their exposure more rapidly over the last year, albeit from a lower base.

Of those overseas countries with more than five investments in UK financial services, as shown opposite, Belgium has grown the most rapidly over the last year. India has maintained its strong level of investment growth in the UK financial services market.

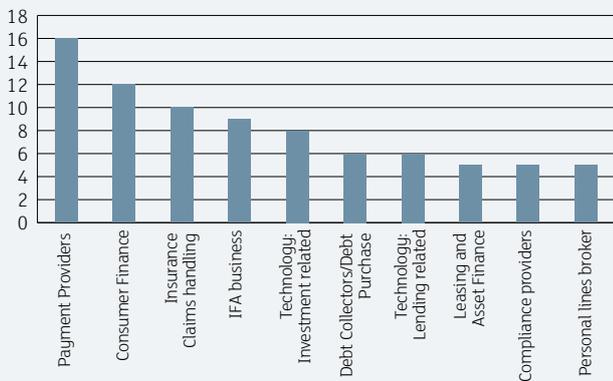
## Private equity activity

**Private equity acquirers as a % of total activity (by volume)**



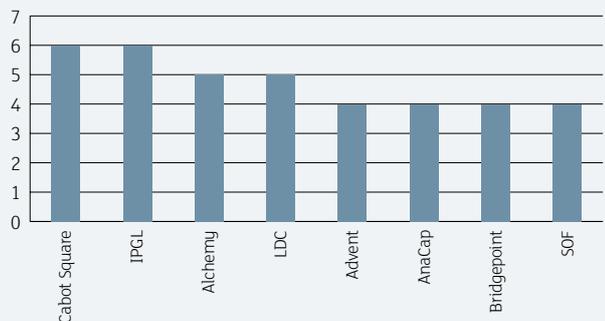
Source: IMAS-insight

**Top 10 sub-sector holdings by private equity (by number of investments)**



Source: IMAS-insight

**Leading private equity investors (by number of investments)**



Source: IMAS-insight

Private equity houses have been the second most active purchaser of UK financial services businesses in recent times.

Private equity firms have increased their exposure to both the general insurance and financial support service sectors in the past year.

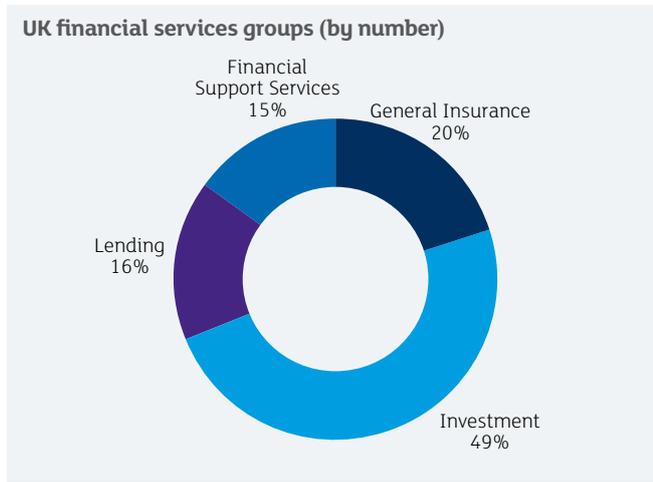
By analysing the current portfolio investments that are controlled by private equity houses, a clear picture emerges of which financial services' activities are most suited to private equity investment and which types of business are currently attracting the most investment.

Payments and insurance claims handling are the two segments of the market that have seen the most private equity investment in recent times, but consumer finance still maintains significant private equity ownership.

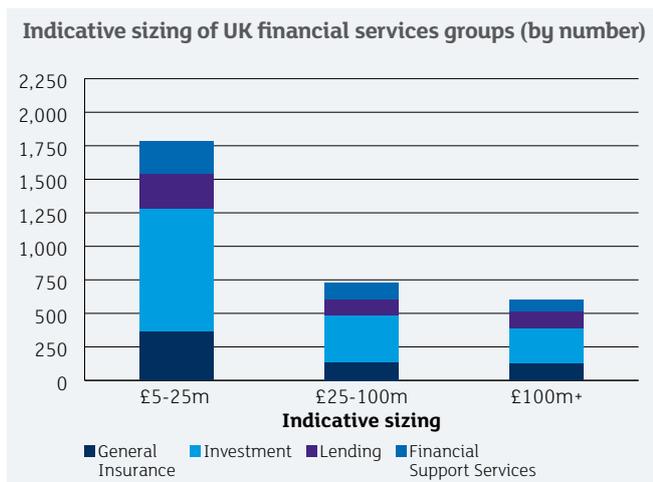
Analysing the current portfolio investments that are controlled by private equity houses reveals which houses currently have the most investments within UK financial services.

Each of the funds cover a diverse range of specific sub-sector interests.

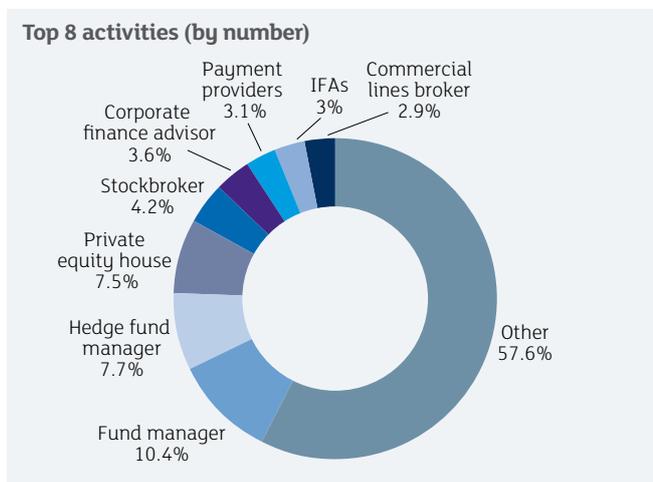
## Market structure



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

IMAS has categorised each of the identified financial services groups into one of four sectors, based on their principal line of business, and further into nearly one hundred sub-sectors, which are further explained in the sector reviews of this report.

The investment sector remains by far the largest, accounting for just under half of the industry, represented by a large number of fund managers, hedge fund managers and private equity firms. The general insurance

sector is the next largest, representing over one in five groups within the industry, with brokers predominant.

Banks are the largest constituent of the lending sector, whilst payment providers are the largest constituent within the financial support services sector.

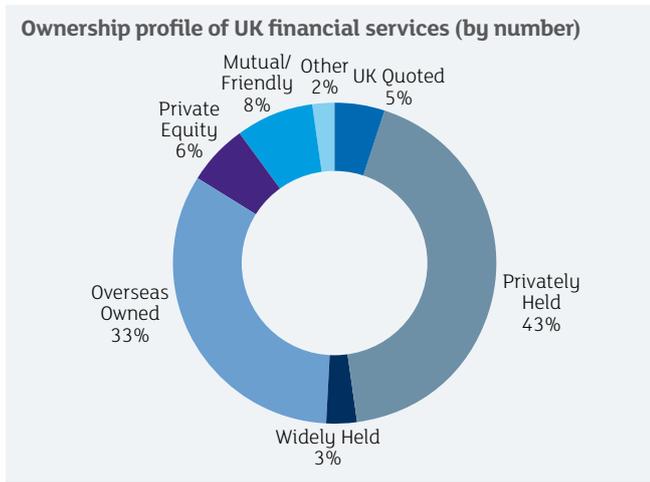
The size of the overall UK financial services market has grown by 4.1%, but the broad distribution of groups within the market has remained similar. 57.4% of the groups sit within the £5-25m value band.

This distribution is consistent with the observation that the number of groups declines as value increases.

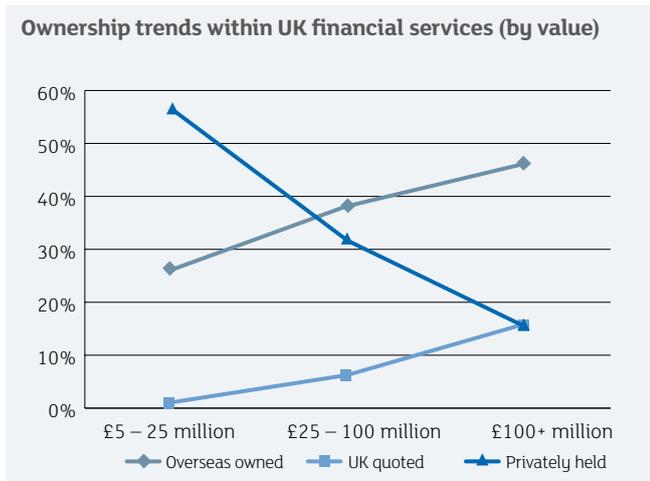
The top 8 activities represent just under 43% of the total industry and are heavily concentrated within the advisory segment of the investment sector.

Within the advisory segment, fund managers, hedge fund managers, private equity houses and corporate finance advisers total over 900 groups, almost 30% of the entire financial services sector.

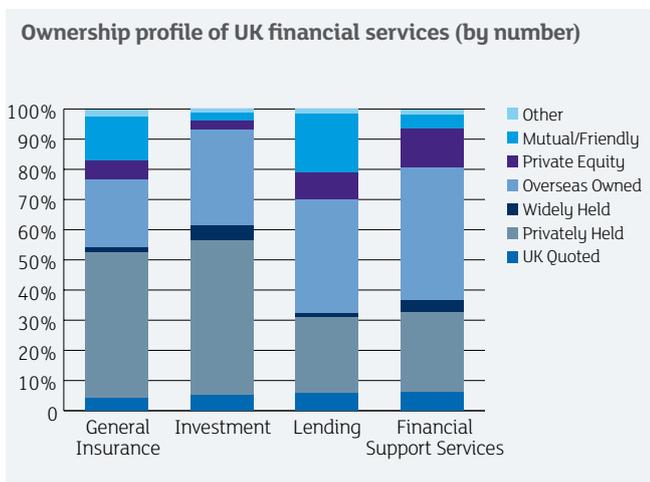
## Ownership



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

The broad profile of ownership has not changed significantly in the last 12 months.

Privately held firms and overseas-owned companies remain the two dominant forms of control within the industry by number of groups, representing over three-quarters of the total industry.

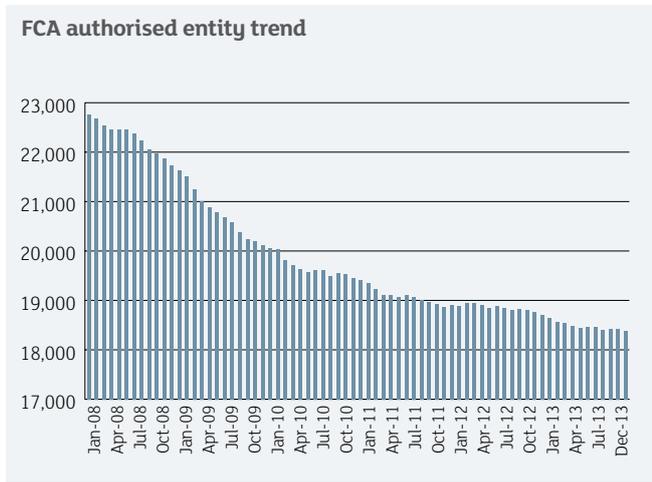
The most prevalent forms of control vary significantly depending on the value of the group. Privately held groups are dominant within the smaller size banding of £5-25 million, but decline rapidly as values increase. The opposite trend can be witnessed by both overseas owned groups and UK quoted groups which both increase as values increase.

This trend is consistent with private owners of businesses looking to realise value for their investment at some point in their lifetime, typically selling the business to a larger capitalised group that is either quoted in the UK or held by an overseas group.

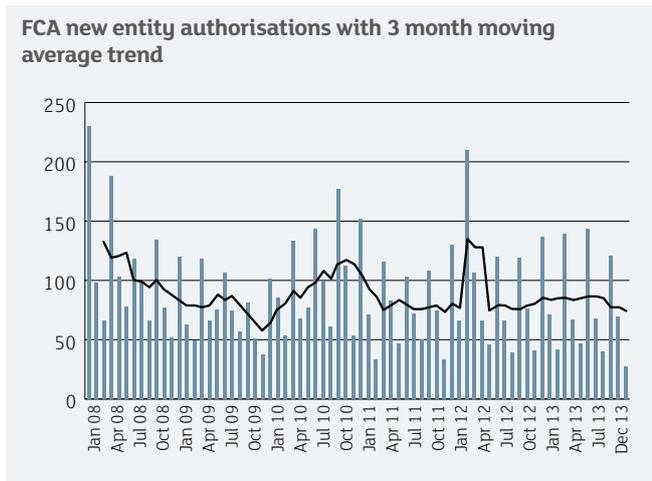
Contrasting the relative ownership between the four sectors reveals a far higher proportion of private ownership within the general insurance and investment sectors.

In contrast, overseas ownership is the largest form of control within both the lending and financial support services sectors.

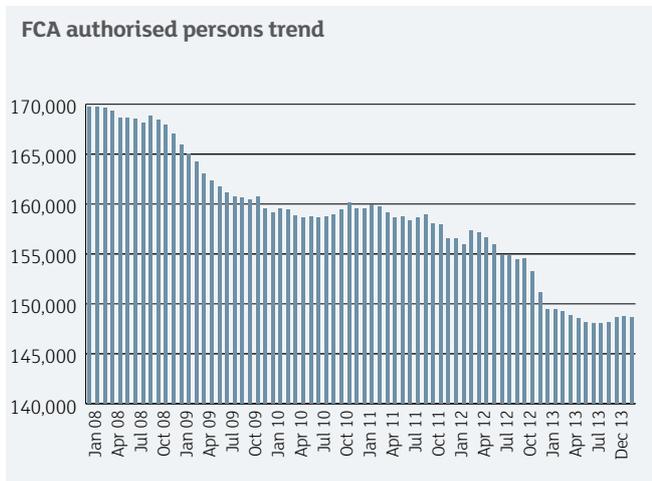
## FCA regulation



Source: IMAS-insight



Source: IMAS-insight



Source: IMAS-insight

The Financial Conduct Authority (FCA) is the principal regulator in the industry but certain activities fall outside of the current regulatory scope of the FCA, or do not require FCA authorisation.

The trend in all authorised entities (irrespective of size) therefore only reveals part of the industry, albeit the major part. The trend demonstrates how the total number of

regulated entities has declined by 19.2% since January 2008, although this has slowed considerably in 2012 and 2013. This decline is a natural function of M&A consolidation and de-authorisations, offset to a smaller extent by new entity registrations.

The trend in new entity authorisations since January 2008 shows a marked quarterly pattern, with an initial strong month followed by two quieter months.

The moving average demonstrates that new entity authorisations have been fairly constant at approximately 75 per month since early 2011.

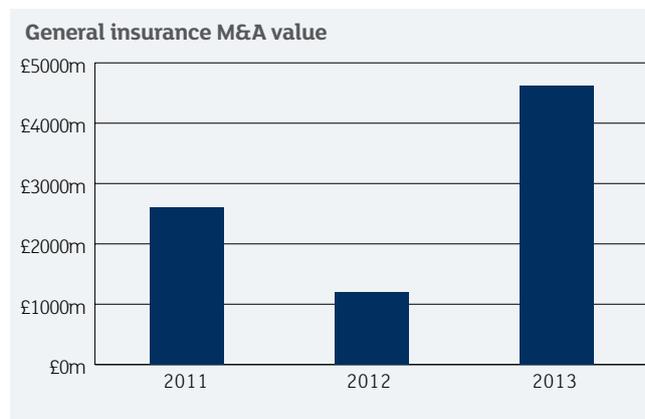
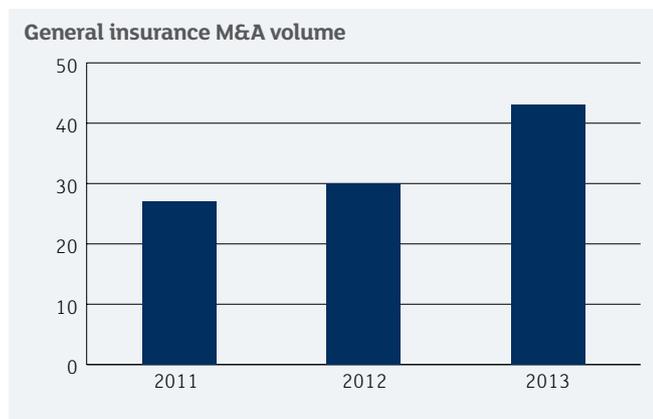
Individuals who undertake a customer function or have a senior management control function at an FCA authorised firm are required to be registered with the FCA. Hence the c.148,000 authorised persons (AP) working in the industry represent a small subset of the entire workforce which does not include other employee functions, such as IT, operations or administration.

The trend in APs appears to have stabilised in 2013. Regulation has had a significant impact, notably the Retail Distribution Review, which came into effect at the end of 2012.

## The general insurance sector



**James Simpson**  
 Partner  
 General insurance  
 jrs@imas.uk.com  
 +44 (0)20 7444 4391



2013 saw the number of transactions in the insurance sector continue to grow above the 2011 and 2012 volumes. While 2012 was a year with mainly low value deals, there was a significant increase in aggregate values in 2013, with some of the largest deals being announced for a number of years. The aggregate value increased almost fourfold to £4.6bn from £1.2bn.

The main driver of this has been in the insurance company sector where the flotations of direct insurers ESure and Direct Line early in the year were followed by Sompo Japan announcing its agreed acquisition of Canopi for £600m at the end of December.

In the broking sector the aggregate deal values increased by 94% over 2012, driven by Gallagher acquiring Giles for £233m and JLT acquiring Towers Watson's reinsurance brokerage for £156m.

All of this marks a return of confidence to the insurance sector. The start to the current year confirms this trend with the anticipated acquisition of Oval by Gallagher and private equity backing new ventures.

**Table 2: Ownership by value band of the UK general insurance market**

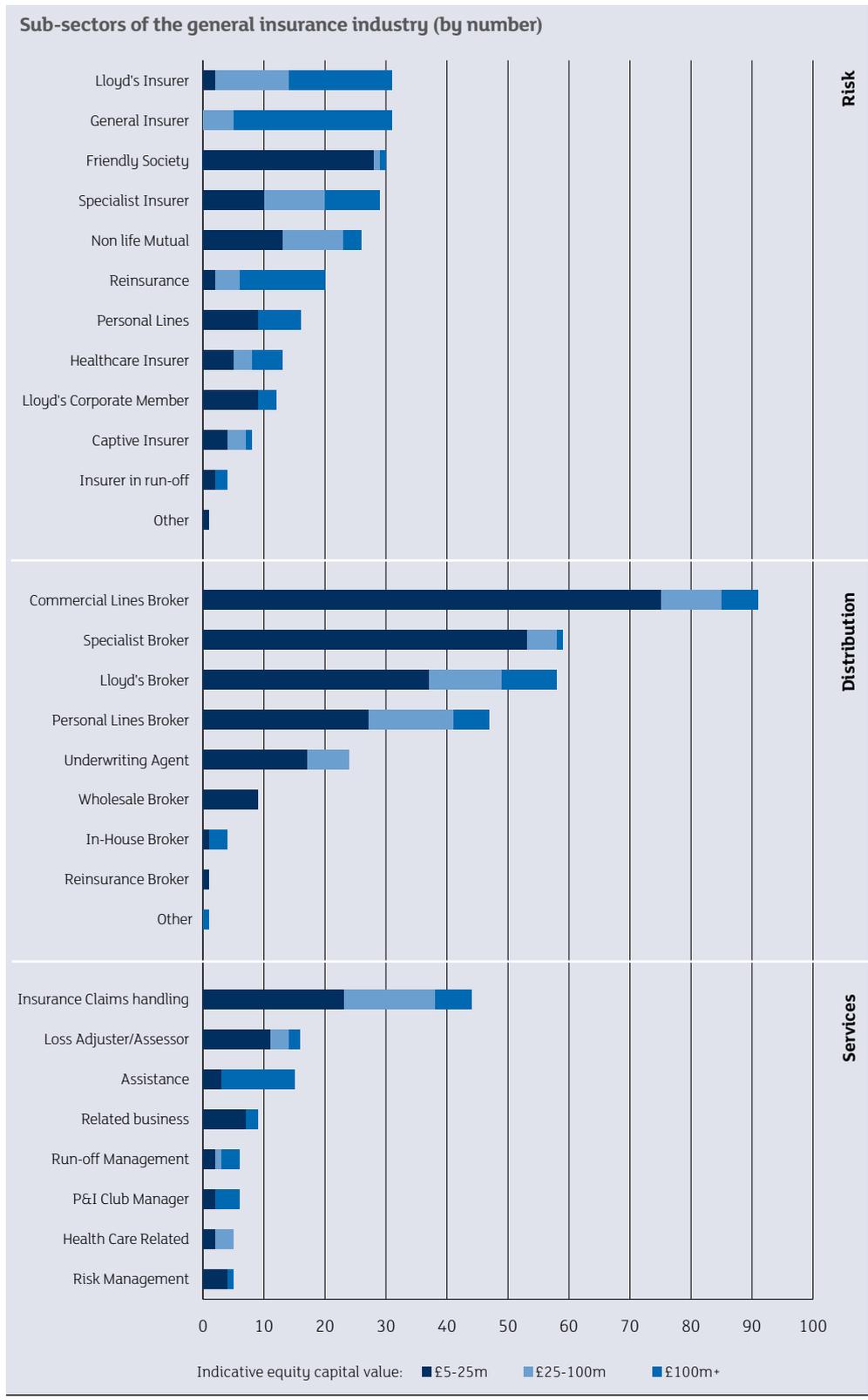
	UK Quoted	Privately Held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	21	7	1	63	16	15	3	<b>126</b>
£25-100 million	3	46	6	39	13	15	3	<b>135</b>
£5-25 million	2	242	3	44	6	55	8	<b>360</b>
<b>Total</b>	<b>26</b>	<b>300</b>	<b>10</b>	<b>140</b>	<b>40</b>	<b>89</b>	<b>16</b>	<b>621</b>

Source: IMAS-insight

The size and shape of the sector has not changed materially from last year despite the increase in transactions. There are now 621 companies above an estimated £5m entity value, only one more than last year. Interestingly the number of overseas owned companies has declined by five to 140. Other ownership categories have remained constant, except for an increase in private equity, growing by three companies during the year.

However, the size profile has changed. The number of companies below an estimated £25m entity value have decreased (down 14) and now represent 58% of the population compared to 60% last year. The mid-sized companies (£25-£100m value), have seen the largest growth, up 11 companies to 22% of the total, compared to 20% last year. This provides evidence that consolidation is occurring across the sector.

## The general insurance sub-sectors



The analysis highlights the sub-sector and activity classifications employed in this report, and details the number of participants within each.

Commercial lines brokers, offering general insurance policies aimed at the corporate market, account for over 15% of the entire insurance sector.

Source: IMAS-*insight*

## M&A in 2013: the general insurance sector

The monthly M&A reviews detailed below are edited versions of the IMAS M&A Monthly newsletter which is available by email and on the IMAS website. Please register at [www.imas.uk.com/join.aspx](http://www.imas.uk.com/join.aspx) to receive monthly M&A email updates and access 2013 commentary.

### Selected key deals

- Goldman Sachs acquiring 50% of Hastings
- Sompo Japan acquiring Canopus for approximately £600m
- Esure's successful IPO in March
- JLT acquiring Towers Watson's reinsurance

### Key drivers

- Weakened insurance rates and capital pressures encouraging insurers to consolidate
- Commercial brokers seeing acquisition growth potential
- Vendors gaining confidence from resurgent valuations
- Availability of acquisition finance – PE interest, debt and surplus cash

### January:

2013 started slowly with the completion of deals previously announced, Aston Scott's acquisition of the Fyfe Group business from RSA and Stackhouse Poland completing the acquisition of LFC. Aviva continued to sell off investments with its final stake in Delta Lloyd being sold and its 49% stake in a Malaysian insurer for £152m. Equity Red Star acquired the renewal rights to Ansvar's motor portfolio.

### February:

Deals announced were that of Cooper Gay acquiring Newman Martin Buchan for an undisclosed amount. Hyperion agreed to acquire a majority stake in FP Marine, furthering its expansion into Asia, while General Atlantic is thought to be acquiring a 32% stake in Hyperion from existing investors. Bollington confirmed its MBO from Groupama, Jelf acquired Howell Shone and Abbey Protection acquired a controlling interest in Lewis Hymanson, a commercial law firm. Markel and Alterra Capital shareholders have voted in favour of their merger and Towergate sold PowerPlace to Open GI.

### March:

Esure was listed on the London Stock Exchange on 27th March with a market cap of £1.2bn. RBS sold shares worth £500m in Direct Line, reducing its stake to below 50%. The Co-operative Banking Group sold off their life insurance business to Royal London for up to £219m and revealed plans to sell its GWP £556m general insurance business. Canopus sold its Bermuda subsidiary for \$217m following the decision to retain recently acquired Omega's Bermuda business. Amlin acquired Dutch based MGA RaetsMarine for up to \$65m, depending on underwriting performance.

LDC backed the £30m MBO of motor claims specialist Validus. Other transactions were DAS Legal Expenses acquiring legal services firm CW Law Solicitors.

### April:

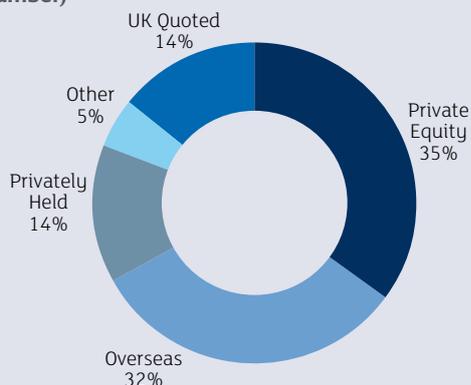
Willis acquiring PI specialist Prime Professions and private equity house General Atlantic completed its acquisition of 3i's 22.8% stake in Hyperion for approximately £46m. Quindell continued to acquire – legal specialist Accident Advice Helpline for £14.97m in cash and 270.67m shares issued at 17.5p making £62m; as well as Crusader Assistance and Iter8 Inc in Canada. The Innovation Group acquired Gemini Vehicle Solutions.

Towergate completed the acquisition of Morgan Brokers and Newbold Barwick. Clear Insurance acquired Steveni Kessler Insurance Services in London and Collinson Group is to acquire Aria Assistance, the UK business recently bought out from Europ Assistance.

### May:

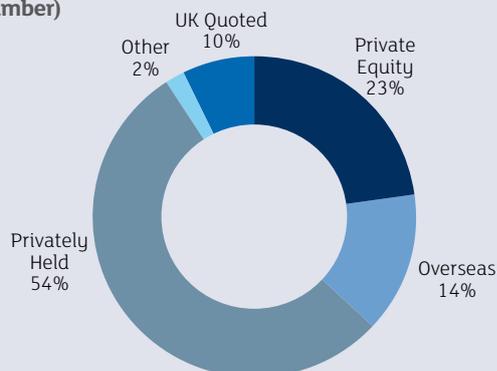
Gallagher acquired Barbon's property and commercial book together with its underwriting business Zennor. Jelf announced the acquisition of The Insurance Partnership ("TIP") for up to £15m with the MD and senior management receiving a material proportion of their consideration in Jelf shares.

General insurance ownership profile of acquirers in 2013 (by number)



Source: IMAS-insight

General insurance ownership profile of sellers in 2013 (by number)



Source: IMAS-insight

Towergate continued to acquire with Waveny Insurance Brokers, a £5.2m turnover business, Youngs Insurance Brokers in Grimsby and Murray Burns & Co in Cleethorpes. Bluefin purchased Bonsure Insurance Brokers and Quindell acquired in the insurance outsourcing and technology sector, issuing 66 million shares for Quindell Property Services with further payments if the business achieves £10m PBT.

Aon Ireland sold a personal lines price comparison site to RSA and Brit is said to be contemplating an MBO for Simply Business. With the new legal services structures in place BGL has announced that it is acquiring Minster Law, following Ageas' partnership with New Law Solicitors and Admiral with its joint ventures with Lyons Davidson and Cordner Lewis forming Admiral Law and BDE Law.

#### **June:**

Bermuda based Enstar announced it had agreed to acquire Atrium Underwriting and Arden Underwriting for \$262.2m; Hertz, the car rental firm, entered the UK motor insurance sector with the acquisition of CCL Vehicle Rentals, an accident management and replacement vehicle provider. Quindell announced the acquisition of claims support company React and Recover for £13m, mainly in shares.

Smaller deals completed were Randall & Quilter in France and Besso in Australia; in the UK, Barbican acquired marine broker Seacurus, Willis sold an SME book to Chesham and S-Tech acquired PI specialist Scott Taylor Associates.

#### **July:**

Enstar followed up last month's acquisition with a \$692m transaction, Torus, with a mixture of shares and cash that brings Torus' two private equity backers into Enstar's shareholder base alongside Stone Point. Canopus acquired Equity's home and PA books as well as their 25% stake in Arista and Markerstudy made a preliminary £125m approach for Brightside, an AIM listed van and commercial vehicle broker. Smaller transactions were by Towergate (3), Tyser, The County Group and McLarens.

#### **August:**

Domestic & General, the £570m GWP home appliance insurer, announced a secondary buyout, Advent International selling to CVC Capital Partners. Private equity investor Dunedin Capital sold its stake in Practice Plan to Wesleyan Assurance Society, realising a 2.8x multiple. Lancashire Holdings announced it was in negotiations with Alchemy Partners and management to acquire Cathedral Capital for £266m. North of England P&I Association announced a merger with Sunderland Marine Mutual. Overseas, private equity firm Hellman & Friedman announced an agreed takeover of Hub International for \$4.4bn from Apax Partners and Morgan Stanley Principal Investments.

#### **September**

Gallagher announced its agreement to acquire Giles, with 2012 revenue of £88.7m, for £233m; JLT announced that it will acquire Towers Watson's reinsurance brokerage (revenue of \$166m) for \$250m and RBS sold another 18.2% stake in Direct Line for £630m. Gallagher also announced its acquisition of Belmont International, 2012 revenue of £6.9m, for an undisclosed sum. Cooper Gay Swett & Crawford announced the acquisition of Newman Martin and Buchan, 2013 revenue of £34m, for an undisclosed sum.

In the claims sector, private equity firm JZ International, together with Souter Investments, acquired a 60% stake in c.£40m revenue insurance legal services business Winn Group. Brightside dismissed Markerstudy's offer.

#### **October:**

Goldman Sachs private equity arm made its first deal in 5 years by acquiring a 50% stake in Hastings, valuing the company at £300m and Markel acquired Abbey Protection for £116.5m with the intention of maintaining the brand and retaining more underwriting risk.

David Margrett, ex-Willis, returned to the market with Global Risk Partners, backed by Penta Capital and Peter Cullum and has acquired Towergate Underwriting's commercial property business for £9.25m. Integro increased its presence in the UK retail sector with the acquisition of Doodson, an entertainment and sports specialist. Equity Insurance sold its home & motor broker Equity Direct Broking to NMG Holdings, the main investor in iGO4. Sovereign Capital, the private equity investor, made a significant investment in Kindertons, a provider of outsourced motor accident management services.

#### **November:**

Markerstudy acquired 4 Capita companies, BDML, Lancaster, Sureterm and Delta Underwriting for an undisclosed value; IMAS advised Markerstudy on this deal. Macquarie acquired a 19% stake in Equity Red Star, Manchester Underwriting acquired Senior Wright Indemnity, Aetna Inc. agreed to acquire Interglobal Insurance Company, a health insurance specialist.

Howden, part of Hyperion group, acquired Bar-Ziv Ravid Insurance Group in Israel and Academy acquired PM Hart Insurance in Birmingham. In the related services sector LOC Group, a leading international marine and engineering consultancy, took Bridgepoint Development Capital on-board as a minority investor.

#### **December:**

Early in the month Towergate announced its acquisition of Footman James, the classic car motorcycle and van broker from Aon and later Sampo Japan Insurance announced it is to acquire Canopus for approximately £600m, closing in the second quarter of 2014. Elsewhere Davies Group, the claims service provider, acquired Garwyn, a specialist liability loss adjuster, for an undisclosed sum.

## The investment sector



**Fred Hansson**  
 Partner  
 Investment  
 fh@imas.uk.com  
 +44 (0)20 7444 4393



The number of announced M&A transactions with a value in excess of £5m rose by 54% in 2013. The growth was even more pronounced in terms of the aggregate value of the transactions which were estimated to have risen to £4.9bn, almost double the value of last year.

The investment management market accounted for the largest proportion of transactions, driven partly by divestments from banking groups which were seeking more focused business models and needing to raise capital. It accounted for 40% of the volume and a similar percentage of the value of the M&A deals in the investment sector.

The largest increase was in the investment advisory sector where consolidation started to gain momentum among medium-sized businesses IFAs and wealth managers. Noteworthy examples included Ashcourt Rowan buying UK Wealth Management, and Permira acquiring Bestinvest. The M&A volume in this segment doubled from last year and the aggregate value of the transactions grew by £1.2bn, largely accounted for by Lloyds Banking Group gradual placement of their 52% stake in St James's Place with institutional investors.

M&A activity was also more active in the life assurance market which saw a total of eight deals above £5m, compared to only a couple in the last two years, including Royal London's acquisition of Co-op's life insurance and asset management arms and L&G's purchase of the closed book annuity provider Lucida, as well as the stock market flotation of Just Retirement.

**Table 3: Ownership by value band of the UK investment market**

	UK Quoted	Privately Held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	41	72	14	96	15	7	11	<b>256</b>
£25-100 million	22	141	20	144	11	8	2	<b>348</b>
£5-25 million	15	573	39	245	20	24	5	<b>921</b>
<b>Total</b>	<b>78</b>	<b>786</b>	<b>73</b>	<b>485</b>	<b>46</b>	<b>39</b>	<b>18</b>	<b>1,525</b>

Source: IMAS-insight

The investment sector comprises 1,525 groups, each with an estimated capital value of £5m or more, accounting for almost half of the entire population of entities in the UK Financial Services sector. The number only grew by 28 groups, or 1.9%, in 2013. But most ownership categories displayed larger changes, positive and negative, than the overall growth would suggest.

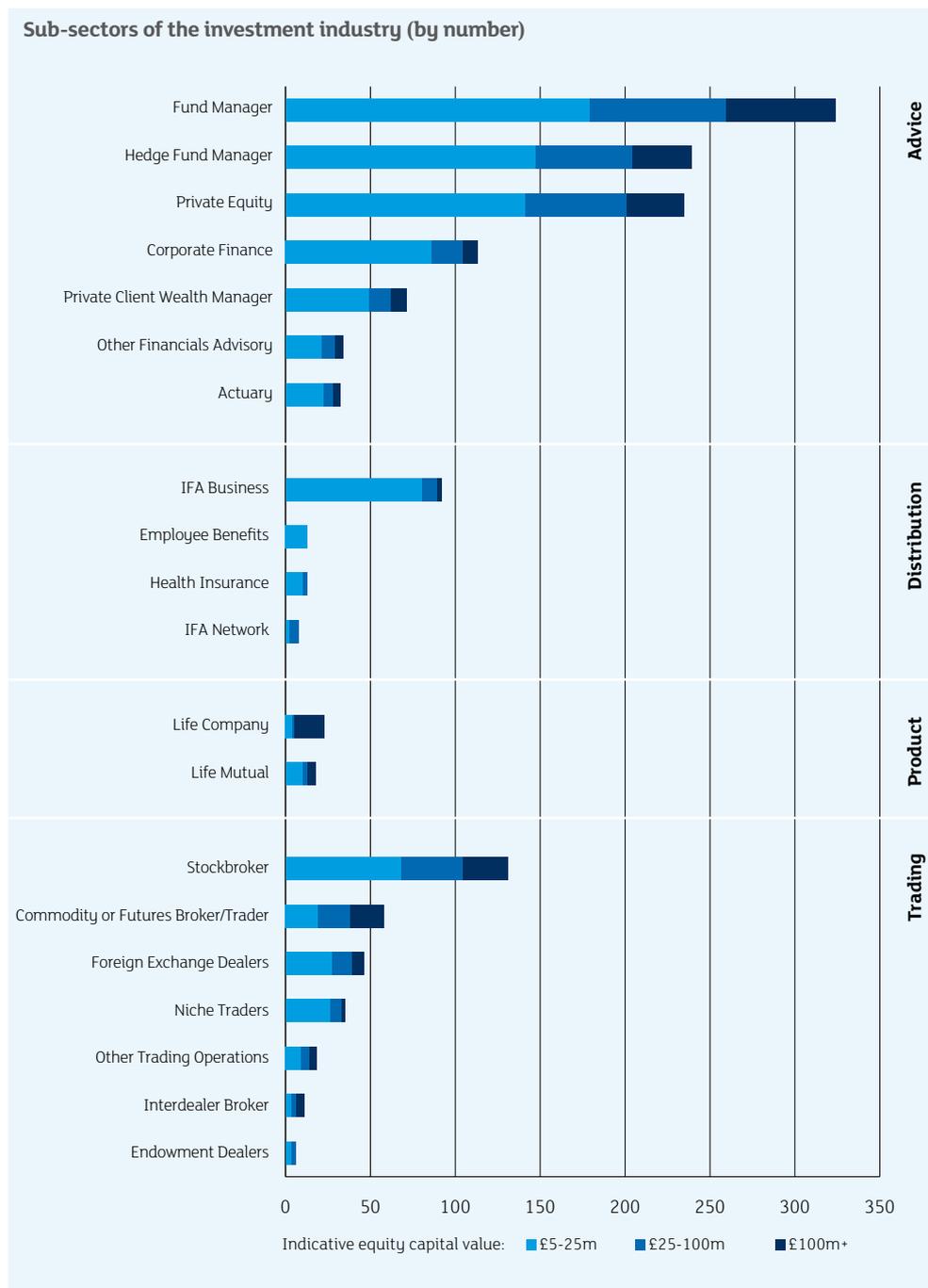
Over half of the investment sector is 'Privately Held', but represent an even more widespread form of ownership among smaller entities. The number grew across all size brackets and by 3.7% in total, partly as a result of the continuing consolidation of smaller companies entering the table for the first time and partly by the successful

value creation among the larger companies. Staff participation is common in this segment and, in most cases, the companies or partnerships have no external shareholders or members.

Consistent with the rest of the financial services sector, almost one in three is owned by a parent overseas. This population grew by 19 groups in 2013 and represented a higher growth rate than the other major types of ownership.

Only a fraction, 3%, is owned by private equity funds, albeit that these companies grew their combined value faster than the sector as a whole, like their peers in the 'Overseas Owned' segment that have also attracted external equity.

## The investment market: sub-sectors



The analysis highlights the sub-sector and activity classifications employed in this report, and details the number of participants within each.

Fund managers, offering investment products aimed at retail and institutional markets, account for c. 21% of the entire investment sector by number.

Source: IMAS-*insight*

## M&A in 2013: the investment sector

The monthly M&A reviews detailed below are edited versions of the IMAS M&A Monthly newsletter which is available by email and on the IMAS website. Please register at [www.imas.uk.com/join.aspx](http://www.imas.uk.com/join.aspx) to receive monthly M&A email updates and access 2013 commentary.

### Selected key deals

- Aberdeen Asset Management acquiring Scottish Widows Investment Partnership and becoming one of the largest fund management groups in the world
- Russell Investments acquiring On-Line Partnership, marking the first direct entry into the UK distribution market (via an IFA network) by an international fund manager

### Key drivers

- Refocusing on fewer activities, by diversified groups, leading to disposals of non-core businesses
- Profit margins being compressed by increased regulatory and capital requirements driving the need for pursuing economies of scale
- Lack of organic growth opportunities

### January:

US private equity firm ABRY Partners taking a majority stake in Thomsons Online Benefits, the employee benefits specialist, valuing the business at close to £100m. It was rumoured that Ignis's owner, Phoenix Group, have rejected a number of take-over approaches including one from Aberdeen Asset Management and reported that Legal & General is set to acquire Cofunds, the investment platform provider.

### February:

The Scandinavian banking group, Handelsbanken, acquired Heartwood Wealth and Standard Life bought Newton Investment Management's wealth management arm for up to £83.5m. Similarly, in the IFA sector, Friends Life put Sesame Bankhall Group, the country's largest IFA network, up for sale and appointed Barclays Investment Bank to find buyers for the business.

Other parts of the investment sector saw Aberdeen Asset Management acquiring a 50.1% stake in private equity specialist, SVG Advisers, for £17.5m, and Sanlam selling its 21.6% stake in Punter Southall to management, bringing the financial consultancy group back under full independent ownership. Also, stockbroker Seymour Pierce was broken up, with the broking business being sold to Cantor Fitzgerald and the private wealth management business to WH Ireland, and BGC Partners acquired currency broker Sterling International Brokers from Skipton Building Society. MGM Advantage agreed to sell its new business franchise to private equity group TDR Capital, PMI specialist broker, Chase Templeton, secured investment from Palatine Private Equity.

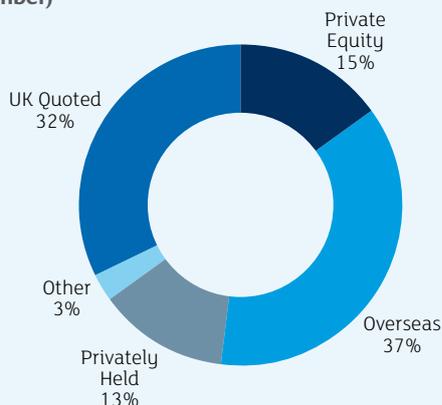
### March:

Schroders made an agreed offer of £424m for Cazenove Capital Management, the largest acquisition in the history of Schroders, Royal London acquired The Co-operative Banking Group's life assurance and asset management businesses in a deal worth up to £219m, Bermuda National entered into an agreement to acquire 62.5% of JO Hambro Investment Management from Credit Suisse for £50m, Gottex Fund Management acquired a majority interest in Frontier Asset Management, and Principal Global Investors LLC agreed to acquire a 55% stake in Liongate Capital Management LLP. Lloyds Banking Group took advantage of the strong share price of St James's Place and reduced its 52% stake in the group to 37% via an institutional placement. In the other areas on the sector, Punter Southall Health & Protection Holdings acquired Enrich Reward, the employee benefits consultancy to form one of the largest, independent health and protection intermediaries in the UK.

### April:

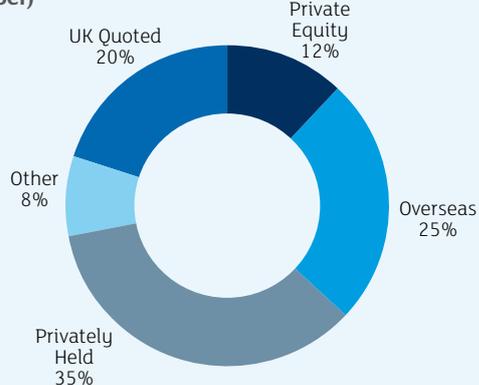
The change of ownership in the UK asset management industry continued to abound. City Financial acquired OPM Fund Management, Maven Capital Partners bought Fundamental Tracker Investment Management and Ocean Dial Group was sold to its management. Among the SIPP and SSAS providers there was also movement with a private group led by Richard Wohanka acquiring a 60% stake in Hornbuckle & Mitchell Group and Mattioli Woods buying Ashcourt Rowan's pension administration business.

**Investment ownership profile of acquirers in 2013 (by number)**



Source: IMAS-insight

**Investment ownership profile of sellers in 2013 (by number)**



Source: IMAS-insight

In the advisory space KPMG agreed to acquire Makinson Cowell, an independent capital markets advisory firm.

**May:**

Most of the action in the fund management and wealth management sectors took place outside the shores of Britain. Some of the more significant deals included Santander agreeing to sell half of its asset management business to private equity groups Warburg Pincus and General Atlantic for €2.05bn, BlackRock buying the private equity real estate investment advisory company MGPA, with \$12bn of assets under management, and Aberdeen Asset Management completing the acquisition of the US fund management house Artio Global Investors.

The consolidator Bellpenny concluded several acquisitions, including the IFA arm of accountancy practice Foot Davson Chartered Accountants, the business of The Country Partnership, and 1,700 clients from the IFA arm of the accountancy firm Price Bailey, boosting its total assets under advice to £850m. In the pension administration area Suffolk Life, owned by Legal & General Group, acquired the SIPP book of Skipton Building Society-owned advice firm Pearson Jones, Barnett Waddingham bought the SSAS business of Aegon-owned Origen Investment Services and Cartwright Group acquired the trust-based pensions business of Gallagher Benefits Consulting Ltd.

**June:**

Henderson Group plc and Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) agreed to combine their European and Asian real estate businesses to form a London-based real estate venture, TIAA Henderson Global Real Estate, with AUM of approximately £13.0bn and Tikehau, the French fund manager, agreed to buy a 35% stake in Duke Street Capital, the private equity group. Legal & General agreed to acquire the closed UK annuity buy-out company Lucida from Cerberus for £151m and Columbia Insurance Co, a subsidiary of Berkshire Hathaway, signed an agreement to acquire Hartford Life International Ltd, the UK variable annuity business of Hartford Financial Services Group Inc, for \$285m. Aegon agreed to sell its IFA network, PosSol, to Intrinsic, another similar-sized network.

**July:**

Punter Southall Group agreed to sell PSigma Asset Management to Miton Group and to acquire the private client business of AXA Framlington and integrate it with its other subsidiary, PSigma Investment Management. Phoenix Group had talks with Swiss Re about the possibility of combining their life assurance activities to create a group worth about £3bn, Royal London received regulatory approval for its £219m take-over of the Co-operative Group's asset management and life insurance businesses which was announced in March. In the wealth management sector Mattioli Wood entered into an agreement to acquire Atkinson Bolton Consulting.

**August:**

Hansa AG struck a deal to buy the majority of SVG Investment Managers and holdings in a number of SVGIM's managed funds, Ashcourt Rowan agreed to buy the assets of the discretionary fund management firm Generali Portfolio Management UK and Prestige Fund Management purchased a significant equity stake in Methexis Holdings, the owner of Methexis Capital Advisors.

There were rumours that Goldman Sachs was planning to sell its majority stake in the specialist pensions insurance provider Rothesay Life and that Standard Life was edging closer to a sale of its 10% stake in SimplyBiz to the directors of SimplyBiz.

**September:**

Towry acquired Bluefin Personal Consulting from AXA UK and also bought Conclusion Financial Planning and Ascot Lloyd Financial Services acquired Ensors Financial Planning. TRG Management LP (trading as The Rohatyn Group), a US asset manager, agreed to acquire Citi Venture Capital International, a UK private equity specialist owned by Citigroup Inc and Ocean Equities, a stockbroker and corporate finance adviser, was acquired by Pareto Securities, a Norwegian investment bank. It was also rumoured that Singapore's sovereign wealth fund was poised to become a large shareholder in Rothesay Life as the owner, Goldman Sachs, prepares to sell almost two-thirds of the pensions insurer in a deal valuing the operation at about £900m.

**October:**

Liontrust acquired North Investment Partners and Northhill Europe Holdings SARL agreed to acquire the entire issued share capital of Alpha Strategic Plc. Fidelity agreed to buy Annuity Direct and its holding company Retirement Angels and Sterne Agee, an American financial services group, agreed to purchase Yorvik Partners LLP.

**November:**

Aberdeen Asset Management agreed to acquire Scottish Widows Investment Partnership in a deal worth £560m, rising to a possible £660m. As a result of the deal, Lloyds Banking Group will take on a 9.9% stake in the fund management group and introduce a strategic relationship between the organisations. Elsewhere in fund management, Charles Stanley acquired Evercore Pan Asset Capital Management.

3i sold its majority stake in Bestinvest to funds advised by Permira, marking the largest M&A transaction in the investment distribution sector for over three years. Also notable was Russell Investments' agreement to acquire On-Line Partnership Group, the parent company of the In-Partnership and Whitechurch networks, being the first new major entry into the sector this decade.

Investments continued to flow in from overseas, including: ECOM AgroIndustrial Corp Ltd of Switzerland acquiring the commodity trading arm of Armajaro Holdings; Somers Ltd (formerly Bermuda National) reaching an agreement on the terms of a recommended cash offer for Westhouse Holdings PLC; Guardian Capital Group of Canada agreeing to acquire Zephyr Management (UK) Ltd, the UK subsidiary of Zephyr Management LP and manager of an emerging market equity fund; Sea Port Group Securities LLC of the USA buying Amias Berman & Co LLP, a fixed income agency brokerage.

**December:**

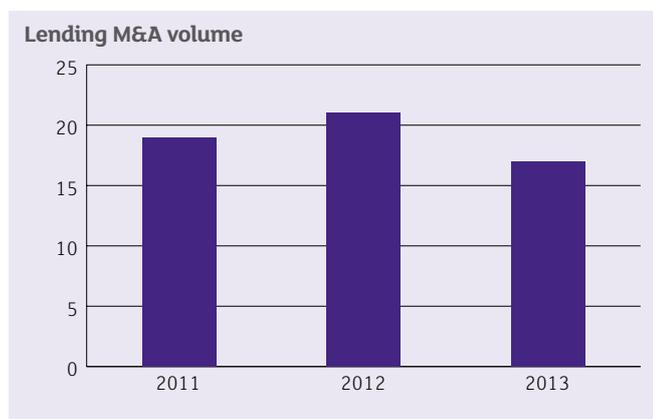
Disposals of non-core financial advisory units continued: Lloyds Banking Group sold its remaining stake in St James's Place; The Oval Group announced that they have entered a period of exclusivity on the sale of their IFA subsidiary, Oval Financial Services; and Booth Ainsworth Chartered Accountants sold its financial services arm to Prest Financial Planning.

Ashcourt Rowan agreed to acquire UK Wealth Management, with client assets of £1.3bn, for up to £14.25m and it was rumoured that Old Mutual Wealth is in talks to buy the adviser network Intrinsic, which acquired Positive Solutions from Aegon in June 2013.

## The lending sector



**Tony Green**  
 Partner  
 Lending  
 tg@imas.uk.com  
 +44 (0)20 7444 4394



M&A volume in the lending sector remained modest in 2013 in terms of business sales as shown above, but there was far more activity in books of business. The high-street banks dominated the M&A landscape with deleveraging the key theme ahead of the introduction of Basel III and as a consequence of regulatory capital shortfalls identified by the PRA. The banks looked to bolster their capital position not only through the sale of semi and non-performing loan portfolios and the exit of many non-core businesses both in the UK and overseas, but also in some cases through raising new equity.

2013 was also the year for the continued rise of new challenger banks. Notably, the EU-mandated sale of branches by both Lloyds Banking Group and RBS looks set to result in two new banks to be quoted on the London Stock Exchange: TSB Bank with 631 branches and Williams & Glyn's with 314 branches. In addition, the Co-operative Group has ceded control of the Co-operative Bank as a result of its £1.5bn recapitalisation plan.

Elsewhere, the debt purchase and collection market continued to be active. Strong equity capital markets enabled the first IPO of a pure play debt purchaser in the form of Arrow Global, facilitating a partial exit by its private equity owner. However, overseas interest continued to be strong with new entrants from the US and existing players from Europe expanding their UK operations.

**Table 4: Ownership by value band of the UK lending market**

	UK Quoted	Privately Held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	19	5	2	70	14	16	6	<b>132</b>
£25-100 million	5	19	1	46	19	24	1	<b>115</b>
£5-25 million	5	103	3	75	12	57	1	<b>256</b>
<b>Total</b>	<b>29</b>	<b>127</b>	<b>6</b>	<b>191</b>	<b>45</b>	<b>97</b>	<b>8</b>	<b>503</b>

Source: IMAS-insight

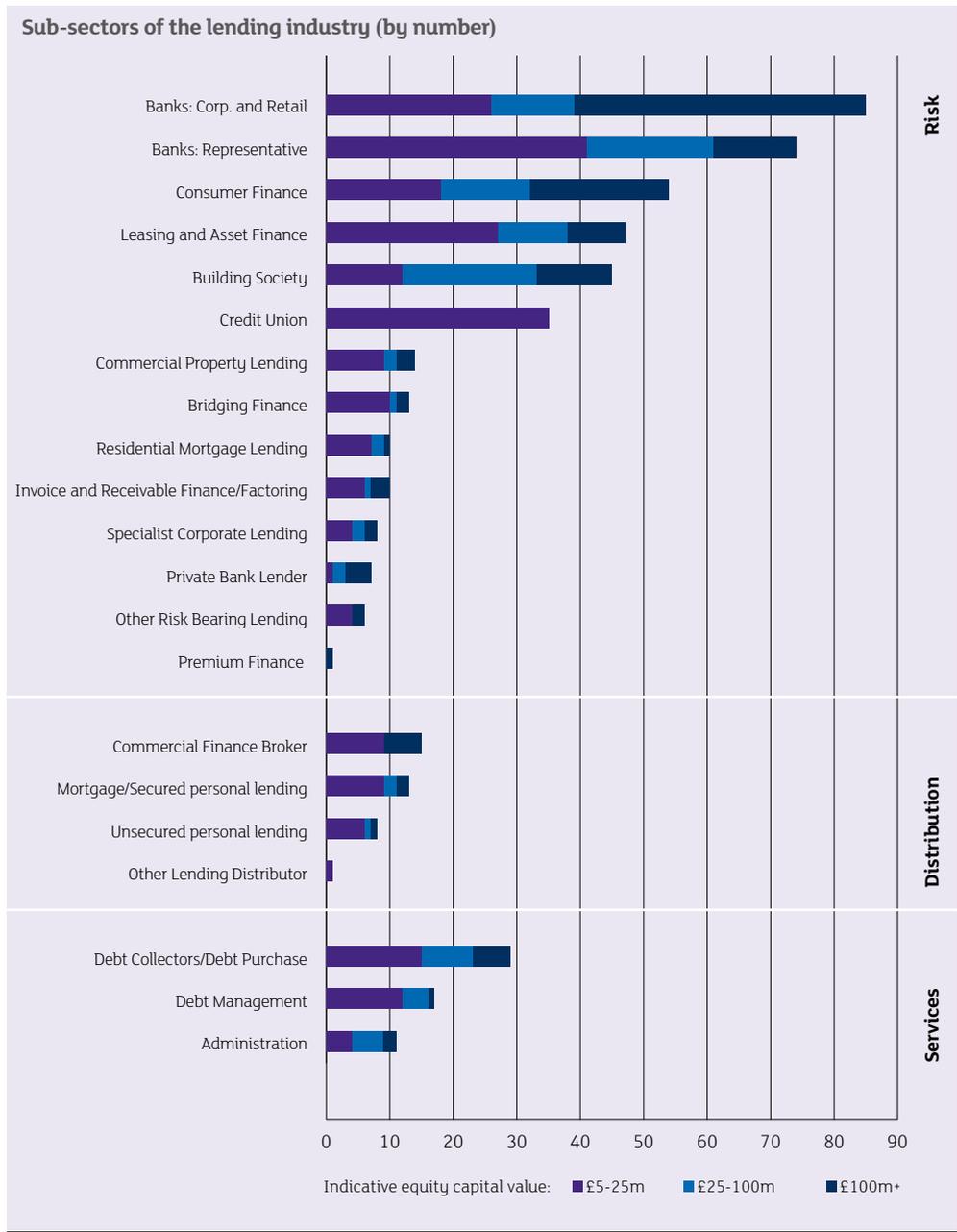
The lending market as a whole is comprised of 503 groups with an estimated capital value in excess of £5m, an increase of 3.7% over 2012. However, overseas owned groups have grown most rapidly at 6.7% over 2012 and remain by far the largest constituency in 2013, representing almost 38% of the total sector and over 53% of the largest groups.

Overseas owned businesses have remained active acquirers of UK financial services both as new entrants to the market, such as Encore Capital's acquisition of Cabot Credit, but also by expanding their existing footprint, such as Hoist Kredit's acquisition of Lewis Group.

Privately held groups are the second most common form of control, representing over 25% of the sector, but with control heavily weighted towards the smaller end of the market. Thereafter, mutual and friendly societies such as building societies and credit unions represent almost one in five groups.

Private equity remains highly active in the lending sector, completing both new investments such as KRS and LDF, as well as achieving a number of exits such as Arrow Global and Cabot Credit.

## The lending sub-sectors



The analysis highlights the sub-sector and activity classifications employed in this report, and details the number of participants within each.

Corporate and retail banks account for over 15% of the entire lending sector.

Source: IMAS-insight

## M&A in 2013: the lending sector

The monthly M&A reviews detailed below are edited versions of the IMAS M&A Monthly newsletter which is available by email and on the IMAS website. Please register at [www.imas.uk.com/join.aspx](http://www.imas.uk.com/join.aspx) to receive monthly M&A email updates and access 2013 commentary.

### Selected key deals

- IPO of Arrow Global, the first pure play debt purchaser
- £1.5bn recapitalisation plan for Co-operative Bank
- £600m pre-IPO investment in Williams & Glyn's
- Renovo's acquisition of Ultimate Finance Group to build a new force in SME lending

### Key drivers

- Bank deleveraging to meet new regulatory capital ratios
- Refocus from high-street banks has enabled alternative models (e.g. peer-to-peer) and new challenger banks to evolve
- Private equity portfolio exits

### January:

Shawbrook Bank announced the acquisition of Money 2 Improve, a provider of home improvement finance facilities and Secure Trust Bank announced the acquisition of Debt Managers, a debt collection business. Zinc Group also announced an acquisition in the debt collection sector, JB Debt Recovery.

### February:

Concord Finance Inc., trading as Speedy Cash, acquired Wage Day Advance, a private payday loan provider to expand its UK presence. Capita plc acquired iQor UK, the outsourced debt collection services provider to the public and private sectors, for £40.5m from its US parent. PHD Equity Partners backed the management buy-out of the residual loan book of Davenham Group plc, which went into administration in November 2011.

### March:

The debt collection market continued to be active with Creditlink Account Recovery Solutions (CARS) being acquired by US-based Jefferson Capital International and Sigma Financial Group acquiring CCSG. In the debt management sector, Harrington Brooks announced it had acquired books of business from both Carrington Dean and the Nostrum Group, representing the first bolt-on acquisitions completed under RJD's ownership.

### April:

The debt purchase and collection market remained active with BCW Group's Norwegian private-equity backed parent company Gothia Financial Group being sold to arvato AG, subject to regulatory approval. Santander UK announced that it had reached agreement to sell c. £1bn of customer store card loans to SAV Credit, and CarVal Investors and Arrow Global acquired a portfolio of securitised student loan assets from Nationwide.

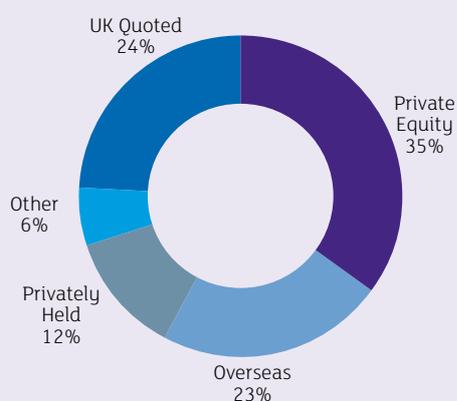
Lloyds Banking Group announced that the Co-operative Group had withdrawn from Project Verde, the EC mandated disposal of 632 branches, and that the IPO option would now be pursued to create a new standalone bank with the branches rebranded as TSB Bank.

### May:

The debt purchase and collection market continued to be active with AnaCap's sale of Cabot Credit Management to JC Flowers, which undertook the due diligence on the business in partnership with US quoted Encore Capital Group. Subsequently JC Flowers sold 50.1% of their stake in Cabot to Encore Capital which invested £128m to acquire the controlling interest with the transaction due to close in Q3 2013. In addition, Lowell Group acquired debt collection agency Interlaken Group, operating principally through its Fredrickson International and SRJ Debt Recovery businesses.

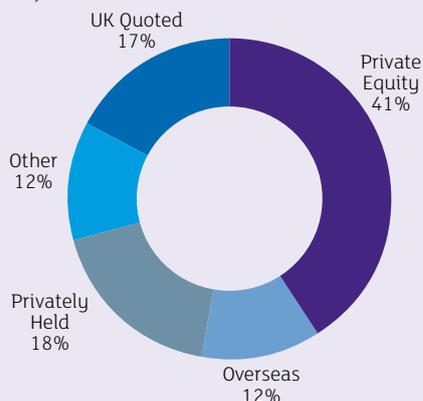
Lloyds Banking Group continued to divest non-core assets, while Sainsbury's confirmed that it was in advanced negotiations with Lloyds to take full ownership of Sainsbury's Bank. RBS continues

**Lending ownership profile of acquirers in 2013 (by number)**



Source: IMAS-insight

**Lending ownership profile of sellers in 2013 (by number)**



Source: IMAS-insight

to work towards a full separation and IPO of its branch-based business, under the Williams & Glyn's brand.

Elsewhere, Pamplona Capital Management acquired an equity stake in and provided a £100m funding line to short-term property finance business Bridgebank Capital, and the management team at invoice finance business Positive Cash Flow Finance acquired a majority stake having secured a £22m funding line from RBS, facilitating a partial exit for Infinity Asset Management.

**June:**

A comprehensive plan was announced to recapitalise the Co-operative Bank with an additional £1.5bn of common equity tier 1 capital by 2014. The debt purchase and collection market remained active, with Winterhill Largo acquiring Chase Solutions, Robinson Way's field services division. However, Equidebt went into administration with the relevant parties working towards an orderly transfer of the debt purchase portfolio.

Elsewhere, the equity release broker Key Retirement Solutions was subject to a secondary buy-out with Phoenix Equity Partners acquiring control from Cabot Square Capital for a gross consideration of £35m. Omni Capital expanded its finance offering by acquiring Logical Finance, a point-of-sale retail finance provider.

**July:**

Barclays announced a rights issue of c. £5.8bn as part of a wider exercise to meet a c.£12.8bn capital shortfall as identified by the PRA. Commerzbank announced the sale of its €5.0bn commercial real-estate loan portfolio in Great Britain to a consortium of Wells Fargo and Lone Star funds. Finally, UK Asset Resolution announced the sale of Northern Rock (Asset Management) plc's portfolio of unsecured personal loans for £400m. The sale is being completed as two independent transactions with OneSavings Bank acquiring the performing loans with the remainder acquired by Marlin Financial Group.

Elsewhere, the invoice discounting and factoring market was active with Renovo Group plc making a recommended £19.4m offer for Ultimate Finance Group plc and Metro Bank acquiring Guildford-based SME Invoice Finance.

**August:**

Hoist Kredit AB acquired the Lewis Group with its portfolio of 690k accounts with a face value of £1.2bn, building on its entry into the UK market last year with the acquisition of Robinson Way. The UK high-street banking sector continued to deleverage with Lloyds Banking Group announcing the sale of a portfolio of UK leveraged loans to a subsidiary of Goldman Sachs Group for c.£254m.

**September:**

The EU mandated branch disposals of both Lloyds Banking Group and RBS continued to attract attention with Lloyds launching a new challenger bank under the TSB brand with 631 branches and 4.6m

customers. TSB is expected to float on the LSE in 2014. RBS also announced a £600m pre-IPO investment by an investor consortium in 314 branches under the Williams & Glyn's brand. The consortium comprises Corsair Capital, Centerbridge Partners, RIT Capital Partners and the Church Commissioners for England. The £600m bond will be convertible into a maximum 49% stake in the bank at the IPO.

Elsewhere, Australian-based Pepper Group acquired Oakwood Global Finance, a UK loan servicing and asset management specialist.

**October:**

The IPO market was active with two notable transactions. Arrow Global became the first UK debt purchase group to list on the London Stock Exchange, facilitating a partial exit for RBS Special Opportunities Fund. In addition, Tungsten Corporation listed on AIM raising gross proceeds of £225m, in part to finance the acquisition of FIBI Bank (UK) Plc which remains subject to regulatory approval and in part to fund its future invoice discounting activities.

Elsewhere, the Co-operative Group announced a revised recapitalisation plan for the Co-operative Bank to raise £1.5bn of additional common equity tier 1 capital which will result in the group ceding control of the bank but retaining the largest single shareholding at 30%.

**November:**

The bridging market was active with two announced transactions: Octopus Capital acquired Dragonfly Property Finance and Alternative Bridging Corporation acquired Cheval Commercial Finance.

Within consumer finance, Albemarle & Bond, the publicly listed pawnbroker, announced the commencement of a formal sales process for the company, while DFC Global Corp announced that it had completed two transactions: the acquisition of TGS Pawnbrokers for \$5.1m and the disposal of Merchant Cash Express, which has now rebranded as Liberis.

**December:**

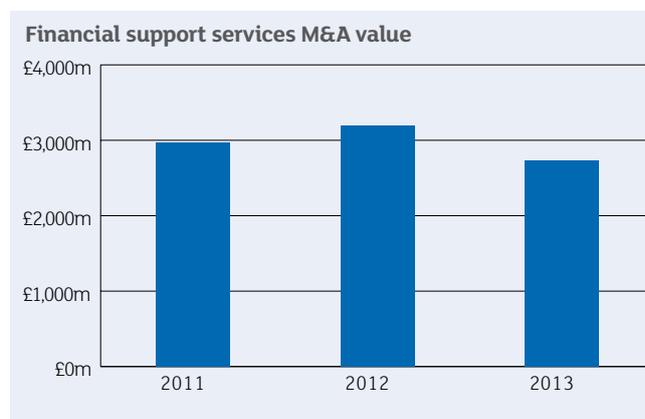
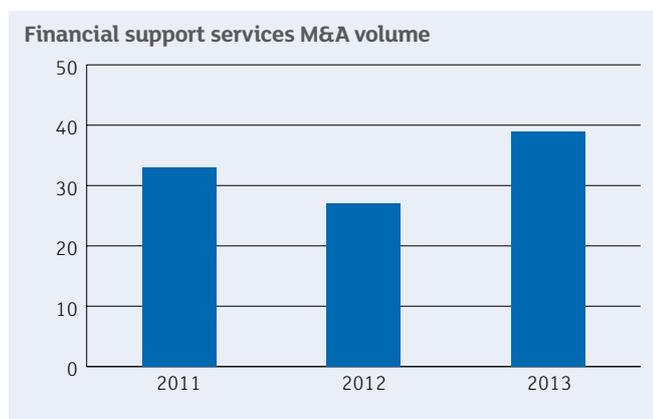
The Co-operative Bank announced the completion of its liability management exercise.

Leasedirect Finance (LDF), the commercial finance provider to the professional practice market and other specialist sectors, was acquired by Cabot Square Capital from Investec Bank which continued to provide support through a £75m block discounting facility. MoneyPlus Group, the personal debt management advisory business, continued its acquisitive growth strategy with the acquisition of Debt Movers and also Richardson Mail Solicitors, strengthening its offering in the legal services market.

## The financial support services sector



**Bruce McIntyre**  
 Partner  
 Financial support services  
 bwm@imas.uk.com  
 +44 (0)20 7444 4395



M&A momentum continues in the financial support sector with 2013 deal volumes 44% up on prior year.

Notable deals included CVC's €600m acquisition of Skril, an online payment services business, from Investcorp, BC Partners £382m acquisition of financial news provider Mergermarket Group from Pearson and Temasek's \$500m minority investment in UK data provider Markit.

The £2.7bn in aggregate value terms for 2013 was 14% lower than 2012, although excluding 2012's £1.27bn Vista Equity Partners/Misys deal, 2013 was 42% up and in line with the increase in volume terms.

On a sub sector basis, the most active areas were payment providers (including CVC/Skrill, Advent International/WorldPay (19.99% stake) and Cardtronics/Cashzone), investment technology (including IRESS/Avelo and Ion Group/Ffastfill) and trading technology (including LSE's revised offer for LCH.Clearnet and L&G/Cofunds).

Private equity continues to play a key role in the sector with involvement as buyers and sellers. Private equity was involved with two of the three largest, and seven of the ten largest sector deals in 2013.

### Ownership by value band of the UK financial support services market

	UK Quoted	Privately Held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	12	5	2	49	11	2	3	<b>84</b>
£25-100 million	12	28	4	56	27	1	2	<b>130</b>
£5-25 million	4	91	12	99	22	18	4	<b>250</b>
<b>Total</b>	<b>28</b>	<b>124</b>	<b>18</b>	<b>204</b>	<b>60</b>	<b>21</b>	<b>9</b>	<b>464</b>

Source: IMAS-insight

2013 saw another year of structural development in the financial support services sector. Following 20% growth in the number of groups<sup>1</sup>, the sector now represents c. one in seven groups (2012: one in eight) within the UK financial services industry, with particularly significant year-on-year growth in private equity ownership (up 34%), overseas ownership (up 19% and almost half of the growth in absolute terms) and private ownership (up 24%).

The overall trends reflect a number of underlying developments in the sector:

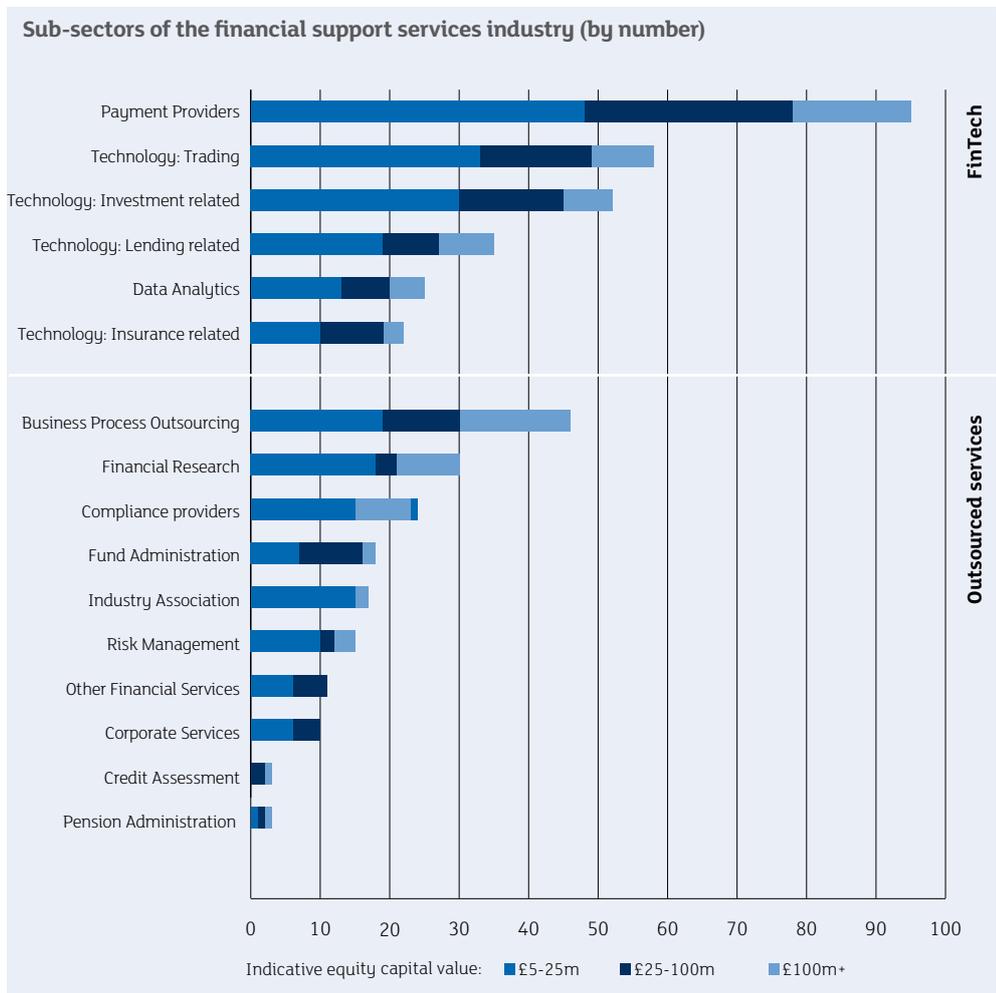
(i) overseas ownership driven by the strength of the US FinTech sector and continued globalisation of the sector and its clients (US-based or otherwise);

(ii) increasing investment interest from the private equity community who are variously attracted by a number of investment attributes including moderate capital intensity, potential scalability offered by technology-based business models and the relative lack of maturity in selected segments offering growth opportunities that may also be capital constrained; and

(iii) Ongoing growth of the sector resulting in the migration of new entrants now valued above £5m plus existing businesses that are increasing in capital value.

<sup>1</sup> Estimated equity capital value in excess of £5 million

## The financial support services sub-sectors



The analysis highlights the sub-sector and activity classifications employed in this report, and details the number of participants within each.

Payment providers represent almost 19% of the financial support services sector.

Source: IMAS-*insight*

## M&A in 2013: the financial support services sector

The monthly M&A reviews detailed below are edited versions of the IMAS M&A Monthly newsletter which is available by email and on the IMAS website. Please register at [www.imas.uk.com/join.aspx](http://www.imas.uk.com/join.aspx) to receive monthly M&A email updates and access 2013 commentary.

### Selected key deals

- CVC's €600m acquisition of Skril
- London Stock Exchange's £284m revised offer for LCH.Clearnet
- BC Partners' £382m acquisition of Mergermarket
- Temasek's \$500m 10% stake in Markit

### Key drivers

- Structural changes and emerging technologies in the payments sector
- Increased focus on risk management, regulatory or otherwise
- Private equity interests as both buyers and sellers

### January:

Ion Group acquired treasury/risk management software suppliers IT2 and Financial Software Systems. US private equity house TPG announced the acquisitions of Convergen's order management and investment technology businesses Eze Castle and RealTick and simultaneous acquisition of Tradar.

ICAP announced the sale of a 12% stake in the foreign exchange post trade processing platform Triana to seven banks valuing the business at \$300m with an option to buy a further 20% for up to \$82.5m. Finally Thomson Reuters sold its private client wealth management software business eXimius to Italy-based Objectway Financial Software S.p.A. and GAMCO Investors acquired Indian investment research and advisory house Horizon Market Research Pvt Ltd.

### February:

Ion Group continued their M&A focus in 2013 announcing the acquisition of Ffastfill for £106.1m, the London Stock Exchange acquired a 67% stake in GATElab and Open GI, the insurance broker systems provider, acquired PowerPlace, the online insurance technology. YourCash Holdings, the independent ATM provider, completed a management buy-out with funding from Pricoa Capital Group (part of Prudential Financial) and management.

### March:

The London Stock Exchange approved its £284m revised offer for LCH.Clearnet and pan-European clearing houses EuroCCP and the European Multilateral Clearing Facility (EMCF) agreed to merge. In private equity, Inflexion acquired Sanne Group, PE-backed Spire Payments acquired Thyron Payments Systems and Advent/Bain-owned WorldPay acquired YESpay. Finally, Legal & General acquired the remaining 75 per cent of investment platform business Cofunds it does not already own for £131m.

### April:

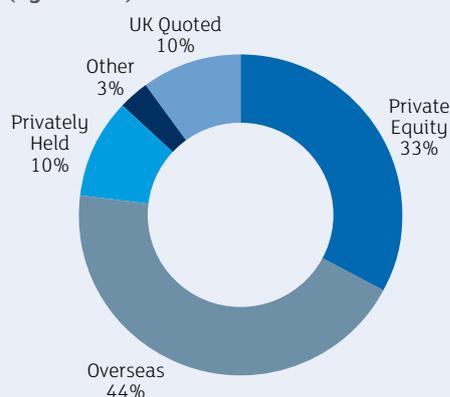
FinTech continued to be active with Ebix Inc. (itself now subject to a \$820m offer from Goldman Sachs) acquiring Qatarlyst, GAIN Capital rejected an approach from FXCM in favour of acquiring Global Futures & Forex for \$107m, Bwin sold its payments platform Kalixa and Intralinks acquired Merger ID & PE Nexus. Equiduct sourced a new investor base following Citadel's exit, Wellington IT Solutions acquired Octagon Computer Services and Markit acquired DTCC's stake in MarkitSERV.

Finally, Silverfleet Capital acquired Ipes from RJD Partners for £50m and CBPE Capital-backed business JTC Group acquired Ardel Trust Company.

### May:

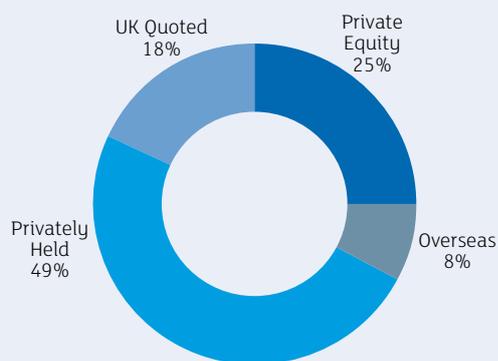
Temasek acquired a c. 10% stake in financial data company Markit for \$500m, Dealogic acquired Junction RDS whilst ISIS Equity Partners acquired Red Box Recorders for £14m. Vasco acquired

**Financial support services ownership profile of acquirers in 2013 (by number)**



Source: IMAS-insight

**Financial support services ownership profile of sellers in 2013 (by number)**



Source: IMAS-insight

Cronto for €15m plus €2m earnout, the London Stock Exchange announced an agreement to acquire EuroTLX for around €40m and Deutsche Bank agreed to acquire a 51% stake in Xchanging etb GmbH for €40.5m.

In payments, Earthport announced a \$10m investment from International Finance Corporation, whilst TransferWise attracted \$6m from venture funds led by Valar Ventures.

#### **June:**

Progress Software agreed to sell its Apama complex event processing platform to Software AG whilst Markit acquired Global Corporate Actions and Validation Service. CameronTec acquired the capital markets solution provider E2E Infotech, Capita acquired Euristix for €9m upfront (plus €3m contingent) and Thomson Reuters acquired Tradeweb's Foreign Exchange Options business.

Elsewhere, Euclid Opportunities, ICAP's FinTech incubation vehicle, made a strategic investment in Enso Financial Management, GBGroup acquired criminal records disclosure umbrella firm CRD and Isle of Man-based SMP Fund Services merged with Chamberlain Fund Services.

#### **July:**

The London Stock Exchange acquired the derivatives business of Turquoise Global Holdings, LDC sold Avelo to IRESS for £210m, HgCapital acquired a majority stake in Intelliflo, Sammedia took a 49% stake in Suitable Strategies and Quindell Portfolio took a 19% stake in US-based Himex Ltd. Payments sector activity continued with SumUp securing an investment from BBVA Ventures, TestLink acquired US-based Airis ATM technologies and Giesecke & Devrient acquired Currency Tech. Finally, in regulatory/compliance, The Consulting Consortium acquired Swaines and financial services firm Equiom acquired City Trust.

#### **August:**

Cardtronics acquired Cardpoint Limited (Cashzone) for £107.5m, Bottomline Technologies acquired Swiss-based Sterci and UK-based Simplex GTP. Applied Systems Inc. acquired Insurecom. Parthenon Capital Partners acquired eSecLending, Thomson Reuters acquired SigmaGenix and the Warsaw Stock Exchange acquired a 30% stake in Aquis Exchange for £5m.

In private equity, Investcorp sold its 75% stake in Skrill (formerly Moneybookers) to CVC for €600m, Powa Technologies secured a \$76m investment from Wellington Management, Actis acquired Paycorp Holdings for R937m (£61m) and HgCapital acquired Nair & Co.

#### **September:**

LDC acquired Equiom from ISIS Equity Partners, Accel Partners led an \$18m investment, alongside Octopus Investments, in Calastone while Verso Capital acquired the assets of CDS Group. Xchanging acquired Market Maker 4 for up to \$22m, while Tungsten announced its intention to float on the LSE and acquire OB10.

Third Financial Software acquired ActiveBank, Experian acquired The 41st Parameter Inc for \$324m, WorldPay Group acquired Century Payments and Charles Taylor acquired KnowledgeCenter for £1.9m.

#### **October:**

Deutsche Börse acquired a minority stake in Global Markets Exchange Group International (GMEX), Monitise agreed to acquire the remaining 50% stake in Monitise Asia Pacific Ltd, from its JV partner for £11.25m, Euromoney Institutional Investor acquired both Infrastructure Journal for £12.5m and HSBC Global Market's equity and bond indices business.

WDFC UK (formerly Wonga.com) acquired BillPay, Funding Circle raised \$37m from Accel Partners and Ribbit Capital announced the acquisition of Endurance Lending Network. Trakm8 Holdings acquired BOX telematics in a reverse takeover, Equiniti Group acquired Killik Employee Services and Salamanca Group acquired the Investec Trust group of companies. Finally, Iris Software acquired Kashflow Software and Baird Capital acquired Alpha Financial Markets Consulting for £28m.

#### **November:**

BC Partners acquired The Mergermarket Group for £382m, Advent/Bain acquired the remaining 19.99% stake in WorldPay, World First secured a minority investment from FTV Capital, Moneycorp acquired Thomas Cook CFX Ltd for £4.5m, Mercia Fund Management backed Kwanji and Metric Capital Partners provided growth capital for Secure Trading.

US Bancorp Fund Services acquired Quintillion, JTC Group acquired Anson Fund Managers, Trayport acquired Contigo and Calculus Capital invested £2.7m in One Place Capital.

#### **December:**

NCR Corporation acquired Alaric Systems from NVM Private Equity for \$84m, Aegon acquired Novia's platform development arm Novia Investment Services, Edmund Truell invested alongside Londogate Investment & Management, for a minority stake in Regulatory Efficiency Gains. Brokerbility invested in BrokerTech and SimplyBiz acquired Staffcare.

Cennox acquired US ATM business Sterling Group, eServGlobal invested in a 35% share (and A\$9m) in HomeSend and Debitsuccess acquired Debit Finance Collections. Finally, First Names Group acquired Citadel Services and Cordium acquired Sigma Partnership.

## About UK Trade & Investment

# FIND OUT MORE ABOUT

# GREAT

# BRITAIN & NORTHERN IRELAND

*The UK is a proven world-class asset for multinational companies from all key business sectors. The evidence is clear – for companies seeking to maximise strategic commercial value, a UK investment is essential. With an unrivalled business operating environment, an internationally competitive tax system and a world-class skills base, the UK is Europe’s strongest location for international investors.*

*To benefit from the outstanding commercial opportunities in the UK, please contact the UKTI Investment Hub:*

*Call: +44 (0)20 7333 5442*

*Email: [enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com)*

*Visit: [www.ukti.gov.uk/invest](http://www.ukti.gov.uk/invest)*



## About IMAS and IMAS-*insight*

### About IMAS

Founded in 1992, IMAS is a corporate finance adviser with unparalleled expertise in selling companies across the UK financial services sector. We have completed over 100 transactions since inception.

IMAS's partners all have extensive experience in working for major UK financial institutions. IMAS combines in-depth knowledge and understanding of the specific issues affecting the financial services sector with our corporate finance experience to provide our clients with discreet, experienced and independent advice.

In addition, IMAS-*insight* allows us to present a range of strategic options to our clients that would otherwise be unavailable. For further details, please contact us or visit our website: [www.imas.uk.com](http://www.imas.uk.com).

### About IMAS-*insight*

IMAS-*insight* is IMAS's proprietary knowledge management system that 'maps' the UK financial services industry, analysing over 50,000 UK financial services businesses and over 300,000 FCA registered individuals.

IMAS-*insight* provides us with detailed knowledge and insight into individual sectors within the UK financial services market. We employ our enhanced knowledge of buyers and sellers in that market to help our clients achieve their strategic objectives.

Summary data derived from the underlying analysis on IMAS-*insight* can be viewed at: [www.imasinsight.com](http://www.imasinsight.com).

### Contacts for further information

If you are interested in buying or selling in the UK financial services sector and would like to discuss the full range of options available to you in confidence, please contact:



#### **Olly Laughton-Scott**

Founding Partner  
Tel: 020 7444 4392  
Email: [ols@imas.uk.com](mailto:ols@imas.uk.com)



#### **Tony Green**

Lending  
Tel: 020 7444 4394  
Email: [tg@imas.uk.com](mailto:tg@imas.uk.com)



#### **James Simpson**

General insurance  
Tel: 020 7444 4391  
Email: [jrs@imas.uk.com](mailto:jrs@imas.uk.com)



#### **Bruce McIntyre**

Financial support services  
Tel: 020 7444 4395  
Email: [bwm@imas.uk.com](mailto:bwm@imas.uk.com)



#### **Fred Hansson**

Investment  
Tel: 020 7444 4393  
Email: [fh@imas.uk.com](mailto:fh@imas.uk.com)

© 2014 IMAS Corporate Finance LLP

Authorised and regulated by the Financial Conduct Authority.  
Registered in England and Wales No. OC364774

Information and opinions contained herein have been compiled or arrived at by IMAS from sources that it believes to be reliable but IMAS does not attest to their accuracy or completeness. All assumptions, opinions and estimates constitute IMAS' judgement as of this date and are subject to change without notice. IMAS does not accept any liability for any loss arising from the use of this report.

## Report methodology

### Data sources

Company data in this report has been analysed as at 17 December 2013. M&A transactional data and FCA trend data has been analysed as at 31 December 2013.

The company data employed in this report has been compiled from Companies House and the FCA Register and classified and enhanced with proprietary research undertaken by IMAS.

The FCA Register identifies all entities that are authorised in the UK and regulated by the FCA. This is extended by IMAS' proprietary research to identify businesses that are outside the FCA's regulatory scope but within the normal definition of financial services.

Companies House provides financial disclosures of all UK entities, including the ownership structure of each entity.

### Data verification

All groups and entities that are contained in this report can be reviewed and verified on [www.imasinsight.com](http://www.imasinsight.com).

### Methodology

#### Activity

Company entities have been categorised based on their principal business activity into the following sectors: general insurance, investment, lending and financial support services. Where a company undertakes more than one business activity, they are classified according to their principal line of business.

In 2012, the decision was taken to exclude investment trusts, a sub-sector of the investment sector, from the analysis.

#### Groups

UK entities have been grouped together under the ultimate UK parent company based on disclosure from Companies House. This is updated where relevant for additional changes of control that have taken place since the last filing date (e.g. due to an acquisition or divestiture) and of which IMAS is aware.

#### Ownership

The ultimate UK parent company in the UK is identified by IMAS and its ownership analysed accordingly. It is this company which determines the ownership category, irrespective of the ownership status of its own parent outside the UK.

Where judgemental issues have arisen relating to ownership, we have sought to apply 'substance over form'. For example, overseas intermediate holding companies are looked through to the ultimate domicile of the parent company.

#### Sizing

IMAS' value banding is an indicative sizing of the ultimate UK parent company of the group, based on a number of factors including, but not limited to, IMAS' proprietary models and assumptions (which are subject to change without notice) and publicly available information including turnover, profits, net asset value and the number of approved persons.

These models and assumptions are regularly reviewed and updated where appropriate.

Whilst the valuation methodology may be subjective, the approach has been consistently applied and companies categorised accordingly into the following broad categories: £5m to £25m, £25m to £100m, and £100m+. Businesses with a lower estimated capital value have been excluded from this report but can be reviewed and verified on [www.imasinsight.com](http://www.imasinsight.com).

#### M&A Transactions

Transactions are included upon announcement and withdrawn only if they fail to complete. Transactions included are only those which represent actual business sales (not books of business) with a value in excess of £5m where the target is a UK-based financial services business. Where values are not disclosed, IMAS has estimated a value based on available data.

## IMAS-insight web examples

IMAS-insight is IMAS's proprietary knowledge management system that 'maps' the UK financial services industry, analysing over 50,000 UK financial services businesses, and over 300,000 FCA registered individuals. This can be accessed without subscription at [www.imasinsight.com](http://www.imasinsight.com).

Granular detail on sub-sections of the market

Investment / Distribution  Analyse principal activity only Explanation Sector Definitions

Go

- ✓ All Sub-sectors
- Employee Benefits
- Health Insurance
- IFA Business
- IFA Network
- Tied Adviser

Concentration analysis    Analysis of Principal Shareholder    Overseas Ownership by country    Private Equity ownership analysis    All UK Entities analysed by size

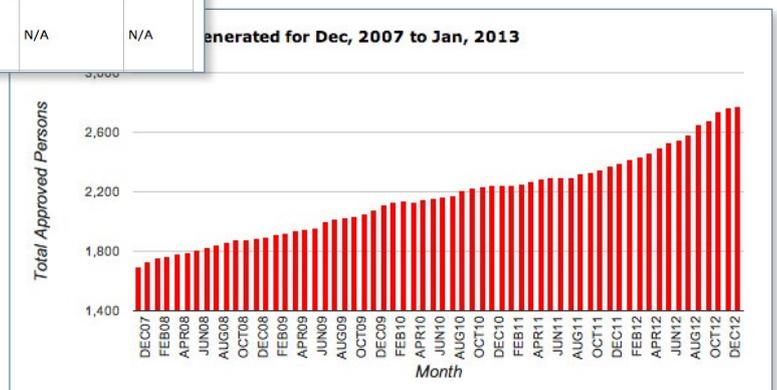
	UK Quoted	Privately held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
IMAS value banding								
£100+ million	5	1	0	1	6	4	0	17
£25 - 100 million	1	6	4	6	6	1	0	24
£5 - 25 million	2	112	5	7	8	5	0	139
<b>Total</b>	<b>8</b>	<b>119</b>	<b>9</b>	<b>14</b>	<b>20</b>	<b>10</b>	<b>0</b>	<b>180</b>

### ST. JAMES'S PLACE WEALTH MANAGEMENT PLC [SJPC]

Entity Overview	Entity AP Details	Group Overview (IMAS defined)	Group AP Details	FS Director External to Group
Ownership of Company/Group: <input type="text" value="Quoted"/> <input type="button" value="Explanation"/>				
Name	IMAS Value Banding	IMAS Defined First Activity	First Authorised	No. of APs
ST. JAMES'S PLACE PLC	£100 million+	Life Company (Investment/Product)	N/A	N/A
SJPC 7 LIMITED	£100 million+	Waiting to be Classified	N/A	N/A
ST. JAMES'S PLACE UK PLC	£100 million+	Life Company (Investment/Product)	01/01/1901	18
ST. JAMES'S PLACE WEALTH MANAGEMENT GROUP PLC	£100 million+	Life Company (Investment/Product)	N/A	N/A
ST. JAMES'S PLACE WEALTH MANAGEMENT PLC	£100 million+	IFA Business (Investment/Distribution)	01/12/2001	2776
ST. JAMES'S PLACE PARTNERSHIP LIMITED	£25 million - £100 million	Life Company (Investment/Product)	N/A	N/A
ST. JAMES'S PLACE MANAGEMENT SERVICES LIMITED	£25 million - £100 million	Service Company (Gen. Ins./Risk)	N/A	N/A
ST. JAMES'S PLACE INTERNATIONAL ASSURANCE GROUP LIMITED	£5 million - £25 million	Life Company (Investment/Product)	N/A	N/A

Detailed overview of group structure and ownership

Performance metrics updated weekly





---

IMAS Corporate Finance LLP  
January 2014  
Copyright © IMAS Corporate Finance LLP  
Corporate: [www.imas.uk.com](http://www.imas.uk.com)  
IMAS-*insight*: [www.imasinsight.com](http://www.imasinsight.com)

---

URN 14/Z128