3 March 2022

Admiral Group plc announces full year results with growth in Group profit and customers for the year ended 31 December 2021

2021 Results Highlights

	2021	2020	% change
Group Profit before tax, continuing operations[123]	£769.0 million	£608.2 million	+26%
Earnings per share, continuing operations[123]	212.2 pence	170.7 pence	+24%
Group profit before tax including discontinued operations and gain on disposal[3]	£1,129.2 million	£637.6 million	+77%
Full year dividend per share[4]	187.0 pence	156.5 pence	+19%
First and second special dividends per share from sale of Penguin Portals comparison businesses	92.0 pence	-	-
Return on equity[123]	56%	52%	8%
Group turnover[135]	£3.51 billion	£3.37 billion	+4%
Group net revenue, continuing operations[1]	£1.55 billion	£1.31 billion	+19%
Group customers[3]	8.36 million	7.66 million	+9%
UK insurance customers[3]	6.44 million	5.98 million	+7%
International car insurance customers[3]	1.81 million	1.60 million	+13%
Solvency ratio[3]	195%	187%	4%

Around 10,000 employees each receive free shares worth up to £3,600 under the employee share scheme based on the full year 2021 results.

Comment from Milena Mondini de Focatiis, Group Chief Executive Officer:

''Once again, we have delivered excellent service for a larger number of customers and a strong set of results, due to unusual market conditions, Admiral's underwriting discipline and a focus on doing the common, uncommonly well.

In 2021 we improved in all of our key metrics, including exceeding 8 million customers, increasing customer loyalty and recording exceptional profits of £769 million.

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[1] *Group profit before tax, Earnings per share, Group turnover, Group net revenue and Return on equity are presented on a continuing operations basis*

[2] *Group profit before tax, Earnings per share and Return on equity exclude the impact of one-off restructure costs totalling £55.5 million in 2021 (2020: £nil)*

[3] *Alternative Performance Measures – refer to the end of the report for definition and explanation*

[4] *Prior period full year dividend excludes the 20.7 pence special dividend, deferred from 2019*

[5] *Group turnover in 2020 includes the impact of the 'Stay at Home' premium refund issued to UK motor insurance customers of £97 million. Refer to the Alternative Performance measures section of this report for further detail and explanation*

We continued to evolve our market-leading core insurance competencies in claims and risk-selection. For example, the increased adoption of machine learning models has improved our pricing effectiveness and agility and put us in a good position to embrace changes such as the new FCA general insurance pricing practices.

The strong performance of UK Motor insurance is the key driver of our results. We also continued to expand our customer proposition. In 2021 alone, beyond UK Motor we added more than half a million customers, now representing around 40% of total Group customers. We grew by double digits in both our UK Household and International businesses, despite challenging market conditions abroad, and our Loans stock balance is now larger than pre-Covid levels. We are pleased to see the results of our ability to export some of our competitive advantages to these new businesses and we are also planting seeds for further diversification in the longer term through Admiral Pioneer, for example with small business insurance.

Our aim is to help more customers than ever to look after their future, and to do this better every day. We are also keen to contribute to secure the future of our communities by substantially increasing our investment and committing to net zero by 2040 at the latest.

I would like to thank all my colleagues for their hard work and continued focus on our customers. They are the key to Admiral's success and have made my first year as Group CEO so enjoyable.''

Comment from Annette Court, Group Chair:

''A company is only as good as its people and Admiral is no exception. At the start of 2021, Milena Mondini de Focatiis took the helm as Group CEO and has successfully steered the Group through a difficult year to another set of positive results and increased profitability.

The business has continued to grow its customer numbers and been recognised as a great place to work across operations as well as a Diversity Leader in Europe; proof that, during times of uncertainty, the Group continues to deliver for customers and colleagues.

Admiral is an agile business that continues to deliver long-term sustainable growth by adopting a test-and-learn approach to its evolution. Diversification is a key focus for the Group and I believe that Admiral is on the right course, and as we successfully execute our strategy, will emerge even stronger.

On behalf of the Board, I would like to thank everyone at Admiral for their hard work and dedication which made this year's strong results possible.''

Dividend

The Board has proposed a final dividend of 118.0 pence per share (2020: 86.0 pence per share) representing a normal dividend (65% of post-tax profits) of 42.2 pence per share and a special dividend of 75.8 pence per share. The special dividend includes 46.0 pence per share as the second of three payments related to the Penguin Portals disposal proceeds. The dividend will be paid on 6 June 2022. The ex-dividend date is 5 May 2022 and the record date is 6 May 2022.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 9:00am GMT on Thursday 3 March 2022 by registering on the Admiral website at www.admiralgroup.co.uk. A copy of the presentation slides will also be available on the website.

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Chair Statement

Background to the year

Well that was quite a challenging year - again! Against this backdrop, Admiral continued to thrive.

Milena Mondini de Focatiis took over as Group CEO back in January and has provided strong leadership. She has further built a high-performing team which continues to take the business from strength to strength, building on Admiral's solid foundations and maintaining the key ingredients that make Admiral different. We remain focused on continuously strengthening our core competences while creating sustainable businesses for the future.

The welfare of our people remains a top priority. I am proud of the way they have responded to the changing Covid situation in looking after each other, our customers and the community at large, whilst always remaining true to Admiral's values.

Looking back at 2021

Admiral has produced another strong set of results in 2021 in both reported profit and growth. This is once again due to our people. They make the real difference at Admiral and take care of all the little things that make that difference; continuously evolving and improving the business. They remain true to our purpose to - *Help more people to look after their future. Always striving for better together* - ensuring that we do the right things in consideration of all of our stakeholders.

The Group has continued to grow with turnover increasing by 4% to £3.51 billion, whilst customer numbers are 9% higher than 2020 at 8.36 million. Group pre-tax profit increased by 26% to £769 million. Covid continued to impact the results in all markets in which we operate. In the UK profits were strong due to accident frequency taking longer to return to more normal historical levels than expected and strong prior year development, notably in the first half of the year. We continue to maintain a prudent approach and, as a result, benefited from strong reserve releases from past years. Earnings per share rose by 24% and return on equity was 56%. The Group's solvency ratio remains robust at 195% (187% at the end of 2020).

In the UK we prepared for the changes resulting from the FCA market pricing study for general insurance that will affect Motor and Household insurance products. The full changes came into effect in January 2022, and we anticipate that they will have a significant impact on the market. We see this as an opportunity to continue to build on Admiral's strengths and desire to do the right thing for customers. As a reminder, approximately 80% of Admiral customers shop around at renewal, so we are encouraged that the majority choose to remain with us; this being an indicator of our good customer experience and competitive pricing.

International insurance delivered good customer growth but an overall loss as Covid-related accident frequency benefits returned to more normal levels and competitive activity increased in most markets.

We have continued to grow our Loans business. The loans book remains resilient despite economic uncertainty largely as a result of our prime customer base and prudent approach.

As I covered last year, we were pleased to complete the successful sale of our Comparison businesses, although we were sad to say goodbye to many colleagues.

Dividend

Our dividend policy remains that we pay a normal dividend of 65% of post-tax profit and distribute each year as a special dividend the available surplus over and above what we retain to meet regulatory requirements, the future development needs of our business and appropriate buffers.

As a result of the sale of the Comparison businesses, we announced that the proceeds would be returned to shareholders as a further special dividend phased equally over the interim 2021, final 2021 and interim 2022 dividends. Therefore, the Directors have recommended a final dividend of 118.0 pence per share (2020: 86.0 pence per share) for the year to 31 December 2021 representing a distribution of 91% of our second half earnings (72.0 pence per share) as well as 46.0 pence per share as the second of three payments related to the Penguin Portals disposal proceeds.

This will bring the total dividend for the year to 279.0 pence per share, an overall increase of 78%. This represents a pay-out ratio of 88% of full year earnings (187.0 pence per share) and 92.0 pence per share related to the Penguin Portals disposal. The Group has delivered a Total Shareholder Return (TSR) of 577% over the last 10 years.

Group Board in 2021

The Board recognises the need for a strong corporate governance framework and supporting processes across the Group and believes that good governance, with the tone set from the top, is a key factor in delivering sustainable business performance and creating value for all the Group's stakeholders.

The Group strategy remains straightforward and highly focused on building customer-centric, sustainable businesses for the long-term. Within this context, we do not rest on our strengths, but rather strive to keep doing what we're doing well and do it better year after year.

In our UK Insurance business, we remain determined to strengthen our core competitive advantages and nurture our culture of innovation via our 'test and learn' approach. For example, we are continuing to deploy technology relating to digital and self-service to improve customer experience and overall efficiencies.

We also continue to take these core strengths to new markets and new products, both in the UK and abroad, which enhances our diversification and the future growth of the business. We are agile enough to adapt to evolving business environments and encourage entrepreneurial initiatives to solve challenges and offer the best outcome to our customers, people and investors. One example is Admiral Pioneer, a business focusing on diversification through new business areas, that builds on our traditional 'test and learn' approach.

From a governance perspective, we continue to apply the principles of the Corporate Governance Code which ensures that we will continue to take on board the views of all of our stakeholders in our discussions and decision making. As you would expect, we already have strong links with our people and in 2021, the Board revisited and enhanced several areas of focus including our culture, engagement, diversity, our impact on the environment and climate change, and how we give back and participate in the communities in which we operate.

Once again Admiral was recognised as a great place to work in 2021 ranking as the 17th best workplace in Europe by Great Place to Work as well as a Diversity leader in Europe by the Financial Times. We were awarded 5th position at the 'Best Big Companies to Work For' awards in the UK and are the only UK company to be listed for 21 consecutive years. We were also named the 2nd best workplace for women in the UK and recognised for our Wellbeing initiatives. I could go on..!

Of course, this doesn't happen by accident. We continue to believe that if people like what they do, they do it better. We strive to create a diverse and inclusive workplace where our people feel that they belong and their voices are valued.

Having our people as shareholders remains a distinctive element of Admiral's incentive schemes. These are designed to ensure that decisions are made by management to support long-term value growth, that the right behaviours are rewarded and that our people's interests are aligned with those of shareholders. Our core belief is that over the long-term, share price appreciation depends on delivering great outcomes for our customers.

During the year, I usually visit our overseas operations as well as being present regularly in South Wales. This year I had the pleasure of visiting our operations in the UK, France, Italy, Spain and the US – a mix of physical and virtual visits. All Non-Executive Directors participated in a number of these visits. We also attended the Employee Consultation Group meetings. This allowed us to keep contact with our people during this difficult period and directly hear their views and the challenges they faced. The Admiral culture still shines through.

We reviewed the composition of the Board in 2021 and made two new appointments: Evelyn Bourke, who has a wealth of experience in financial services, risk, capital management and transformation, now chairs the Remuneration Committee; and Bill Roberts who has extensive insurance, underwriting and marketing experience brings valuable knowledge and insight on the US insurance market. Manning Rountree and Owen Clarke stepped down from the Board after many years. We are thankful for the huge contribution they have made.

The Board and I feel that there is a good balance of experience, skills and knowledge to support and challenge the management team, and that operations are supported by effective governance and control systems.

The Board remains focused on the following areas:

- Continuing to build on the remarkably special Admiral culture that places our people, customers and wider impact on the community at the heart of what we do
- Continuing our trajectory of growth, profitability and innovation
- Investing in the development and growth of our people
- Ensuring excellent governance and the highest standards
- Focusing on all aspects of ESG

Our role in Society

Admiral takes its role in society very seriously and has an active approach to Corporate Responsibility by focusing on all our stakeholders and the wider impact we have (more information in the Sustainability Report on the Admiral website). We are proud to be Wales' only FTSE 100 headquartered company and employ over 7,000 people in South Wales. Our people play an active part in the communities in which we operate. We carefully consider our impact on the community and environment, including factors such as the green credentials of our buildings, raising funds for multiple charities, and considering the impact of climate change across the business.

This year we announced our ambition to be net zero by 2040 and to be net zero across our operations for scope 1 and 2 emissions by 2030[6]. We aim to be an economically strong and responsible business over the long-term, guided by a clear purpose, to make a positive and significant impact not just on our customers and our people, but on the economy and society as a whole.

Thank you
On behalf of the Board, I would like to thank everyone at Admiral for their continued hard work, their adaptability and caring behaviour and their contribution to the Group's results in 2021. I would also like to thank our shareholders for their support and confidence. Most of all I would like to thank our customers for placing their trust in us.

Annette Court
Group Chair
2 March 2022

Group Chief Executive Officer's Review

My first year as group CEO has been intense and not short of challenges; at the same time there has been plenty to be proud of. We have delivered – yet again – growth, strong financial results and increased customer loyalty, surpassing 8m customers and recording exceptional profits of £769 million[7], due to unusual market conditions and Admiral's disciplined approach. This has been achieved despite turbulent conditions, starting with continued disruption from Covid and ending with a massive collective effort to plan and build rate structures well-adapted to life post the FCA pricing reforms introduced in January 2022.

There is no doubt that David left me big boots to fill… perhaps mine will be fancy Italian ones in a much smaller size! Admiral may have more in common with a finely crafted pair of shoes than you might expect. Our strong insurance capabilities and technical competences are the sole on which everything is built, our strategy is the design in continuous evolution to meet ever-evolving customer needs and our people and unique culture are the stitching which holds everything together. Like an expert shoemaker, we strive to produce high quality products by doing the common, uncommonly well.

So what do I mean by this? It's common to all insurers who survive beyond infancy that they are competent in the core insurance disciplines - notably risk selection, claims handling and effective digital distribution and servicing. What sets Admiral apart from most of our peers is our ability to deliver on these consistently well and 2021 has been no different.

This consistent track record is only possible as we continue to evolve and modernize our operating model and invest in innovation for the long term. The adoption of machine learning models has increased our pricing agility, enabling us to offer customers good value products while protecting loss ratios. This will stand us in good stead following the introduction of the UK FCA pricing remedies in January. We also made great progress in the adoption of Scaled Agile and our digital acceleration,

6 Refer to HY21 Results presentation on www.admiralgroup.co.uk

7 Profit before tax from continuing operations, excluding impact of restructure cost

deploying, for example, a new claims system that allows our UK Household customers to settle claims completely online if they wish to do so.

Adapting and expanding our proposition to customers is a strategic priority for us. We are successfully scaling UK Household, reaching 1.3 million customers, and the Loans business grew to £607 million gross balances in 2021. Admiral Pioneer launched its first product for SMEs last year and continues to explore the evolution in mobility, seeding smaller businesses for the future. We now have over 1.8 million customers across our international businesses and continued to grow the customer base by 13% despite the market being as competitive as ever. We are also working on building distribution capabilities outside of price comparison to create more optionality for efficient growth and realise more economies of scale.

A key feature of 2021 was saying goodbye to our friends at the Penguin Portals comparison businesses, and we wish them the best of luck. We successfully completed the sale process and believe a good outcome was achieved for all. This will give us the chance to focus even more on our main markets in the future.

Our people and our unique culture are what makes Admiral great and will continue to do so. All our businesses have completed the moved to hybrid working this year. Covid continued to create uncertainty for both our businesses and colleagues, but we demonstrated our agility and ability to quickly adapt to meet our customers' needs and continue to deliver the great service they expect from us. We have worked hard to ensure that Admiral remains a fantastic place to work, and this year we have been named among the top best places to work in every country in which we operate, including the 5th best super large workplace in the UK and 1st in Spain.

We have pledged to reach net zero emissions by 2040 as part of our commitment to long-term sustainability and environmental improvement. We are proud to support our local communities and in 2020 we established an Admiral Support Fund to provide support to those most impacted by the pandemic, setting aside £6 million over the past two years with over 350 organisations having received support. This includes a £1 million donation we made to UNICEF to help support our colleagues and communities in India. We are excited about the continuous evolution of our sustainability strategy and to continue to increase our support to our local communities.

What a roller-coaster of a year! I am incredibly proud that we are now helping more customers than ever to look after their future.

Thank you so much to our enlarged Admiral family, our customers, Board and shareholders who continue to support us. And more importantly, thank you to all my colleagues, our people, who are the key to Admiral's success.

Milena Mondini de Focatiis
Group Chief Executive Officer
2 March 2022

Group Chief Financial Officer's Review

I closed my 2020 review hoping for a more cheerful 2021, and whilst the pandemic again put paid to that and Wales didn't win the Euros (😒), Admiral's financial performance was strong, with all our businesses growing customer numbers year-on-year along with a very positive bottom-line outcome for the Group. Let me start by giving a brief overview of the results:

£m	**2021**	**2020**	**Change**
UK Insurance	894	698	+196
International Insurance	(12)	9	(21)
Admiral Loans	(6)	(14)	+8
Share scheme cost	(63)	(51)	(12)
Other	(44)	(34)	(10)
Continuing operations pre-tax profit*	**769**	**608**	**+161**
Restructure cost	(56)	-	(56)
Continuing operations profit after restructure cost	**713**	**608**	**+105**

** continuing operations = excluding results and gain on disposal of the Comparison businesses sold by the Group in 2021*

The standout positive is clearly the big increase in UK Insurance profit - even more pronounced than in 2020 when the impact of Covid on the results was first seen. The UK Household business contributed another decent profit (£21m, up from £15m), though the Motor business profit was nearly £190m higher than 2020 and was the driver of the year-on-year increase.

The main reason for the step-up v 2020 is very positive development of back year claims costs, leading to large releases of reserves and increased profit commission revenue. Both the 2020 and 2021 financial years also benefited from current period loss ratios that were notably lower than previous years, meaning profit for both financial years was clearly elevated compared to the recent past.

It is important to note that profit in the second half of 2021 was lower than the first half (~£290m v ~£480m) as both the prior year claims movements and Covid frequency benefits were much more pronounced in the first six months. With frequency heading closer to normal levels during H2 (apart from the very end of the year) and premium rates having been discounted beforehand, a lower level of profit was to be expected. We expect that Group profit in 2022 will be lower than 2021 and 2020.

You'll note a £56m restructure charge in the 2021 numbers which reflects the cost of exiting leases on a number of the Group's south Wales offices, impairment of some technology assets and costs relating to a voluntary redundancy programme carried out in late 2021. The move to smart working (reducing our office space need) and ongoing shift of technology to the cloud and other system upgrades (meaning some older systems required writing down) were the key reasons behind the charge. The total cost of the restructure is around £66m - £56m was recognised in 2021 with the balance to flow through in subsequent years. A large majority of the total is not an in-year cash outflow, and the restructure will result in cost savings in 2022 and beyond. The strong Group solvency position at the end of 2021 means we can 'look through' this charge when proposing the final dividend.

The next biggest change in segment results year-on-year was the loss from the International Insurance business following the profit in 2020. Whilst we budgeted a loss for 2021, the actual result was a little worse than plan. A number of things contributed to the outturn, not least quite a big unwind of the lower Covid-related frequency seen in the 2020 loss ratios and highly competitive conditions in most markets which led to reduced average premium per customer. Consistent with our objective to continue to scale, our business continued to grow quite nicely, adding over 200,000 customers and increasing turnover by 6%. We also continued to invest in the technology and capabilities that we believe set the businesses up well for the future.

Other points of note from the results include:

- The Admiral Loans result improved year-on-year, mainly due to a much lower credit loss charge resulting from reduced economic uncertainty. The business progressed very nicely and grew its balances to £607m from £402m. We're planning for further strong growth in 2022 and hoping for a further improvement in the bottom line
- Share scheme costs moved higher due to an unusually positive combination of increased share price, higher assumed share plan vesting due to strong financial performance and also higher staff bonuses resulting from higher shareholder dividends. To us this is a good illustration of the alignment between reward for our people and outcomes for shareholders. In the absence of a material increase in the share price during 2022, we don't expect as high a cost in 2022
- And finally other costs (which include the results from the Admiral Pioneer businesses plus central overheads and finance costs) were also higher, mainly driven by Admiral Pioneer, where as well as the results from the existing Veygo business we started to invest in new ventures in SME insurance in the UK and mobility insurance in France

Penguin Portals disposal

Moving away from the results, we completed the sale of Penguin Portal Comparison businesses (confused.com in the UK being the largest member) at the end of April 2021. Cash proceeds were approximately £470m, whilst the gain recorded in the Group income statement in 2021 was around £400m.

We have already started to return £400m of the proceeds to shareholders in the form of special dividends, split equally over the interim 2021, final 2021 and interim 2022 dividends. 46 pence per share of the total final 2021 dividend (of 118 pence per share) is in respect of the Penguin sale and the final 45 pence per share will follow in October 2022.

Very best wishes to our former colleagues and friends in their new home.

Co-insurance and reinsurance

We were pleased in the first half of 2021 to conclude important negotiations with our largest reinsurer, Munich Re, to extend our risk sharing partnership in the UK car insurance business covering 40% of the total premium. The co-insurance contract which expires at the close of the 2021 underwriting year has been in effect in some form for nearly two decades and we're delighted to be renewing the long-term arrangement.

Munich will underwrite 20% of the business via a new co-insurance contract due to expire at the end of 2029 and a further 10% via a new quota share reinsurance contract expiring at the end of 2026. The existing 10% quota share contract will also remain in effect until at least the end of 2023. The changes should result in higher profit commission income for Admiral from 2022 onwards, compared to the expiring arrangements.

Thank you

It's been said by my colleagues already in the report, but it can't be said enough – my most sincere thanks to everyone across Admiral Group for their huge efforts – always, but especially over the past couple of pandemic-impacted years. I'm very much looking forward to getting back to the office and meeting colleagues more regularly, asap!

Geraint Jones
Group Chief Financial Officer
2 March 2022

2021 Group Overview

£m	2021	2020	2019
Group Turnover (£bn) *1*2*3	**3.51**	**3.37**	**3.30**
Continuing operations			
Underwriting profit including investment income*2	347.0	333.1	238.0
Profit commission	304.5	134.0	114.9
Net other revenue and expenses *2	129.4	153.4	164.7
Operating profit, excluding restructure cost	**780.9**	**620.5**	**517.6**
Group profit before tax, excluding restructure cost	**769.0**	**608.2**	**505.1**
Group profit before tax, including restructure cost	**713.5**	**608.2**	**505.1**
Statutory Group profit before tax, including discontinued operations and gain on disposal	**1,129.2**	**637.6**	**522.6**
Analysis of profit from continuing operations:			
UK Insurance	894.0	698.3	597.9
International Insurance	(11.6)	8.8	(0.9)
Loans	(5.5)	(13.8)	(8.4)
Other	(107.9)	(85.1)	(83.5)
Group profit before tax, excluding restructure cost	**769.0**	**608.2**	**505.1**
Key metrics:			
Group loss ratio*2*4	58.5%	54.4%	64.9%
Group expense ratio*2*4	26.7%	26.8%	23.7%
Group combined ratio*2*4	85.2%	81.2%	88.6%
Customer numbers (million)	8.36	7.66	6.98
Earnings per share*3 continuing operations excluding restructure cost	212.2p	170.7p	143.7p
Earnings per share, continuing operations including restructure cost	196.7p	170.7p	143.7p
Dividends per share*5	187.0p	156.5p	140.0p
Special dividends from sale of Penguin Portals	92.0p	—	—
Return on Equity*2*3	56%	52%	52%
Solvency Ratio*2	195%	187%	190%

*1 *Group Turnover in 2020 includes the impact of the 'Stay at Home' premium refund issued to UK Motor insurance customers, of £97 million. Refer to note 14 to the financial statements for a reconciliation to the net insurance premium impact of £21 million.*

*[*2] Alternative Performance Measures – refer to the end of this report for definition and explanation*
*[*3]Group Turnover, Earnings per share, Return on equity presented on a continuing operations basis. 2021 Earnings per share and Return on equity exclude the impact of the UK Insurance restructure cost*
*[*4] See note 14 for a reconciliation of Turnover and reported loss and expense ratios to the financial statements. Ratios exclude the impact of the UK Insurance restructure cost*
*[*5] The 2019 dividend of 140.0 pence per share includes the deferred special element of the 2019 final dividend of 20.7 pence per share that was paid alongside the interim 2020 dividend.*

Key highlights of the Group's results for 2021 are as follows:

- All parts of the Group grew in 2021 with turnover up 4% and customer numbers up 9% year-on-year:
    - The UK Motor business reported strong growth in the first half of the year, though was broadly flat in the second half as the market became more competitive and Admiral increased prices, whilst the UK Household and International Insurance businesses both continued to grow customer numbers strongly (at +14% and +13% respectively)
    - Turnover outside the UK increased at a lower rate (+6%) than customer numbers due to the impact of very competitive markets on average premiums in those businesses
- Group profit before tax (continuing operations, before restructure cost) increased significantly to £769 million (+26%):
    - The main driver was a near £190 million increase the UK Motor Insurance result, mainly due to improved prior year claims releases and profit commission
    - The UK Household result (£21 million, +£6 million) benefited from growth in the business and higher profit commission, as well as reduced levels of extreme weather in 2021 than 2020
    - Outside the UK, the International Insurance business combined result was around £20 million worse than 2020 resulting from a higher combined ratio (mainly due to the unwind of the Covid claims frequency benefits seen in 2020 but also due to expenses related to growth)
    - Admiral Loans reported an improved result (2021: £6 million loss v 2020: £14 million loss) as the charge for expected credit losses reduced materially with the improved economic outlook; the business also grew its gross loans balances significantly (£607 million in 2021 from £402 million in 2020)
    - Other Group items increased to £108 million (2020: £85 million) driven by investment in potential new ventures, primarily within Admiral Pioneer, and an increase in share schemes costs related to a higher share price and higher share scheme bonuses linked to the strong dividend

Covid-19 impact

The Covid-19 ('Covid') pandemic continued to impact the 2021 results across the Group. In most markets, whilst road traffic levels started to return towards normal levels, this was slower than expected as lockdown restrictions persisted for longer, particularly in the first half of the year. This resulted in continued lower claims frequency relative to pre pandemic levels in most markets, although the US saw a more rapid increase in frequency which has now returned to pre-pandemic levels.

In light of an improved economic outlook, Admiral Loans grew more rapidly in 2021 and reported a lower charge for expected credit losses than in 2020. Provisions remain prudent, though reflect the reduced likelihood of a severe economic downturn. No significant increase in the level of defaults has been experienced to date.

Admiral remained committed to supporting its customers, people and local communities throughout the pandemic. Measures in 2021 have included continued assistance for customers needing support, continue to prioritise the safety and wellbeing of our people and numerous community initiatives to support charities in the areas in which the Group operates.

Earnings per share

Earnings per share from continuing operations and excluding the impact of the UK Insurance restructure cost, increased by 24% to 212.2 pence (2020: 170.7 pence), in line with the growth in pre-tax profit. Earnings per share including the impact of the restructure cost is 196.7 pence, up 15% on 2020.

Dividends

The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency capital requirements including appropriate headroom above the regulatory minimum in line with internal risk appetite.

The Board has proposed a final dividend of 72.0 pence per share (approximately £211 million), split as follows:

- 42.2 pence per share normal dividend, based on the dividend policy of distributing 65% of post-tax profits (continuing operations, including the impact of the restructure cost); plus
- A special dividend of 29.8 pence per share

This final dividend (excluding the further special dividend referred to below) reflects a pay-out ratio of 91% for H2 2021, based on earnings per share from continuing operations, excluding the impact of the restructure cost (113% including the impact of the restructure cost). It is 16% below the 2020 final dividend in line with the lower second half earnings.

The total dividend from continuing operations for the 2021 financial year is 187.0 pence per share (approximately £547 million), 19% higher than 2020 (156.5 pence per share) and is equal to 88% of earnings per share for the year (95% of earnings per share net of restructure cost).

The Group also confirmed with its half year results announcement in August 2021 that the net proceeds of £400 million from the disposal of the Penguin Portals Comparison businesses will be returned to shareholders in the form of special dividends phased equally over the interim 2021, final 2021 and interim 2022 dividends. The Board has consequently declared a further special dividend of 46.0 pence per share to reflect the second of these payments.

Including the dividend from the Penguin Portals disposal, this brings the total final 2021 dividend to 118.0 pence per share, split 42.2 pence per share normal element and 75.8 pence per share special element.

The total 2021 financial year dividend, including from the Penguin Portals disposal, is 279.0 pence per share, approximately £816.0 million.

The final dividend payment is due on 6 June 2022, ex-dividend date 5 May 2022 and record date 6 May 2022.

Return on equity
The Group's return on equity was 56% in 2021, increasing from 52% in 2020. The Group's share of total post-tax profits from continuing operations grew by 26%, with this growth higher than the 11% growth in the Group's share of average equity. The significant dividend payments in the year (2020 final and 2021 interim dividends) largely offset the strong 2021 profits and led to the lower growth in the Group's share of average equity.

The Group's results are presented in the following sections as:

- **UK Insurance – including UK Motor (Car and Van), Household, Travel**
- **International Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy), Elephant (US)**
- **Admiral Loans**
- **Other – including compare.com (US comparison) and Admiral Pioneer**
- **Discontinued operations – Penguin Portals Group and Preminen Price Comparison Holdings Limited Group (disposal of which completed in April 2021)**
- **Group Capital Structure and Financial Position**

UK Insurance Review

UK Insurance Review – Cristina Nestares, CEO UK Insurance
Without doubt, the last couple of years have been quite different to what we've been used to. But reflecting on them now, it feels (within Admiral at least) that the important things have stayed exactly the same. And it's the sameness in our core values and our approach to our people, customers and products that has contributed to yet another strong year, and which positions us well for any challenges of 2022. Focus on the right things, test and learn, make incremental improvements, care about people…all those little things add up and drive the right outcomes, as they always have done.

A consistent theme in Admiral's history has been the underwriting performance of the UK Car insurance business and knowing how to balance the desire to grow with the discipline and judgement to do so at the right time. The changing face of the pandemic has made it harder than ever to make the right call, where lockdowns and varying restrictions have impacted mobility and claims frequency to make pricing decisions more complex than usual. We took a more cautious approach than most in the second half of the year as the backdrop of increasing inflation and the anticipated rebound in claims frequency made growth a little less attractive, and therefore maintained a stable book size in the final six months of the year.

It's this sensible approach to underwriting, along with the effectiveness of our claims teams (whether working from home, in the office or in face-to-face meetings with claimants) that has continually led to strong current year results, and the consistent stream of back-year releases. In 2021, the result has of course benefitted from the exceptional tailwind of favourable frequency, particularly in the first half of the year, but at the same time demonstrated the exact same positive underlying themes as previous years.

Another constant, and a cornerstone of Admiral's values, is to focus *on the customer, the customer, the customer…* It's very pleasing therefore that we've expanded our tiered proposition, that was previously only available for Household insurance. We now provide four distinct options for motor customers, ranging from an Essentials tier aimed at price-sensitive customers to the Platinum proposition that provides increased customer benefits. Whilst continuing to improve our products and streamlining our sales process is important, what's even more satisfying is that our customer-centric approach throughout the lifecycle is valued. A key output of that is a customer satisfaction that places our retention rate significantly above market norms, including for customers that have made a claim in the year.

We continue to enhance our customer proposition, and the increasing investment in new products together with improvements in our IT platforms and pricing capability has resulted in an increase in costs in the year, which is more apparent given the reduction in average premiums since the start of the pandemic. However, we've also taken the opportunity to restructure some of our cost base by exiting some buildings and writing off some of our IT estate. We expect to continue to invest over the next several years to maintain strong foundations for our future, and to allow us to continue to provide a market-leading service to customers and market-leading results for our investors.

A key part of that future is our UK Household business, which will enter its tenth year in 2022. The business has grown by almost 14%, with UK Household customers reaching 1.3m by the end of the year. We achieved this whilst delivering an increased profit of £21.3 million (up 38% vs. 2020) which is a great result.

It would be remiss to mention the future without referencing the FCA pricing reforms that came into force on the 1st of January. There remains a good deal of uncertainty around the market's response to what is one of the biggest pricing changes in recent years, but we're confident that the foundation we've laid, and particularly our pricing excellence and customer focus, leaves us very well placed to meet the challenges and take advantage of the opportunities this brings.

Finally, I'll come back to another topic that we hope will never change. The way we work has altered dramatically since the start of the pandemic and will continue to evolve in 2022 as we continue to embrace smart working. However, Admiral's culture and the engagement of our team is central to our success and very close to our heart. We are therefore delighted to feature in the Best Companies to Work For awards for the 21st year in a row, making the top-5 for the 5th consecutive year. It was also very rewarding to appear 2nd in the list of Best Companies to Work for Women, another indication of Admiral's ongoing commitment to its culture.

UK Insurance financial performance

£m	**2021**	**2020*2**	**2019*2**
Turnover*1	**2,751.7**	**2,672.0**	**2,635.0**
Total premiums written	2,453.2	2,373.3	2,321.7
Net insurance premium revenue	612.6	539.7	533.2
Underwriting profit including investment income*1	**394.9**	**346.5**	**257.4**
Profit commission and other income	499.1	351.8	340.5
UK Insurance profit before tax, excluding restructure cost	**894.0**	**698.3**	**597.9**
Restructure cost	(54.0)	—	—
UK Insurance profit before tax, including restructure cost	**840.0**	**698.3**	**597.9**

**1 Alternative Performance Measures – refer to note 14 at the end of this report for definition and explanation*
**2 Re-presented to statutory profit before tax from group share of profit before tax*

Split of UK Insurance profit before tax

£m	2021	2020*1	2019*1
Motor	871.7	683.6	592.0
Household	21.3	15.4	7.5
Travel	1.0	(0.7)	(1.6)
UK Insurance profit before tax, excluding restructure cost	**894.0**	**698.3**	**597.9**

**1 Re-presented to statutory profit before tax from group share of profit before tax*

Key performance indicators

	2021	2020	2019
Vehicles insured at year end*1	4.97m	4.75m	4.37m
Households insured at year end*1	1.32m	1.16m	1.01m
Travel policies insured at year end*1	0.15m	0.07m	0.09m
Total UK Insurance customers*1	**6.44m**	**5.98m**	**5.47m**

**1Alternative Performance Measures – refer to the end of the report for definition and explanation.*

Key highlights for the UK insurance business for 2021 include:

- Overall growth in UK Insurance business customer numbers of 7% to 6.4 million. The Motor business grew 5% year-on-year – mainly in the first half of the year – as Admiral moved prices up ahead of the market in the second half in response to increasing claims frequency.
- The Household business reported strong growth in customers, reflecting competitive pricing and growth in Admiral's MultiCover offering
- A 27% increase in UK Motor profit to £871.7 million (2020: £683.6 million) driven by positive development of prior period claims resulting in significantly higher reserve releases and profit commission, especially in the first half of the year
- A strong increase in Household profit to £21.3 million (2020: £15.4 million profit) as a result of growth in the business, higher profit commission and more benign weather than in 2020

In addition, a review of the UK Insurance cost base was carried out in the second half of 2021. The outcome was a one-off restructure cost of £66.0 million, of which £55.5 million is reflected in the 2021 accounts (£54.0 million within UK Insurance and £1.5 million of share scheme expenses) and the remaining amount will flow through in future years. The cost is primarily related to the impairment of technology assets and the cost of exiting a number of buildings in South Wales as a result of the shift to hybrid working, as well as the cost of a voluntary redundancy programme offered to employees in late 2021.

The majority of the cost is not an in-year cash outflow and Admiral expects the impact of future benefits to be reflected in the combined ratio in the long term as a result of this restructure. The UK Insurance financial narrative below is focused on the results excluding the impact of this restructure cost.

The business continued to invest in technology and digital capabilities as part of the Admiral 2.0 strategy to strengthen core competencies and increase the speed of delivery on customer expectations. Investments included the implementation of a new claims management system and continued digital development and modern technology enhancements such as cloud technology and data analytics, and are expected to have positive combined ratio benefits in the long term.

UK Motor Insurance financial review

£m	2021	2020*5	2019*5
Turnover*1	**2,522.5**	**2,473.8**	**2,455.3**
Total premiums written*1	2,244.3	2,193.0	2,158.5
Net insurance premium revenue	496.5	451.4	452.6
Investment income*2	40.8	50.8	30.4
Net insurance claims	(86.1)	(97.1)	(164.7)
Net insurance expenses	(95.6)	(77.2)	(74.7)
Underwriting profit including investment income*3	**355.6**	**327.9**	**243.6**
Profit commission	290.6	124.7	112.2
Underwriting profit and profit commission	**646.2**	**452.6**	**355.8**
Net other revenue*4	225.5	231.0	236.2
UK Motor Insurance profit before tax	**871.7**	**683.6**	**592.0**
Restructure cost	(49.6)	—	—
UK Motor insurance profit including restructure cost	**822.1**	**683.6**	**592.0**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*

**2 Investment income includes £2.7 million of intra-group interest (2020: £2.9 million; 2019: £2.8 million)*

**3 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)*

**4 Net other revenue includes instalment income and contribution from underwritten ancillaries and is analysed later in the report.*

**5 Re-presented to statutory profit before tax from group share of profit before tax*

Key performance indicators

£m	2021	2020	2019
Reported Motor loss ratio*1,*2	53.0%	49.2%	60.7%
Reported Motor expense ratio*1,*3	19.7%	19.8%	19.1%
Reported Motor combined ratio	72.7%	69.0%	79.8%
Written basis Motor expense ratio	19.9%	18.8%	18.5%
Reported loss ratio before releases	78.8%	72.3%	87.6%
Claims reserve releases – original net share*1,*4	£128.1m	£104.3m	£121.7m
Claims reserve releases – commuted reinsurance*1,*5	£189.2m	£137.3m	£121.7m
Total claims reserve releases	£317.3m	£241.6m	£243.4m
Other Revenue per vehicle	£59	£61	£66
Vehicles insured at year end	4.97m	4.75m	4.37m

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*

**2 Motor loss ratio adjusted to exclude impact of reserve releases on commuted reinsurance contracts. Reconciliation in note 14b.*

**3 Motor expense ratio is calculated by including claims handling expenses that are reported within claims costs in the income statement. The impact of reinsurer caps is excluded. Reconciliation in note 14c.*

**4 Original net share shows reserve releases on the proportion of the portfolio that Admiral wrote on a net basis at the start of the underwriting year in question.*

**5 Commuted reinsurance shows releases, net of loss on commutation, on the proportion of the account that was originally ceded under quota share reinsurance contracts but has since been commuted and hence reported in underwriting profit rather than profit commission.*

UK Motor profit increased by 27% during 2021 to £871.7 million (2020: £683.6 million) with the reported combined ratio increasing to 72.7% (2020: 69.0%).

Market prices remained depressed throughout 2021. Admiral increased rates ahead of the market in the second half of the year to reflect claims frequency returning towards more normal pre-pandemic levels as well as increasing claims inflation. The customer base grew by 5% year-on-year to 4.97 million (2020: 4.75 million) as reduced new business growth was partly offset by strong retention. Turnover growth was more muted at 2% (£2.52 billion v £2.47 billion) as a result of lower average premiums in the Car insurance business in particular.

The results were impacted by a number of factors:

- Net insurance premium revenue increased by 10% to £496.5 million (2020: £451.4 million), with the 'Stay at Home' premium rebate reducing net insurance premium in 2020 by £21.3 million. Excluding this impact, net insurance premium increased by 5% reflecting the growth in both Car and Van books in 2021. The majority of this growth came in the first half of the year.

- Investment income was lower than 2020 at £40.8 million (2020: £50.8 million). The prior period benefitted by £12.9 million from additional investment income on cash held by Admiral relating to the portion of the portfolio reinsured under quota share contracts (income that was initially allocated as due to reinsurers in 2019, but subsequently released and recognised in the 2020 income statement).
- Excluding movements on reinsurer allocations and movements in provisions for asset impairments (£2.6 million charge in the year, reflecting the growing asset base), underlying investment income was broadly consistent with 2020.
- The 2021 reported loss ratio was higher than the 2020 reported loss ratio at 53% (2020: 49%), the result of a higher current financial period loss ratio, partially offset by more favourable prior period releases.

Reported Motor Loss Ratio			
	Reported loss ratio before releases	**Impact of claims reserve releases - original net share**	**Reported Loss Ratio**
2020	**72.3%**	**-23.1%**	**49.2%**
Change in current period loss ratio	+6.5%	—	+6.5%
Change in claims reserve releases – original net share	—	-2.7%	-2.7%
2021	**78.8%**	**-25.8%**	**53.0%**

- The current accident period loss ratio was just over 6 points worse than 2020 as a result of increased claims frequency as road usage continued to move closer to pre-pandemic levels, with the trend increasing throughout the year

- The higher current period loss ratio was partially offset by higher reserve releases on Admirals' original net share of the business, which improved the reported loss ratio by close to 26 percentage points in 2021, 3 percentage points higher than in 2020. This reflects the strong positive development of claims reserves, in particular during the first half of the year

- The margin held above ultimate outcomes in the financial statement reserves remains both significant and prudent. In relative terms, it is slightly lower than that held at the end of 2020, reflecting the assessment of a modest reduction in the level of uncertainty in the claims reserves than in recent periods
- Reserve releases from commuted reinsurance and profit commission were significantly higher in 2021 than in 2020, with a combined total of £479.8 million (2020: £262.0 million), as follows:

£m	Reserve releases – commuted reinsurance	Profit commission	Total
2020	**137.3**	**124.7**	**262.0**
Change in commuted releases	+51.9	—	+51.9
Change in profit commission	—	+165.9	+165.9
2021	**189.2**	**290.6**	**479.8**

- Releases on reserves originally reinsured but since commuted were higher at £189.2 million (v £137.3 million in 2020), with underwriting years 2017 – 2019 making a more significant contribution than equivalent years at the same stage of development in 2020. This is consistent with the more favourable releases on the original net share and reflects the larger than usual movements in loss ratios on those underwriting years in H1.
- Profit commission was significantly higher at £290.6 million (2020: £124.7 million). This increase is positively impacted by profit commission recognised on the 2020 underwriting year. 2020 is more profitable than previous underwriting years at the same stage of development as a result of the Covid-related claims frequency trends.
- The reported expense ratio was broadly consistent at 19.7% in 2021 (2020: 19.8%) with the written basis ratio showing a modest increase to 19.9% (2020: 18.8%) as a result of lower average premiums and continued investment in technology and other assets as noted above
- Other revenue (including ancillary products underwritten by Admiral) and instalment income decreased to £225.5 million (2020: £231.0 million) primarily resulting from lower contribution from optional ancillaries. Further detail is set out in the Other Revenue and Instalment Income section below.

Claims and reserves

As noted above, the Covid pandemic and relevant lockdowns led to fewer miles driven, resulting in significantly lower Motor claims frequency. The lockdown impact was less severe in 2021 compared to 2020 but remained below pre-Covid levels.

Claims inflation continued, in particular driven by higher accidental damage claims due to a substantial increase in second-hand car residual values which was in turn due to a shortage in the supply of new vehicles. Large bodily injury and small bodily injury claims experience remained benign, with frequency increasing in line with overall the trend of increased miles driven. As expected, the first projection of the 2021 accident period loss ratio is higher than 2020 at the same point as a result of these factors.

The Group continues to reserve conservatively, setting claims reserves in the financial statements well above actuarial best estimates to create a margin held to allow for unforeseen adverse development.

Other Revenue and Instalment Income

UK Motor Insurance Other Revenue – analysis of contribution:

£m	2021	2020*1	2019*1
Contribution from additional products & fees, including those underwritten by Admiral*2	200.8	203.4	217.6
Instalment income	100.2	100.9	83.9
Other revenue	**301.0**	**304.3**	**301.5**
Internal costs*3	(75.5)	(73.3)	(65.3)
Net other revenue	**225.5**	**231.0**	**236.2**
Other revenue per vehicle*4	**£59**	**£61**	**£66**
Other revenue per vehicle net of internal costs	**£47**	**£50**	**£56**

*1 Re-presented to statutory profit before tax from group share of profit before tax

*2 Additional products underwritten by Admiral Included in underwriting profit in income statement but re-allocated to Other Revenue for purpose of KPIs

*3 Internal costs reflect an allocation of insurance expenses incurred in generating other revenue

*4 Other revenue (before internal costs) divided by average active vehicles, rolling 12-month basis

Admiral generates other revenue from a portfolio of insurance products that complement the core car insurance product, and also fees generated over the life of the policy.

The most material contributors to net other revenue continue to be:

- Profit earned from Motor policy upgrade products underwritten by Admiral, including breakdown, car hire and personal injury covers
- Revenue from other insurance products, not underwritten by Admiral
- Fees such as administration and cancellation fees
- Interest charged to customers paying for cover in instalments

Overall contribution (other revenue net of costs plus instalment income) decreased to £225.5 million (2020: £231.0 million), reflecting lower revenue due to the impact of whiplash reforms on the Motor Legal Protection ancillary.

Other revenue per vehicle was lower at £59 (gross of costs; 2020: £61), as a result of the factors mentioned above. Net Other Revenue (after deducting costs) per vehicle was £47 (2020: £50).

UK Household Insurance financial performance

£m	2021	2020	2019
Turnover*1	**218.8**	**193.8**	**171.3**
Total premiums written*1	198.5	175.9	154.9
Net insurance premium revenue	49.1	43.2	37.2
Underwriting profit1*2	**3.9**	**2.5**	**0.7**
Profit commission and other income	**17.4**	**12.9**	**6.8**
UK Household insurance profit excluding restructure cost	**21.3**	**15.4**	**7.5**
Restructure cost	(4.4)	—	—
UK Household insurance profit including restructure cost	**16.9**	**15.4**	**7.5**

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation
*2 Underwriting profit/(loss) excluding contribution from underwritten ancillaries

Key performance indicators

	2021	2020	2019
Reported Household loss ratio*1	63.3%	64.8%	69.1%
Reported Household expense ratio*1	30.3%	29.4%	28.9%
Reported Household combined ratio*1	93.6%	94.2%	98.0%
Impact of extreme weather and subsidence*1	2.2%	5.3%	—
Households insured at year end*1	1.32m	1.16m	1.01m

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*

The number of households insured increased by 14% to 1.32 million (2020: 1.16 million). Turnover increased by 13% to £218.8 million (2020: £193.8 million). The Household business grew strongly in 2021 within a competitive market with premium pressure in the second half of the year ahead of the introduction of the FCA pricing reforms. The continued increase in MultiCover sales supported this growth, particularly as a result of strong retention.

The business continued to improve pricing capabilities in the year, improving loss ratio performance and expanding digital capabilities to support future growth. Over the year, the impact of weather was relatively benign with some impact from storm Arwen in the final quarter (2 point impact on the loss ratio vs much higher 5 point loss ratio weather impact in 2020). Claims trends associated with the impact of Covid remained largely unchanged, with favourable experience on escape of water and theft. The business continued to strengthen its claims capabilities, including the upgrade of its claims management system which offers improved digital servicing and advanced data capabilities. The reported loss ratio for the period improved to 63.3% and included 4 percentage points of favourable development on prior accident years.

A combined ratio of 93.6% (2020: 94.2%) resulted in a net underwriting profit of £3.9 million (2020: £2.5 million), which was supplemented by profit commission and other income of £17.4 million (2020: £12.9 million). This led to a 38% increase in profit to £21.3 million (2020: £15.4 million), before the impact of the restructure cost. After the restructure costs of £4.4 million are included, the profit for the year is £16.9 million, a 10% improvement on 2020.

The increase in profit commission and other income in the year is attributable to quota share reinsurance and has increased primarily due to favourable loss ratio performance in the recent underwriting years. Other income is broadly consistent year on year.

International Insurance
International Insurance – Costantino Moretti – CEO, International Insurance

In 2021 our international operations made strong progress in continuing to build sustainable, long term businesses in the context of sophisticated and complex markets. Despite a challenging year with negative average premium development putting pressure on margins in Europe, competition in the US increasing direct acquisition costs, and rising frequency trends in all markets, we are proud of the response of our businesses which exhibit an adaptability we are confident will propel them to further success.

Turning first to the US, Elephant made strong headway in its channel diversification efforts in response to high cost per sale in direct acquisition. The team's focus on the agency channel in particular, has paid dividends, and this channel now represents almost 20% of Elephant's new business sales, up from about 12% last year. This combined with other efforts on new business sales has enabled Elephant's vehicle base to increase by 10% whilst slightly improving the expense ratio. Though increasing claims inflation impacted loss ratios in the second half of the year, the Elephant team took action in line with the market to address this impact.

In Europe, our businesses performed well despite difficult market conditions. Each business continued to grow the customer base despite continued headwinds from the pandemic, stagnant aggregator volumes and strong competition. Distribution diversification has paid off in all three of our European businesses: for ConTe and Admiral Seguros brokers accounted for more new business sales than ever, and for L’olivier focus on direct channels has enabled very strong growth, with turnover up 26%.

Across the International Group our businesses made further investments into Admiral 2.0. While ConTe adopted Scaled Agile in 2020 and saw material benefit in 2021, Admiral Seguros and L’olivier laid the framework for this methodology in 2021 and are poised to implement it across all departments in 2022. Further digitisation of customer touchpoints across all four International Businesses generated record percentages of transactions completed online.

2021 was a successful-but-challenging year in which our International businesses continued to adapt to the unusual circumstances of the pandemic. We are proud of our performance and look forward to an even stronger 2022 as we work towards our strategy of building sustainable, scaled, and profitable businesses in the long term.

France – Pascal Gonzalvez – CEO, L’olivier

2021, bis repetita: a very strong performance despite market adversity.

L'olivier grew turnover by 26% in 2021, in the context of a challenging market where price comparison quotes decreased by 7%. We managed to double our customer base in less than 2.5 years, to end the year with over 360,000 customers.

Our growth was coupled with a high quality of service as we maintained an excellent Net Promoter Score and we won an important award for 'best customer service of the year' in the non-life insurance category.

To achieve this level of growth, L'olivier started to diversify its acquisition channels and products.

One such example is a new partnership with BlaBlacar, the leading online carpooling marketplace and app in France. In 2021 we launched a co-branded motor insurance product with an innovative telematics offering, for which we are seeing early signs of good growth.

Also, we accelerated our multi-product journey with further investment in our Household insurance book and the launch of electric scooter insurance.

In parallel, we continued to make progress on our mantra to reach our 2023 vision: #3D, Data & Digital to Double.

I strongly believe we are on the right path – with a strong team and clear strategy - to make it happen!

Italy – Antonio Bagetta – CEO, ConTe

Without a doubt 2021 will be remembered as a very tough and challenging year, yet one where the team continued to work together to build the business and serve our customers well.

Despite fierce competition in the market and significant price decreases during the pandemic, ConTe ended 2021 with a profit for the eighth year in a row and with a 10% increase in our active customer base.

These results have been possible thanks to optimising our distribution channel sales and a significant improvement in our customers' digital journey.

Our business size, cost-conscious culture, and tech and digital investments have driven our expense ratio improvement in a market where premiums are shrinking.

We always aim for sustainable growth. That's why we evolved our risk selection towards a stronger tech-data-driven approach, digitising underwriting and antifraud procedures, and whilst continuing to grow in our largest channel, price comparison, we also focused more on broker channel profitability than ever before.

ConTe continued to strengthen its brand in the Italian market with presence on TV and with a partnership with the national football team. These strategic marketing investments resulted in ConTe being one of the most recognised and appreciated brands among direct insurance companies.

Our people always come first. In 2021, we worked hard to improve our work-life balance in a post Covid world to retain, attract and develop the best talent. The new Smartworking4Future team, following close engagement with staff, launched our new Hybrid Model testing various new initiatives such as Short Friday (shorter work day!). The ConTe team remains highly engaged and motivated, continuing to prioritise our customers and build a stronger business into 2022.

Spain – Sarah Harris – CEO, Admiral Seguros

Admiral Seguros grew active policies in 2021 by 13% against the backdrop of a challenging market, and at the same time our people remained highly engaged and we were ranked #1 Best Workplace by the Great Place to Work Institute. This is a testament to the strong culture of teamwork across Admiral Seguros, especially evident during the uncertainties of Covid. In addition, we increased our digital capabilities, allowing an acceleration towards a truly omnichannel offering for our customers.

From a market perspective, car insurance shopping continued to be significantly below 2019 levels, particularly affecting the aggregator market. Claims driving frequency remained depressed in the first half of the year, picking up over the summer months closer to pre-Covid levels. Not so for prices, where aggressive repositioning by several players led to a soft market throughout 2021. In this context we maintained a disciplined approach to pricing. Policy growth was mostly driven by good renewal performance, together with continued expansion into the broker channel, where we continue to see opportunity. We made good progress against our digital objectives, seeing more than a 40% uplift in customer logins to our digital portal. The number of claims registered online doubled over the course of the year. We increased our investment in digital capabilities and started a transformation to agile working across the organisation, which we expect to bear fruit during 2022. Loss ratio remained under control across all channels, with positive development on back years.

And what of the future? In 2022 we will continue to adapt the way we work together, fully implementing a hybrid working model. We have ambitious plans to continue improving in digital and data capabilities, and to offer an even better service to our customers.

US – Alberto Schiavon – CEO, Elephant

2021 was a mixed year for Elephant – on the one hand, we returned to growth, entered new states (Ohio, Georgia), and improved our loss ratio compared to the market; yet at the same time we reported a higher loss as claims costs increased across the market. Our continued effort in improving Elephant's ease of doing business, superior technology stack, advanced risk selection, and competitive prices is showing some promising results, yet the market remains quite volatile and still challenging.

By year end, vehicles in force had grown by 10%, with stronger sales particularly in our Agency distribution channel. Elephant is continuing to learn how to deploy our competitive advantages in this new channel, while we benefit from the endorsement of bigger, more familiar brands that attract customers we haven't traditionally seen.

From a loss experience perspective, the beginning of the year continued to see frequency-related benefits from 2020. By H2, however, Elephant and industry peers saw these benefits disappear as driving levels returned to normal. The intensity and speed of this 'return-to-normality' was quite sudden, resulting in higher overall losses this year. In response, we increased rates in line with other carriers, in addition to a stronger internal focus on data analytics and technology, risk selection and anti-fraud. While Elephant closed the historical loss ratio gap with the rest of the market, we remain prudent on the 2022 outlook, especially in anticipation of inflationary trends.

I am incredibly proud and grateful to all our Elephant 'Herd' members for their hard work and dedication in 2021 and look forward to the many exciting projects planned for 2022.

International Insurance Review

International Insurance financial performance

£m	2021	2020	2019
Turnover*1	**690.3**	**648.8**	**623.6**
Total premiums written*1	623.8	584.0	562.6
Net insurance premium revenue	221.0	204.2	168.6
Investment income	0.5	—	1.5
Net insurance claims	(170.8)	(139.3)	(137.2)
Net insurance expenses	(91.7)	(78.8)	(53.0)
Underwriting result including investment income*1	**(41.0)**	**(13.9)**	**(20.1)**
Net other revenue	29.4	22.7	19.2
International Insurance result	**(11.6)**	**8.8**	**(0.9)**

Key performance indicators

Reported Loss ratio*2	73.7%	64.3%	76.8%
Expense ratio*2	44.8%	43.9%	37.6%
Combined ratio*3	118.5%	108.2%	114.4%
Combined ratio, net of Other Revenue*4	106.3%	97.9%	103.7%

Vehicles insured at period end	**1.81m**	**1.60m**	**1.42m**

*1 *Alternative Performance Measures – refer to the end of this report for definition and explanation.*

*2 *Loss ratios and expense ratios have been adjusted to remove the impact of reinsurer caps so the underlying performance of the business is transparent.*

*3 *Combined ratio is calculated on Admiral's net share of premiums and excludes other revenue. It excludes the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be 2021: 119%; 2020: 107%; 2019: 113%.*

*4 *Combined ratio, net of other revenue is calculated on Admiral's net share of premiums and includes Other Revenue. Including the impact of reinsurer caps the reported combined ratio, net of other revenue would be 2021: 107%; 2020: 96% 2019: 102%.*

International Motor Insurance - Geographical analysis

2021	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end (m)	0.37	0.85	0.36	0.23	1.81
Turnover*1 (£m)	88.5	212.7	175.7	213.4	690.3

2020	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end (m)	0.33	0.77	0.29	0.21	1.60
Turnover*1 (£m)	83.9	213.0	139.3	212.6	648.8

*1 *Alternative Performance Measures – refer to the end of this report for definition and explanation*

Split of International Insurance result

£m	**2021**	**2020**	**2019**
European Motor	4.8	15.3	9.0
US Motor	(13.0)	(4.8)	(9.6)
Other	(3.4)	(1.7)	(0.3)
International Insurance result	**(11.6)**	**8.8**	**(0.9)**

Admiral has several insurance businesses outside the UK: Spain (Admiral Seguros), Italy (ConTe), US (Elephant Auto) and France (L'olivier).

The key features of the International Insurance results are:

- Positive growth trajectory continued in 2021 within competitive markets, with customer numbers increasing by 13% to 1.81 million (2020: 1.60 million) and combined turnover rising by 6% to £690.3 million (2020: £648.8 million)
- An aggregate loss of £11.6 million (2020: £8.8 million profit), consisting of profit in the European Motor insurance businesses at £4.8 million (2020: £15.3 million) and a deterioration in Elephant Auto's result (increased loss from £4.8 million to £13.0 million year-on-year)

- A higher combined ratio (net of other revenue) of 106% (2020: 98%), primarily the result of a higher reported loss ratio across the European and US motor businesses, with the Covid-related frequency benefits experienced in 2020, almost fully unwinding by the end of 2021
- An increased investment of £3.4 million for new product development primarily related to the new French home insurance business
- Increase in the combined expense ratio to 44.8% (2020: 43.9%). In addition to investments in strengthening business fundamentals to further build scale towards long term sustainable businesses, the operations invested in some short-term growth opportunities. Continued premium pressure in both the Spanish and Italian markets also impacted the ratio.

European Motor Insurance

The European insurance operations in Spain, Italy and France insured 1.58 million vehicles at 31 December 2021 – 14% higher than a year earlier (31 December 2020: 1.39 million), whilst turnover was up 9% at £476.9 million (2020: £436.2 million). The aggregate motor insurance profit of £4.8 million was a result of continued profitability in Italy, which was offset by losses in France and Spain.

The European combined ratio net of other revenue (excluding the impact of reinsurer caps) increased to 99% from 89%, primarily the result of loss ratio trends noted above. During the year, all businesses maintained a focus on improving core fundamentals, whilst cautiously expanding into new distribution channels to enhance future growth prospects and exploring new diversification opportunities.

Admiral Seguros (Spain) grew customers by 13% to 368,900 (31 December 2020: 327,500). The growth was supported by good progress in the broker distribution channel and was achieved despite strong market competition and pressure on premiums.

ConTe (Italy) faced similar challenging markets conditions seen in Spain with some competitors aggressively discounting premium rates. Despite market conditions, ConTe still performed strongly, increasing vehicles insured by 10% to 853,300 (31 December 2020: 776,300).

L'olivier assurance (France) experienced near record growth in 2021. The customer base increased by 25% to 362,600 at year end (31 December 2020: 291,000). Investments to strengthen L'olivier's market presence drove strong direct channel growth.

US Motor Insurance

In the US, Admiral underwrites motor insurance in eight states (Virginia, Maryland, Illinois, Texas, Indiana, Tennessee, Ohio, Georgia) through its Elephant Auto business. Elephant insured 228,700 vehicles at the end of 2021, 10% higher than 2020, and also saw higher turnover of £213.4 million (2020: £212.6 million).

Elephant reported a higher loss for the period of £13.0 million (2020 loss of £4.8 million), impacted by challenging market conditions as the US saw a more rapid return to pre-Covid claims frequency levels than the European markets together with increasing claims inflation, particularly in the second half of the year. The market responded by increasing premiums, and Elephant responded similarly with base rate increases. Competition in the market remained strong, with large players increasing investment in advertising which led to higher acquisition costs. The business continued to focus on improving fundamentals such as risk selection and the digital customer offering, whilst improving persistency and more efficient acquisition.

Admiral Loans

Scott Cargill – CEO, Admiral Financial Services Limited

2021 has been a fantastic year for Admiral Loans - strong growth, customer payments performing better than expected and exciting improvements in our capabilities.

Admiral Loans is now a relevant participant in what is a large market in the UK and we've issued over 175,000 loans to date. Our loans book now stands at over £600 million, 50% growth year on year whilst retaining a focus on prime lending, proof that UK customers are ready for a guaranteed rate proposition, and they value the certainty and transparency it offers.

Progress in 2021 was particularly pleasing. The adoption of open banking drove up new business conversion. Distribution expansion allowed us to access more customers. Enhancing our self-service functionality allowed 75% of transactions to be processed digitally enabling future expense efficiency. A new cloud-based data platform allows us to remain focussed on analytics.

We also made pleasing progress on integrating more closely with the UK insurance business to offer loans to these customers. In addition, we were winners of the Moneyfacts Consumer Awards in both categories of best personal loans provider and best car finance provider.

Looking to 2022, we enter with strong momentum. Monthly revenue increased 50% through 2021 and we enter 2022 at an all-time record level. We expect to benefit from our strong position in a growing market as we see a continued shift to comparison and credit score marketplaces. I expect to see continued growth in our loan balances towards the £800-950 million range during 2022 assuming current economic conditions. Combined with a tightly controlled cost base, we should see improved economics in the coming years. I am optimistic for 2022 and am confident in the team's ability to execute on our business plan. Admiral built successful businesses by doing the common things uncommonly well and Admiral Loans enters 2022 in good shape to achieve the same in UK lending.

I'd like to finish by thanking our customers and all of my colleagues and wish everyone the best for 2022.

Loans Financial Review

£m	**2021**	**2020**	**2019**
Total interest income	36.6	36.8	30.8
Interest expense*1	(8.8)	(10.1)	(9.1)
Net interest income	**27.8**	**26.7**	**21.7**
Other fee income	1.1	2.1	1.9
Total income	**28.9**	**28.8**	**23.6**
Movement in expected credit loss provision and write-off of Loans	(10.7)	(25.8)	(14.3)
Expenses	(23.7)	(16.8)	(17.7)
Admiral Loans result	**(5.5)**	**(13.8)**	**(8.4)**

*1 *Includes £2.7 million intra-group interest expense (2020: £2.9 million; 2019: £2.8 million)*

Admiral Loans offers a range of unsecured personal loans and car finance products through comparison channels and also direct to consumers via the Admiral website.

Gross loan balances totalled £607.0 million (2020: £401.8 million), with a £50.2 million (2020: £42.0 million) provision, leading to a net loans balance of £556.8 million (2020: £359.8 million). Admiral Loans updated its expected credit loss models with the latest economic assumptions and management overlays to reflect the expectations of performance. This update reflects an improved economic outlook compared to the prior year, but still retaining caution with uncertainty remaining in the economy. This update led to an £8.2 million net additional impairment provision (2020: £18.0 million), with provision to loan balance coverage ratio falling to 8.2% (2020: 10.4%). The total expected credit loss charge including write-offs was £10.7 million (2020: £25.8 million). For further information, refer to note 7 in the financial statements.

Admiral Loans recorded a pre-tax loss of £5.5 million in 2021 (improved from £13.8 million in 2020). The improved loss predominantly reflects the reduction in credit loss charge recognised in the period as noted above.

Expenses have increased to £23.7 million (2020 £16.8 million) as investment was made ahead of scale, coupled with higher loan acquisition costs expensed as incurred on increased new loan origination.

Admiral Loans is currently funded through a combination of internal and external funding. The external funding is secured against certain loans via transfer of the rights to the cash-flows to two special purpose entities (“SPEs”), the second of which was incorporated in October 2021. The securitisation and subsequent issue of notes via SPEs does not result in a significant transfer of risk from the Group.

Other Group Items

Other Group items financial review

£m	2021	2020	2019
Share scheme charges, excluding restructure costs	(63.3)	(50.9)	(49.0)
Other central overheads	(19.8)	(22.9)	(20.0)
Finance charges	(11.4)	(12.1)	(11.3)
Admiral Pioneer	(10.2)	(0.8)	—
Other business development costs	(3.7)	(1.0)	(2.1)
Compare.com loss before tax	(3.5)	(2.3)	(7.2)
Other interest and investment return	4.0	4.9	6.1
Other Group items	**(107.9)**	**(85.1)**	**(83.5)**

Share scheme charges relate to the Group’s two employee share schemes (refer to note 9 to the financial statements). Charges increased by £12.4 million (excluding discontinued operations) in 2021, to £63.3 million. The increase in the charge is driven by a combination of the expected increase of the proportion of shares that will eventually vest following strong Group results, as well as a higher share price and higher bonuses linked to the Group’s dividend.

Finance charges of £11.4 million (2020: £12.1 million) primarily represent interest on the £200 million subordinated notes issued in July 2014.

Other central overheads totalled £19.8 million and include the cost of a number of major Group projects, such as preparation for the significant new insurance accounting standard, IFRS 17 and the development of the internal model. Excluding the £6 million cost of the Covid-19 relief fund in the prior year, the overheads are approximately £3 million higher as a result of these regulatory projects and other matters that are unlikely to be repeating.

As part of the investment in product diversification, Admiral launched the Admiral Pioneer business in 2020 to focus on new product diversification opportunities. This currently operates the Veygo short term car insurance business, as well as investment in new products such as tool insurance in the UK and small fleet insurance in France. The business made a loss of £10.2 million in 2021.

Compare.com reported a higher loss of £3.5 million as a result of increased investment in marketing and acquisition in a challenging market environment in the US.

Other interest and investment income decreased to £4.0 million in 2021 (2020: £4.9 million).

Discontinued Operations (Comparison)

£m	2021	2020	2019
Profit before tax in period	11.3	29.4	21.8
Gain on disposal	404.4	—	—
Total profit before tax from discontinued operations	**415.7**	**29.4**	**21.8**

On the 30 April 2021, the Group announced that, following regulatory and competition authority approvals, RVU had completed the purchase of the Penguin Portals Group and Admiral's 50% share of Preminen. MAPFRE also sold its 25% holding in Rastreator and 50% holding in Preminen to RVU. The total transaction value was settled in cash on completion.

The cash proceeds from the disposal amount to £471.8 million; with the gain on disposal being £404.4 million.

The Group has confirmed plans for the use of the net proceeds from the disposal and will return £400 million to shareholders in the form of special dividends phased equally over the interim 2021, final 2021 and interim 2022 dividends.

Group Capital Structure and Financial Position

The Group continues to manage its capital to ensure that all entities are able to continue as going concerns and that regulated entities comfortably meet regulatory capital requirements. Surplus capital within subsidiaries is paid up to the Group holding company in the form of dividends.

The Group's regulatory capital is based on the Solvency II Standard Formula, with a capital add-on to reflect recognised limitations in the Standard Formula with respect to Admiral's business (predominantly in respect of profit commission arrangements in co- and reinsurance agreements and risks arising from claims including Periodic Payment Order (PPO) claims).

The Group continues to develop its partial internal model to form the basis of future capital requirements. The expected timescale for formal application has been extended beyond 2021 as a result of a decision by the Admiral Group Board to review certain aspects of the model. In the interim period before submission, the current capital add-on basis will continue to be used to calculate the regulatory capital requirement.

The estimated and unaudited regulatory Solvency II position for the Group at the date of this report is as follows:

Group capital position (estimated and unaudited)

Group	**2021 £bn**	**2020 £bn**
Eligible Own Funds (post dividend)*1	1.36	1.47
Solvency II capital requirement*2	0.70	0.79
Surplus over regulatory capital requirement	**0.66**	**0.68**
Solvency ratio (post dividend)*3	**195%**	**187%**

*1 2021 Own Funds includes a deduction for the third tranche of Penguin Portals dividend which is expected to be paid alongside the 2022 interim dividend in October 2022

*2 Solvency capital requirement includes updated capital add-on which is subject to regulatory approval.

*3 Solvency ratio calculated on a volatility adjusted basis.

The Group's 2021 solvency ratio is strong at 195%. The solvency ratio has increased by eight percentage points from the end of 2020, with surplus capital remaining at a consistent level. Both Own Funds and the Solvency Capital Requirement have returned to a more typical level after increasing at the end of 2020 as a result of the strong underwriting profitability of the Covid-impacted periods.

The Solvency Capital Requirement includes an updated capital add-on which remains subject to regulatory approval. The solvency ratio based on the previously approved capital add-on, that is calculated at the balance sheet date rather than the date of this report, and will be submitted to the regulator within the Q4 Quantitative Reporting Template (QRT) is as follows:

Regulatory solvency ratio (estimated and unaudited)	**2021**	**2020**
Solvency ratio as reported above	195%	187%
Change in valuation date	(5%)	(5%)
Other (including impact of updated, unapproved capital add-on)	(9%)	24%
Solvency ratio (QRT basis)	**181%**	**206%**

The Group's capital includes £200 million ten year dated subordinated bonds. The rate of interest is fixed at 5.5% and the bonds mature in July 2024. The bonds qualify as tier two capital under the Solvency II regulatory regime.

Solvency ratio sensitivities (estimated and unaudited)

Estimated sensitivities to the current Group solvency ratio are presented in the table below. These sensitivities cover the two most material risk types, insurance risk and market risk, and within these risks cover the most significant elements of the risk profile. Aside from the catastrophe events, estimated sensitivities have not been calibrated to individual return periods.

	2021	**2020**
UK Motor – incurred loss ratio +5%	-9%	-10%
UK Motor – 1 in 200 catastrophe event	-1%	-1%
UK Household – 1 in 200 catastrophe event	-3%	-2%
Interest rate – yield curve down 50 bps	-3%	-4%
Credit spreads widen 100 bps	-9%	-6%
Currency – 25% movement in euro and US dollar	-3%	-3%
ASHE – long term inflation assumption up 0.5%	-5%	-3%
Loans – severe peak unemployment scenario	-1%	-1%

Taxation
The tax charge from continuing operations reported in the consolidated income statement is £130.2 million (2020: £106.2 million), equating to 18.2% of pre-tax profit (2020: 17.5%). The increase in the effective tax charge is the result of lower non-taxable investment income recognised in the year, and a higher level of unrecognised deferred tax.

Investments and cash

Investment strategy
Admiral Group's investment strategy remains the same - the focus is on capital preservation and low volatility of returns. Admiral has an asset liability matching strategy to control interest rate, inflation and currency risk, holds a prudent level of liquidity and has a high-quality credit profile. All objectives continue to be met. The Group's Investment Committee performs regular reviews of the strategy to ensure it remains appropriate.

In 2021, the strategy has continued to focus on delivering efficient and low volatility returns by widening the opportunity set of investments without material change in market risk capital allocated to investments. Additional inflation protection was bought towards the start of the year. It holds a range of government bonds, corporate bonds, alternative and private credit assets, alongside liquid holdings in cash and money markets.

Admiral has a responsible investment strategy to reduce Environmental, Social and Governance (ESG) related risks, whilst achieving sustainable long-term returns. Importantly, ESG criteria are considered within investment decision making and ensures all our asset managers are signatories of the UN Principles for Responsible Investment and have strong and credible practices. The average ESG score in the portfolio is 'A' from MSCI.

Admiral is a member of the Institutional Investors Group for Climate Change and has used the Net Zero Investment Framework to implement a Net Zero strategy. The weighted average carbon intensity of the corporate bonds is below benchmark and there's a target in place to reduce this by 50% by 2030. Admiral also ensures the asset managers have suitable engagement practices and are engaging with climate laggards.

Cash and investments analysis

£m	**2021**	**2020**	**2019**
Fixed income and debt securities	2,594.3	2,101.3	1,957.8
Money market funds and other fair value instruments	1,063.0	1,339.3	1,160.2
Cash deposits	85.3	65.4	116.5
Cash	372.7	351.7	281.7
Total*1	**4,115.3**	**3,857.7**	**3,516.2**

**1 Total Cash and Investments include £147.2 million (2020: £74.8 million; 2019: £58.9 million) of Level 3 investments. Refer to note 6e in the financial statements for further information*

Investment and interest income in 2021 (net of impairment charges) was £42.6 million, a decrease of £10.3 million on 2020 (£52.9 million). 2020 investment and interest income was impacted by adjustments related to investment income on cash held by Admiral relating to the portion of the motor insurance business reinsured under quota share contracts. £12.9 million of income earned in 2019 was recognised in the 2020 income statement as the projection of the result of the 2019 underwriting year improved to a profitable level.

The underlying rate of return for the year (excluding changes in investment income allocated to reinsurers) on the Group's cash and investments was 1.1% (2020: 1.3%).

The Group continues to generate significant amounts of cash and its capital-efficient business model enables the distribution of the majority of post-tax profits as dividends.

Cash flow

£m	2021	2020	2019
Operating cash flow, before movements in investments	637.8	959.8	518.1
Transfers to financial investments	(266.5)	(176.0)	(188.7)
Operating cash flow	371.3	783.8	329.4
Tax payments	(126.7)	(175.0)	(92.8)
Investing cash flows (capital expenditure)	(69.2)	(43.1)	(33.6)
Financing cash flows	(750.7)	(454.3)	(392.4)
Loans funding through special purpose entity	185.9	(46.2)	85.9
Net contributions from non-controlling interests	—	2.4	1.6
Foreign currency translation impact	(5.3)	2.4	6.8
Net proceeds from sale of Comparison entities	457.0	—	—
Cash included in the disposal of Comparison entities	(41.3)	—	—
Net cash movement	**21.0**	**70.0**	**(95.1)**
Movement in unrealised gains on investments	(47.3)	40.7	34.6
Movement in accrued interest	17.4	54.8	41.5
Net increase in cash and financial investments	**257.6**	**341.5**	**169.7**

The main items contributing to the operating cash inflow are as follows:

£m	2021	2020	2019
Profit after tax	**996.7**	**527.8**	**428.4**
Change in net insurance liabilities	40.8	94.8	50.4
Net change in trade receivables and liabilities	(65.3)	65.3	27.4
Change in loans and advances to customers	(205.2)	77.3	(168.7)
Non-cash income statement items	(261.7)	84.8	86.4
Taxation expense	132.5	109.8	94.2
Operating cash flow, before movements in investments	**637.8**	**959.8**	**518.1**

The net increase in cash and investments in the year is lower at £257.6 million (2020: £341.5 million). The main drivers include an increase in the funding requirements for the Admiral Loans business and financing cash flows which include the increased dividend.

Co-insurance and reinsurance

Admiral makes significant use of proportional risk sharing agreements, where insurers outside the Group underwrite a majority of the risk generated, either through co-insurance or quota share reinsurance contracts. These arrangements include profit commission terms which allow Admiral to retain a significant portion of the profit generated.

Although the primary focus and disclosure is in relation to the UK Motor insurance book, similar longer-term arrangements are in place in the Group's international insurance operations and the UK Household and Van businesses.

UK Motor Insurance

Munich Re and its subsidiary entity, Great Lakes, currently underwrites 40% of the UK Motor business. In 2021, 30% of this total is on a co-insurance basis, with the remaining 10% being under a quota share reinsurance agreement. Admiral has agreed terms for the extension of its contractual arrangements with Munich Re and its subsidiary Great Lakes from 2022. The current 10% quota share contract remains in place until at least 2023. For the remaining 30% share, 20% of this total will be on a co-insurance basis (via Great Lakes) and will extend to 2029. The remaining 10% will be on a quota share reinsurance basis and these arrangements extend to 2026. These changes should result in higher profit commission income for Admiral from 2022 onwards compared to the expiring arrangements.

The Group also has other quota share reinsurance arrangements confirmed to the end of at least 2023, covering 38% of the business written.

The nature of the co-insurance proportion underwritten by Munich Re (via Great Lakes) in the UK is such that 30% of all Motor premium and claims for the 2021 year accrue directly to Great Lakes and are not reflected in the Group's financial statements. Similarly, Great Lakes reimburses the Group for its proportional share of expenses incurred in acquiring and administering this business. Based on the above-mentioned change in contractual agreements, this will change to 20% from 2022.

The quota share reinsurance arrangements result in all Motor premiums and claims that are ceded to reinsurers being included in the Group's financial statements.

Admiral tends to commute its UK Car Insurance quota share reinsurance contracts 24-36 months after inception of an underwriting year, assuming there is sufficient confidence in the profitability of the business covered by the reinsurance contract.

After an underwriting year is commuted, movements in financial statement loss ratios result in reserve releases (or strengthening if the loss ratios were to increase) rather than reduced or increased profit commission.

During the first half of 2021, the majority of the 2019 quota share contracts were commuted. At 31 December 2021, quota share reinsurance contracts remained in place for a small portion of 2017, 2018 and 2019, and the full 2020 underwriting year. No further contracts were commuted in the second half of 2021 (as is usual).

Refer to note 5d(v) of the financial statements for further analysis of reserve releases on business originally reinsured but subsequently commuted.

UK Household Insurance
The Group's Household business is supported by long-term proportional reinsurance arrangements covering 70% of the risk. The initial contract terms for these arrangements are coming to an end and analysis is ongoing in relation to future quota share arrangements. In addition, the Group has non-proportional reinsurance to cover the risk of catastrophes stemming from weather events.

International Car Insurance
In 2021 Admiral retained 35% (Italy), 32.5% (France) and 30% (Spain) of the underwriting risk respectively (2020: 35%, 30% and 30% respectively). In the USA, 45% (2020: 50%) of the risk was retained within the Group.

Excess of loss reinsurance

The Group also purchases excess of loss reinsurance to provide protection against large claims and reviews this cover annually. The excess of loss cover remained similar to prior years with a marginal increase in rates in the context of a hardening market.

Profit commission

Admiral is potentially able to earn material amounts of profit commission revenue from co- and reinsurance partners, depending on the profitability of the insurance business underwritten by the partner. Revenue is recognised in the income statement in line with the financial statement loss ratios on Admiral's retained underwriting.

Note 5b to the financial statements analyses profit commission income by business, type of contract and by underwriting year.

Principal Risks and Uncertainties

The Group's 2021 Annual Report will contain an analysis of the Principal Risks and Uncertainties identified by the Group's Enterprise Risk Management Framework, along with the impacts of those risks and actions taken to mitigate them.

Disclaimer on forward-looking statements

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Consolidated Income Statement

For the year ended 31 December 2021

Continuing operations	Note	Year ended 31 December 2021 £m	31 December 2020 £m
Insurance premium revenue		**2,492.3**	2,265.3
Insurance premium ceded to reinsurers		**(1,637.3)**	(1,513.7)
Net insurance premium revenue	5	**855.0**	751.6
Other revenue	8	**314.8**	329.4
Profit commission	5	**304.5**	134.0
Interest income	7	**36.6**	36.8
Interest expense	7	**(6.1)**	(7.2)
Net interest income from loans		**30.5**	29.6
Investment return – interest income at effective interest rate	6	**40.6**	33.9
Investment return - other	6	**4.6**	26.8
Net revenue		**1,550.0**	1,305.3
Insurance claims and claims handling expenses	5	**(1,506.8)**	(1,318.6)
Insurance claims and claims handling expenses recoverable from reinsurers		**1,174.5**	1,025.4
Net insurance claims	5	**(332.3)**	(293.2)
Operating expenses and share scheme charges	9	**(970.1)**	(814.6)
Operating expenses and share scheme charges recoverable from co- and reinsurers	9	**491.1**	456.6
Expected credit losses	6,9	**(13.3)**	(33.6)
Net operating expenses and share scheme charges		**(492.3)**	(391.6)
Total expenses		**(824.6)**	(684.8)
Operating profit		**725.4**	620.5
Finance costs	6	**(13.7)**	(14.3)
Finance costs recoverable from co- and reinsurers	6	**1.8**	2.0
Net finance costs		**(11.9)**	(12.3)
Profit before tax from continuing operations		**713.5**	608.2
Taxation expense	10	**(130.2)**	(106.2)
Profit after tax from continuing operations		**583.3**	502.0
Profit before tax from discontinued operations		**11.3**	29.4
Gain on disposal		**404.4**	—
Taxation expense		**(2.3)**	(3.6)
Profit after tax from discontinued operations	13	**413.4**	25.8
Profit after tax from continuing and discontinued operations		**996.7**	527.8
Profit after tax attributable to:			
Equity holders of the parent		**997.9**	528.8
Non-controlling interests (NCI)		**(1.2)**	(1.0)
		996.7	527.8
Earnings per share – from continuing operations			
Basic	12	**196.7p**	170.7p
Diluted	12	**196.1p**	170.4p
Earnings per share - from continuing and discontinued operations			
Basic	12	**335.5p**	179.5p
Diluted	12	**334.5p**	179.2p

Dividends declared and paid (total)	12	**720.9**	425.7
Dividends declared and paid (per share)	12	**247.0p**	147.5p

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	Year ended **31 December 2021 £m**	 31 December 2020 £m
Profit for the period – from continuing and discontinued operations		**996.7**	527.8
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		**(50.1)**	40.6
Deferred tax charge in relation to movement in fair value reserve	10	**1.4**	(1.8)
Exchange differences on translation of foreign operations		**(10.4)**	3.5
Movement in hedging reserve		**6.6**	(2.4)
Other comprehensive income for the period, net of income tax		**(52.5)**	39.9
Total comprehensive income for the period		**944.2**	567.7
Total comprehensive income for the period attributable to:			
Equity holders of the parent		**945.7**	568.6
Non-controlling interests		**(1.5)**	(0.9)
		944.2	567.7

Consolidated statement of financial position

As at 31 December 2021

	Note	As at 31 December 2021 £m	31 December 2020 £m
ASSETS			
Property and equipment	11	**103.2**	140.4
Intangible assets	11	**179.9**	166.7
Deferred income tax	10	**9.3**	—
Corporation tax assets	10	**10.6**	22.9
Reinsurance assets	5	**2,176.1**	2,083.2
Loans and advances to customers	7	**556.8**	359.8
Insurance and other receivables	6	**1,208.5**	1,182.0
Financial investments	6	**3,742.6**	3,506.0
Cash and cash equivalents	6	**372.7**	298.2
Assets associated with disposal group held for sale	13	—	83.0
Total assets		**8,359.7**	7,842.2
EQUITY			
Share capital	12	**0.3**	0.3
Share premium account		**13.1**	13.1
Other reserves	12	**44.0**	94.9
Retained earnings		**1,348.8**	1,004.4
Total equity attributable to equity holders of the parent		**1,406.2**	1,112.7
Non-controlling interests		**2.3**	10.7
Total equity		**1,408.5**	1,123.4
LIABILITIES			
Insurance contract liabilities	5	**4,215.0**	4,081.3
Subordinated and other financial liabilities	6	**670.9**	488.6
Trade and other payables	6, 11	**1,960.0**	1,991.2
Lease liabilities	6	**105.3**	122.8
Deferred income tax	10	—	0.9
Liabilities associated with disposal group held for sale	13	—	34.0
Total liabilities		**6,951.2**	6,718.8
Total equity and total liabilities		**8,359.7**	7,842.2

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 2 March 2022 and were signed on its behalf by:

Geraint Jones

Chief Financial Officer

Admiral Group plc

Company Number: 03849958

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £m	Restated 31 December 2020 £m
Profit after tax – from continuing and discontinued operations		**996.7**	527.8
Adjustments for non-cash items:			
– Depreciation of property, plant and equipment and right-of-use assets	11	**23.6**	23.6
– Impairment of property, plant and equipment and right-of-use assets	11	**23.8**	3.1
– Amortisation and impairment of intangible assets	11	**44.7**	19.2
– Gain on disposal of Comparison entities held for sale	13	**(404.4)**	—
– Movement in expected credit loss provision	6	**13.3**	25.8
– Share scheme charges	9	**65.2**	54.0
– Accrued interest income from loans and advances to customers		**(0.8)**	0.2
– Interest expense on funding for loans and advances to customers		**6.1**	7.2
– Investment return	6	**(45.2)**	(60.7)
– Finance costs, including unwinding of discounts on lease liabilities		**12.0**	12.4
– Taxation expense	10	**132.5**	109.8
Change in gross insurance contract liabilities	5	**133.7**	106.3
Change in reinsurance assets	5	**(92.9)**	(11.5)
Change in insurance and other receivables	6, 11	**(9.2)**	25.1
Change in gross loans and advances to customers	7	**(205.2)**	77.3
Change in trade and other payables, including tax and social security	11	**(56.1)**	40.2
Cash flows from operating activities, before movements in investments		**637.8**	959.8
Purchases of financial instruments		**(3,710.2)**	(2,389.2)
Proceeds on disposal/ maturity of financial instruments		**3,397.1**	2,160.6
Interest and investment income received	6	**46.6**	52.6
Cash flows from operating activities, net of movements in investments		**371.3**	783.8
Taxation payments		**(126.7)**	(175.0)
Net cash flow from operating activities		**244.6**	608.8
Cash flows from investing activities:			
Purchases of property, equipment and software	11	**(69.2)**	(43.1)
Proceeds from sale of Comparison entities		**471.8**	—
Net costs paid on sale of Comparison entities		**(14.8)**	—
Net cash used in investing activities		**387.8**	(43.1)
Cash flows from financing activities:			
Non-controlling interest capital contribution		—	2.4
Proceeds on issue of/ (Repayment of) loan backed securities	6	**185.9**	(46.3)
Proceeds from other financial liabilities	6	—	0.1
Finance costs paid, including interest expense paid on funding for loans	6,7	**(20.2)**	(19.2)
Repayment of lease liabilities	6	**(9.6)**	(9.4)
Equity dividends paid	12	**(720.9)**	(425.7)
Net cash used in financing activities		**(564.8)**	(498.1)
Net increase in cash and cash equivalents		**67.6**	67.6
Cash and cash equivalents at 1 January		**351.7**	281.7
Cash and cash equivalents included in disposal of comparison entities		**(41.3)**	—
Effects of changes in foreign exchange rates		**(5.3)**	2.4
Cash and cash equivalents at end of period	6	**372.7**	351.7

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
		Attributable to the owners of the Company								
At 1 January 2020		0.3	13.1	46.6	(1.2)	9.7	840.9	**909.4**	9.2	**918.6**
Profit/(loss) for the period – from continuing and discontinued operations		—	—	—	—	—	528.8	**528.8**	(1.0)	**527.8**
Other comprehensive income										
Movements in fair value reserve		—	—	40.6	—	—	—	**40.6**	—	**40.6**
Deferred tax charge in relation to movement in fair value reserve	10	—	—	(1.8)	—	—	—	**(1.8)**	—	**(1.8)**
Movement in hedging reserve		—	—	—	(2.4)			**(2.4)**	—	**(2.4)**
Currency translation differences		—	—	—	—	3.4	—	**3.4**	0.1	**3.5**
Total comprehensive income for the period		—	—	38.8	(2.4)	3.4	528.8	**568.6**	(0.9)	**567.7**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(425.7)	**(425.7)**	—	**(425.7)**
Share scheme credit		—	—	—	—	—	53.8	**53.8**	—	**53.8**
Deferred tax credit on share scheme credit	10	—	—	—	—	—	6.6	**6.6**	—	**6.6**
Contributions by NCIs		—	—	—	—	—	—	—	2.2	**2.2**
Changes in ownership interests without a change in control		—	—	—	—	—	—	—	0.2	**0.2**
Total transactions with equity holders		—	—	—	—	—	(365.3)	**(365.3)**	2.4	**(362.9)**
As at 31 December 2020		**0.3**	**13.1**	**85.4**	**(3.6)**	**13.1**	**1,004.4**	**1,112.7**	**10.7**	**1,123.4**

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2021

		Attributable to the owners of the Company								
	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2021		**0.3**	**13.1**	**85.4**	**(3.6)**	**13.1**	**1,004.4**	**1,112.7**	**10.7**	**1,123.4**
Profit/(loss) for the period – from continuing and discontinued operations		—	—	—	—	—	997.9	**997.9**	(1.2)	**996.7**
Other comprehensive income										
Movements in fair value reserve		—	—	(50.1)	—	—	—	**(50.1)**	—	**(50.1)**
Deferred tax charge in relation to movement in fair value reserve	10	—	—	1.4	—	—	—	**1.4**	—	**1.4**
Movement in hedging reserve		—	—	—	6.6			**6.6**	—	**6.6**
Currency translation differences		—	—	—	—	(10.1)	—	**(10.1)**	(0.3)	**(10.4)**
Total comprehensive income for the period		—	—	(48.7)	6.6	(10.1)	997.9	**945.7**	(1.5)	**944.2**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(720.9)	**(720.9)**	—	**(720.9)**
Share scheme credit	9	—	—	—	—	—	63.1	**63.1**	—	**63.1**
Deferred tax credit on share scheme credit	10	—	—	—	—	—	6.0	**6.0**	—	**6.0**
Transfer to gain on disposal of assets held for sale		—	—	—	—	1.3	(2.0)	**(0.7)**	0.1	**(0.6)**
Change in ownership interests on sale of comparison		—	—	—	—	—	—	—	(6.7)	**(6.7)**
Change in ownership interests without a change in control		—	—	—	—	—	0.3	**0.3**	(0.3)	—
Total transactions with equity holders		—	—	—	—	1.3	(653.5)	**(652.2)**	(6.9)	**(659.1)**
As at 31 December 2021		**0.3**	**13.1**	**36.7**	**3.0**	**4.3**	**1,348.8**	**1,406.2**	**2.3**	**1,408.5**

Notes to the financial statements

For the year ended 31 December 2021

1. General information

Admiral Group plc is a public limited company incorporated in England and Wales. Its registered office is at Tŷ Admiral, David Street, Cardiff, CF10 2EH and its shares are listed on the London Stock Exchange.

The consolidated financial statements have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

2. Basis of preparation

The consolidated financial statements have been prepared on a Going Concern basis. In making this assessment, the Directors' have considered in detail the impact of the pandemic on the Group's financial position and performance, including the projection of the Group's profits, regulatory capital surpluses and sources of liquidity for the next 12 months and beyond.

The following areas were focused on as part of this review:

- The Group's profit projections, including:
    - The ongoing impact of the pandemic, including the return of claims frequency towards pre-pandemic levels across all of the Group's insurance businesses
    - Changes in premium rates and projected policy volumes across the Group's insurance businesses, including early indications of the impact of the FCA general insurance pricing reform which came into effect at the start of 2022
    - Potential impacts on the cost of settling claims across all insurance businesses, including the impact of inflationary pressures
    - Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
    - Projected contributions to profit from businesses other than the UK Car insurance business
    - Expected trends in unemployment in the context of credit risks and the growth of the Group's Loans business
- The sale of the Group price comparison businesses, Penguin Portals and Preminen along with the intention to return the remaining amount of net proceeds back to shareholders
- The Group's solvency position, which has been closely monitored through periods of market volatility, in particular, early in the pandemic. The Group continues to maintain a strong solvency position above target levels
- The adequacy of the Group's liquidity position after considering all of the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios

that assume severe adverse economic, credit and trading stresses

- The regulatory environment, in particular focusing on regulatory guidance issued by the FCA and the PRA in the UK and ongoing communications between management and regulators
- A review of the Company's principal risks and uncertainties and the assessment of emerging risks

Following consideration of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Restatement of prior year Consolidated cash flow statement

A prior period classification error within the Consolidated cash flow statement has been identified impacting the year ended 31 December 2020. In the prior period, amounts that should have been presented as interest and investment income received were incorrectly presented as proceeds on disposal/maturity of financial instruments. The prior periods have been restated, resulting in an increase of £42.5 million in interest and investment income received, and a corresponding decrease in proceeds on disposal/maturity of financial instruments. The error has had no impact on the Consolidated statement of financial position, Consolidated income statement or the Earnings per share calculations within.

Adoption of new and revised standards

The Group has adopted the following IFRSs and interpretations during the year, which have been issued and endorsed:

- Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021

The application of this amendment has not had a material impact on the Group's results, financial position and cash flows.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies as described in the notes to the financial statements, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Full details of critical accounting judgements and key sources of estimation uncertainty will be included in the Group's 2021 Annual Report. There have been no significant changes to these judgements or uncertainties during the year.

4. Group consolidation and operating segments

4a. Segment reporting

The Group has five reportable segments, as described below. These segments represent the principal split of business that is regularly reported to the Group's Board of Directors, which is considered to be the Group's chief operating decision maker in line with IFRS 8 Operating Segments.

UK Insurance

The segment consists of the underwriting of Motor, Household and Travel insurance and other products that supplement these insurance policies within the UK. It also includes the generation of revenue from additional products and fees from underwriting insurance in the UK. The Directors consider the results of these activities to be reportable as one segment as the activities carried out in generating the revenue are not independent of each other and are performed as one business. This mirrors the approach taken in management reporting.

International Insurance

The segment consists of the underwriting of car and home insurance and the generation of revenue from additional products and fees from underwriting car insurance outside of the UK. It specifically covers the Group operations Admiral Seguros in Spain, ConTe in Italy, L'olivier Assurance in France and Elephant Auto in the US. None of these operations are reportable on an individual basis, based on the threshold requirements in IFRS 8.

Admiral Loans

The segment relates to the Admiral Loans business launched in 2017, which provides unsecured personal loans and car finance products in the UK, primarily through the comparison channel.

Other

The 'Other' segment is designed to be comprised of all other operating segments that are not separately reported to the Group's Board of Directors and do not meet the threshold requirements for individual reporting. It includes compare.com (the US comparison business), and Admiral Pioneer.

Discontinued operations (Comparison)

As set out in note 13 to the financial statements, on 29 December 2020 the Group announced its planned sale of the majority of its comparison businesses. The sale was completed on 30 April 2021. The comparison operations are presented as discontinued operations in both 2021 and 2020. The results for 2021 are reflective of the profit on disposal and four months of trading prior to disposal.

The segment relates to the comparison businesses disposed of including: Confused.com in the UK, Rastreator in Spain, LeLynx in France, and the Preminen entities, which have a head office in Spain and operations in Mexico, and Penguin Portals, the intermediate holding company of Confused.com, LeLynx and Rastreator.

Taxes are not allocated across the segments and, as with the corporate activities, are included in the reconciliation to the consolidated income statement and consolidated statement of financial position.

An analysis of the Group's revenue and results for the year ended 31 December 2021, by reportable segment, is shown below. The accounting policies of the reportable segments are materially consistent with those presented in the notes to the financial statements for the Group.

	Year ended 31 December 2021							
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	Discontinued operations*5 £m	Eliminations*6 £m	Total (continuing) £m	Total £m
Turnover*1	2,751.7	690.3	37.6	27.9	67.2	(7.8)	3,507.3	3,566.9
Net insurance premium revenue	612.6	230.0	—	12.4	—	—	855.0	855.0
Other Revenue and profit commission	577.8	34.6	1.0	6.1	67.2	(7.8)	619.3	678.9
Net interest income	—	—	27.8	—	—	2.7	30.5	30.5
Investment return*2	40.8	0.5	—	—	—	(2.7)	38.6	38.6
Net revenue	1,231.2	265.1	28.8	18.5	67.2	(7.8)	1,543.4	1,603.0
Net insurance claims	(144.5)	(176.2)	—	(11.6)	—	—	(332.3)	(332.3)
Expenses	(246.7)	(100.5)	(34.3)	(20.6)	(55.5)	7.8	(401.9)	(449.8)
Gain on disposal	—	—	—	—	404.4	—	—	404.4
Segment profit/(loss) before tax	**840.0**	**(11.6)**	**(5.5)**	**(13.7)**	**416.1**	**—**	**809.2**	**1,225.3**
Other central revenue and expenses, including share scheme charges							(88.3)	(88.7)
Investment and interest income							4.0	4.0
Finance costs*3							(11.4)	(11.4)
Consolidated profit before tax *4							**713.5**	**1,129.2**
Taxation expense							(130.2)	(132.5)
Consolidated profit after tax							**583.3**	**996.7**
Other segment items:								
Intangible and tangible asset additions	94.8	47.6	0.6	1.2	—	—	144.2	144.2
Depreciation and amortisation	65.5	44.5	0.7	0.2	—	—	110.9	110.9

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 14 for further information.

*2 Investment return is reported net of impairment on financial assets, in line with management reporting.

*3 £0.6 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.

*4 Profit before tax above of £1,129.2 million is presented cumulative of profit before tax from continuing operations (£713.5 million) and discontinued operations (£415.7 million, including £0.4 million of central expenses).

*5 See note 13 for further detail on discontinued operations.

*6 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International Insurance entities and intra-group interest. Of the £7.8 million elimination of other revenue and profit commission, £7.6 million relates to discontinued operations, with the remaining £0.2 million relating to Compare.com

Revenue and results for the corresponding reportable segments for the year ended 31 December 2020 are shown below.

	Year ended 31 December 2020							
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	Discontinued operations*5 £m	Eliminations*6 £m	Total (continuing) £m	**Total £m**
Turnover*1	2,672.0	648.8	38.4	6.8	183.9	(22.2)	3,365.8	3,527.7
Net insurance premium revenue	539.8	211.8	—	—	—	—	751.6	751.6
Other Revenue and profit commission	427.9	27.4	1.6	6.7	183.9	(22.2)	463.4	625.3
Net interest income	—	—	26.7	—	—	2.9	29.6	29.6
Investment return*2	50.8	—	0.5	—	—	(3.3)	48.0	48.0
Net revenue	1,018.5	239.2	28.8	6.7	183.9	(22.6)	1,292.6	1,454.5
Net insurance claims	(150.2)	(143.0)	—	—	—	—	(293.2)	(293.2)
Expenses	(170.0)	(87.4)	(42.6)	(9.8)	(151.4)	22.2	(309.6)	(439.0)
Segment profit/(loss) before tax	698.3	8.8	(13.8)	(3.1)	32.5	(0.4)	689.8	722.3
Other central revenue and expenses, including share scheme charges							(74.8)	(77.9)
Investment and interest income							4.9	4.9
Finance costs*3							(11.7)	(11.7)
Consolidated profit before tax *4							608.2	637.6
Taxation expense							(106.2)	(109.8)
Consolidated profit after tax							502.0	527.8
Other segment items:								
Intangible and tangible asset additions	59.1	43.0	0.2	0.5	1.6	—	102.8	104.4
Depreciation and amortisation	57.2	41.5	0.9	0.4	1.8	—	100.0	101.8

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 14 for further information.

*2 Investment return is reported net of impairment on financial assets, in line with management reporting.

*3 £0.7 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.

*4 Profit before tax above of £637.6 million is presented cumulative of profit before tax from continuing operations (£608.2 million) and discontinued operations (£29.4 million, including £3.1 million of central expenses).

*5 See note 13 for further detail on discontinued operations.

*6 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International Insurance entities. Of the £22.2 million elimination of other revenue and profit commission, £22.0 million relates to discontinued operations, with the remaining £0.2 million relating to Compare.com.

Segment revenues

The UK and International Insurance reportable segments derive all insurance premium income from external policyholders. Revenue within these segments is not derived from an individual policyholder that represents 10% or more of the Group's total revenue.

The total of Discontinued operations (Comparison) revenues from transactions with other reportable segments is £7.6 million (2020: £22.0 million) which has been eliminated on consolidation, along with £0.2 million (2020: £0.2 million) of revenues from compare.com that are also eliminated on consolidation.

Revenues from external customers for products and services are consistent with the split of reportable segment revenues.

Information about geographical locations

All material revenues from external customers, and net assets attributed to a foreign country, are shown within the International Insurance reportable segment shown on the previous pages.

Segment assets and liabilities

The identifiable segment assets and liabilities at 31 December 2021 are as follows:

							As at 31 December 2021
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	Discontinued operations £m	Eliminations £m	Total £m
Reportable segment assets	6,428.8	1,059.0	762.2	150.8	—	(635.0)	7,765.8
Reportable segment liabilities	5,342.8	934.8	629.4	429.3	—	(589.5)	6,746.8
Reportable segment net assets	1,086.0	124.2	132.8	(278.5)	—	(45.5)	1,019.0
Unallocated assets and liabilities							389.5
Consolidated net assets							1,408.5

Unallocated assets and liabilities consist of other central assets and liabilities, plus deferred and current corporation tax balances. These assets and liabilities are not regularly reviewed by the Board of Directors in the reportable segment format.

Eliminations represent inter-segment funding, balances included in insurance and other receivables and deemed loan receivables in respect of securitised loan receivables.

The segment assets and liabilities at 31 December 2020 are as follows:

							As at 31 December 2020
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	Discontinued operations £m	Eliminations £m	Total £m
Reportable segment assets	6,446.7	1,006.0	427.3	226.1	112.6	(702.9)	7,515.8
Reportable segment liabilities	5,359.5	858.4	426.5	461.4	57.0	(654.2)	6,508.6
Reportable segment net assets	1,087.2	147.6	0.8	(235.3)	55.6	(48.7)	1,007.2
Unallocated assets and liabilities							116.2
Consolidated net assets							1,123.4

5. Premium, claims and profit commissions

5a. Net insurance premium revenue

	31 December 2021 £m	31 December 2020*1 £m
Total insurance premiums written including co-insurers' share*2	**3,098.7**	2,957.2
Group gross premiums written excluding co-insurance	**2,513.6**	2,344.0
Outwards reinsurance premiums	**(1,643.0)**	(1,555.9)
Net insurance premiums written	**870.6**	788.1
Change in gross unearned premium provision	**(21.3)**	(78.7)
Change in reinsurers' share of unearned premium provision	**5.7**	42.2
Net insurance premium revenue	**855.0**	751.6

*1 See note 14d for the impact of the "stay at home" premium refund issued to UK motor insurance customers on premiums written and net insurance premium revenue.

*2 Alternative Performance Measures – refer to the end of the report for definition and explanation, and to note 14a for reconciliation to group gross premiums written.

The Group's share of its insurance business was underwritten by Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, Admiral Europe Compania Seguros ('AECS') and Elephant Insurance Company. The vast majority of contracts are short term in duration, lasting for 10 or 12 months.

5b. Profit commission

	31 December 2021 £m	31 December 2020 £m
Underwriting year (UK Motor only)		
2016 and prior	**65.7**	63.3
2017	**28.7**	23.3
2018	**18.6**	5.5
2019	**27.6**	20.9
2020	**150.0**	11.7
2021	—	—
Total UK Motor profit commission*1	**290.6**	124.7
Total UK Household and International profit commission*1	**13.9**	9.3
Total profit commission	**304.5**	134.0

*1 From the total UK motor profit commission of £290.6 million (2020: £124.7 million), £162.9 million (2020: £102.3 million) relates to co-insurance arrangements and £127.7 million (2020: £22.4 million) to reinsurance arrangements. The UK Household and International profit commission relates solely to reinsurance arrangements.

Sensitivities of the recognition of profit commission to movements in the booked loss ratio are shown in note 5c(i).

5c. Reinsurance assets and insurance contract liabilities

(i) Sensitivity of recognised amounts to changes in assumptions

Underwriting year loss ratios – UK Car Insurance

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2021 that would result from a 1%, 3% and 5% increase and decrease in the UK Car Insurance loss ratios used for each underwriting year for which material amounts remain outstanding. This includes the impact on profit commission of the respective changes in booked loss ratios, which are also shown separately below.

Total impact on Income Statement (including profit commission)	Underwriting year			
	2018	2019	2020	2021
Booked loss ratio	73%	72%	66%	90%
Impact of 1% deterioration in booked loss ratio (£m)	(15.8)	(15.2)	(16.6)	(1.9)
Impact of 3% deterioration in booked loss ratio (£m)	(47.3)	(45.4)	(49.7)	(5.7)
Impact of 5% deterioration in booked loss ratio (£m)	(76.9)	(70.7)	(82.0)	(9.6)
Impact of 1% improvement in booked loss ratio (£m)	15.8	15.2	16.6	1.9
Impact of 3% improvement in booked loss ratio (£m)	47.8	46.0	49.7	5.7
Impact of 5% improvement in booked loss ratio (£m)	80.4	77.4	82.8	9.6

As above, the impact is stated net of reinsurance and includes the change in net insurance claims along with the associated profit commission movements that result from changes in loss ratios. The figures are stated net of tax at the current rate.

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2021 that would result from a 1%, 3% and 5% increase and decrease in the UK Car Insurance loss ratios used for each underwriting year for which material amounts remain outstanding, on profit commission only.

Impact on profit commission only	Underwriting year			
	2018	2019	2020	2021
Booked loss ratio	73%	72%	66%	90%
Impact of 1% deterioration in booked loss ratio (£m)	(4.0)	(5.9)	(12.8)	-
Impact of 3% deterioration in booked loss ratio (£m)	(12.1)	(17.3)	(38.3)	-
Impact of 5% deterioration in booked loss ratio (£m)	(18.2)	(23.7)	(62.9)	-
Impact of 1% improvement in booked loss ratio (£m)	4.0	5.9	12.8	-
Impact of 3% improvement in booked loss ratio (£m)	12.6	17.9	38.3	-
Impact of 5% improvement in booked loss ratio (£m)	21.6	30.5	63.8	-

Sensitivities to key assumptions in the best estimate reserves have not been presented, given the significant and prudent margin held above best estimate reserves and the co- and reinsurance arrangements that are also considered when determining the net impact on the income statement. The underwriting year sensitivities presented above are considered to provide relevant and transparent information on the changes to key inputs to the financial statements.

(ii) Analysis of recognised amounts

	31 December 2021 £m	31 December 2020 £m
Gross		
Claims outstanding*1	**3,045.0**	2,919.9
Unearned premium provision	**1,170.0**	1,161.4
Total gross insurance liabilities	**4,215.0**	4,081.3
Recoverable from reinsurers		
Claims outstanding	**1,415.7**	1,319.3
Unearned premium provision	**760.4**	763.9
Total reinsurers' share of insurance liabilities	**2,176.1**	2,083.2
Net		
Claims outstanding*2	**1,629.3**	1,600.6
Unearned premium provision	**409.6**	397.5
Total insurance liabilities – net	**2,038.9**	1,998.1

*1 Gross claims outstanding at 31 December 2021 is presented before the deduction of salvage and subrogation recoveries totalling £87.6 million (2020: £70.5 million).

*2 Admiral typically commutes quota share reinsurance contracts in its UK Car Insurance business 24-36 months following the start of the underwriting year. After commutation, claims outstanding from these contracts are included in Admiral's net claims outstanding balance. Refer to note (v) below.

(iii) Analysis of claims incurred

The following tables illustrate the development of gross and net UK Insurance and International Insurance claims incurred for the past ten financial periods, including the impact of re-estimation of claims provisions at the end of each financial year. The first table shows actual gross claims incurred and the second shows actual net claims incurred. Figures are presented on an underwriting year basis.

	Financial year ended 31 December										
Analysis of claims incurred (gross amounts)	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	**Total £m**
Underwriting year (UK insurance)											
2012 and prior	(789.2)	(249.6)	129.2	127.7	11.8	91.1	57.7	25.5	14.6	**9.7**	
2013	—	(431.1)	(325.5)	53.6	44.4	34.2	35.2	8.2	15.4	**22.0**	**(543.6)**
2014	—	—	(438.2)	(347.1)	25.6	17.1	52.0	15.7	22.5	**19.0**	**(633.4)**
2015	—	—	—	(428.4)	(411.2)	21.7	53.3	58.0	34.0	**25.8**	**(646.8)**
2016	—	—	—	—	(529.4)	(463.7)	82.1	54.8	46.1	**50.3**	**(759.8)**
2017	—	—	—	—	—	(691.8)	(615.0)	123.1	79.5	**82.5**	**(1,021.7)**
2018	—	—	—	—	—	—	(818.8)	(546.9)	52.8	**80.3**	**(1,232.6)**
2019	—	—	—	—	—	—	—	(812.4)	(476.2)	**89.8**	**(1,198.8)**
2020	—	—	—	—	—	—	—	—	(697.4)	**(519.5)**	**(1,216.9)**
2021	—	—	—	—	—	—	—	—	—	**(881.7)**	**(881.7)**
UK Insurance gross claims incurred	(789.2)	(680.7)	(634.5)	(594.2)	(858.8)	(991.4)	(1,153.5)	(1,074.0)	(908.7)	**(1,021.8)**	
Underwriting year (International Insurance)[*1]											
2012 and prior	(112.2)	(52.6)	11.5	7.0	10.6	4.4	4.8	3.1	(0.4)	—	
2013	—	(68.2)	(57.8)	4.2	7.7	3.3	5.8	1.3	0.2	**0.8**	**(102.7)**
2014	—	—	(85.2)	(65.5)	4.4	5.8	5.5	2.0	(0.4)	**0.5**	**(132.9)**
2015	—	—	—	(92.6)	(101.6)	7.7	3.1	0.1	(0.1)	**0.1**	**(183.3)**
2016	—	—	—	—	(138.9)	(125.3)	11.7	6.9	3.6	**1.4**	**(240.6)**
2017	—	—	—	—	—	(174.1)	(147.3)	16.5	8.6	**5.0**	**(291.3)**
2018	—	—	—	—	—	—	(204.9)	(165.7)	20.1	**6.2**	**(344.3)**
2019	—	—	—	—	—	—	—	(293.8)	(141.2)	**13.3**	**(421.7)**
2020	—	—	—	—	—	—	—	—	(233.6)	**(160.6)**	**(394.2)**
2021	—	—	—	—	—	—	—	—	—	**(285.7)**	**(285.7)**
International Insurance gross claims incurred	(112.2)	(120.8)	(131.5)	(146.9)	(217.8)	(278.2)	(321.3)	(429.6)	(343.2)	**(419.0)**	
Other gross claims incurred	(1.7)	(2.2)	(7.1)	(5.4)	(0.1)	(3.6)	(1.1)	—	—	—	
Claims handling costs	(26.0)	(22.9)	(21.4)	(22.6)	(27.1)	(35.5)	(37.9)	(64.5)	(66.7)	(66.0)	
Total gross claims incurred	(929.1)	(826.6)	(794.5)	(769.1)	(1,103.8)	(1,308.7)	(1,513.8)	(1,568.1)	(1,318.6)	**(1,506.8)**	

Analysis of claims incurred (net amounts)	Financial year ended 31 December 2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	Total £m
Underwriting year (UK Insurance)											
2012 and prior	(344.3)	(57.9)	129.2	126.8	41.8	96.7	50.5	22.1	11.6	**10.1**	
2013	—	(184.4)	(135.0)	38.4	49.3	36.4	34.7	4.4	13.7	**19.3**	**(123.2)**
2014	—	—	(187.0)	(144.1)	(16.4)	25.3	38.4	17.2	18.6	**13.6**	**(234.4)**
2015	—	—	—	(182.1)	(162.0)	(2.6)	42.6	48.2	26.1	**27.8**	**(202.0)**
2016	—	—	—	—	(219.4)	(180.7)	48.1	50.7	46.6	**41.8**	**(212.9)**
2017	—	—	—	—	—	(214.3)	(182.9)	77.8	67.1	**72.6**	**(179.7)**
2018	—	—	—	—	—	—	(261.0)	(165.2)	40.6	**62.3**	**(323.3)**
2019	—	—	—	—	—	—	—	(258.1)	(142.5)	**56.9**	**(343.7)**
2020	—	—	—	—	—	—	—	—	(218.5)	**(169.1)**	**(387.6)**
2021	—	—	—	—	—	—	—	—	—	**(321.2)**	**(321.2)**
UK Insurance net claims incurred	(344.3)	(242.3)	(192.8)	(161.0)	(306.7)	(239.2)	(229.6)	(202.9)	(136.7)	**(185.9)**	
Underwriting year (International Insurance)											
2012 and prior	(48.6)	(22.5)	4.6	3.4	4.4	2.2	2.3	1.4	(0.1)	—	
2013	—	(26.6)	(23.5)	1.7	4.8	0.9	3.0	0.7	0.1	**0.3**	**(38.6)**
2014	—	—	(31.6)	(23.3)	1.8	1.8	2.2	0.8	(0.1)	**0.2**	**(48.2)**
2015	—	—	—	(33.4)	(39.6)	5.1	1.3	1.3	—	**0.1**	**(65.2)**
2016	—	—	—	—	(47.9)	(43.5)	6.3	2.4	1.5	**0.6**	**(80.6)**
2017	—	—	—	—	—	(60.7)	(51.5)	5.5	3.2	**2.3**	**(101.2)**
2018	—	—	—	—	—	—	(71.2)	(58.4)	7.8	**2.7**	**(119.1)**
2019	—	—	—	—	—	—	—	(89.6)	(50.1)	**4.9**	**(134.8)**
2020	—	—	—	—	—	—	—	—	(95.4)	**(52.7)**	**(148.1)**
2021	—	—	—	—	—	—	—	—	—	**(81.9)**	**(81.9)**
International Insurance net claims incurred	(48.6)	(49.1)	(50.5)	(51.6)	(76.5)	(94.2)	(107.6)	(135.9)	(133.1)	**(123.5)**	
Other net claims incurred	(0.8)	(2.1)	(6.9)	(5.4)	(0.2)	(2.6)	(1.1)	—	—	—	
Claims handling costs	(10.8)	(9.5)	(8.9)	(9.4)	(11.2)	(11.1)	(11.8)	(20.5)	(23.4)	(22.9)	
Total net claims incurred	**(404.5)**	**(303.0)**	**(259.1)**	**(227.4)**	**(394.6)**	**(347.1)**	**(350.1)**	**(359.3)**	**(293.2)**	**(332.3)**	

The table below shows the development of UK Car Insurance loss ratios for the past six financial periods, presented on an underwriting year basis.

UK Car Insurance loss ratio development	2016	Financial year ended 31 December 2017	2018	2019	2020	**2021**
Underwriting year (UK Car only)						
2016	88%	84%	77%	73%	68%	64%
2017	—	87%	83%	75%	70%	65%
2018	—	—	92%	81%	78%	73%
2019	—	—	—	92%	76%	72%
2020	—	—	—	—	72%	66%
2021	—	—	—	—	—	90%

(iv) Analysis of claims reserve releases

The following table analyses the impact of movements in prior year claims provisions on a gross and net basis. Figures are presented on an underwriting year basis.

	Financial year ended 31 December					
Gross	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	**2021 £m**
Underwriting year (UK Motor insurance)						
2016 and prior	135.7	214.0	245.1	141.8	116.2	**112.5**
2017	—	—	25.4	110.6	69.8	**75.0**
2018	—	—	—	83.2	57.3	**64.1**
2019	—	—	—	—	54.8	**76.2**
2020	—	—	—	—	—	**52.9**
Total gross release (UK Motor Insurance)	135.7	214.0	270.5	335.6	298.1	**380.7**
Total gross release (UK Household Insurance)	—	1.6	4.6	8.3	9.2	**6.0**
Total gross release (UK Travel Insurance)	—	—	—	—	—	**2.2**
Total gross release (International Insurance)	21.0	23.2	35.2	39.1	53.2	**52.0**
Total gross release	156.7	238.8	310.3	383.0	360.5	**440.9**

	Financial year ended 31 December					
Net	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	**2021 £m**
Underwriting year (UK Motor Insurance)						
2016 and prior	75.4	165.9	213.0	141.8	116.2	**112.5**
2017	—	—	8.0	75.8	67.7	**72.4**
2018	—	—	—	25.8	40.7	**61.9**
2019	—	—	—	—	17.0	**54.6**
2020	—	—	—	—	—	**15.9**
Total net release (UK Motor Insurance)	75.4	165.9	221.0	243.4	241.6	**317.3**
Total net release (UK Household Insurance)	—	0.5	1.4	2.5	2.8	**2.5**
Total net release (UK Travel Insurance)	—	—	—	—	—	**2.2**
Total net release (International Insurance)	9.9	9.5	13.5	14.4	18.6	**16.4**
Total net release	85.3	175.9	235.9	260.3	263.0	**338.4**
Analysis of net releases on UK Motor Insurance:						
– Net releases on Admiral net share (UK motor)	58.3	92.1	111.4	121.7	104.3	**128.1**
– Releases on commuted quota share reinsurance contracts (UK motor)	17.1	73.8	109.6	121.7	137.3	**189.2**
Total net release as above	75.4	165.9	221.0	243.4	241.6	**317.3**

Admiral typically commutes quota share reinsurance contracts in its UK Car Insurance business 24 or 36 months following the start of the underwriting year. After commutation, any changes in claims costs on the commuted proportion of the business are reflected within claims costs and are separately analysed here. Releases on the share of business originally reinsured but since commuted are analysed by underwriting year as follows:

	Financial year ended 31 December					
	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Underwriting year						
2016 and prior	17.1	73.8	109.6	80.2	67.9	66.3
2017	—	—	—	41.5	46.0	50.1
2018	—	—	—	—	23.4	43.5
2019	—	—	—	—	—	29.3
Total releases on commuted quota share reinsurance contracts (UK motor)	17.1	73.8	109.6	121.7	137.3	189.2

Profit commission is analysed in note 5c.

(v) Reconciliation of movement in claims provision

	31 December 2021		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	2,919.9	(1,319.3)	1,600.6
Claims incurred (excluding claims handling costs and releases)	1,881.8	(1,234.0)	647.8
Reserve releases	(440.9)	102.5	(338.4)
Movement in claims provision due to commutation	—	318.4	318.4
Claims paid and other movements	(1,315.8)	716.7	(599.1)
Claims provision at end of period	**3,045.0**	**(1,415.7)**	**1,629.3**

	31 December 2020		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	2,899.4	(1,354.2)	1,545.2
Claims incurred (excluding claims handling costs and releases)	1,612.4	(1,079.6)	532.8
Reserve releases	(360.5)	97.5	(263.0)
Movement in claims provision due to commutation	—	352.7	352.7
Claims paid and other movements	(1,231.4)	664.3	(567.1)
Claims provision at end of period	**2,919.9**	**(1,319.3)**	**1,600.6**

(vii) Reconciliation of movement in net unearned premium provision

	31 December 2021		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	1,161.4	(763.9)	397.5
Written in the period	2,513.6	(1,643.0)	870.6
Earned in the period	(2,492.3)	1,637.3	(855.0)
Translation differences	(12.7)	9.2	(3.5)
Unearned premium provision at end of period	**1,170.0**	**(760.4)**	**409.6**

	31 December 2020		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	1,075.6	(717.5)	358.1
Written in the period	2,344.0	(1,555.9)	788.1
Earned in the period	(2,265.3)	1,513.7	(751.6)
Translation differences	7.1	(4.2)	2.9
Unearned premium provision at end of period	**1,161.4**	**(763.9)**	**397.5**

6. Investment income and costs

6a. Investment return

	At EIR	Other	**31 December 2021 £m** Total	At EIR	Other	31 December 2020 £m Total
Investment return						
On assets classified as FVTPL	—	**3.6**	**3.6**	—	8.5	8.5
On assets classified as FVOCI*1*3	**40.0**	**2.3**	**42.3**	32.5	5.0	37.5
On assets classified as amortised costs*1	**0.6**	—	**0.6**	1.4	—	1.4
Net unrealised losses						
Unrealised losses on forward contracts	—	—	—	—	—	—
Accrual for reinsurers' share of investment return	—	**(1.6)**	**(1.6)**	—	12.9	12.9
Interest receivable on cash and cash equivalents*1	—	**0.3**	**0.3**	—	0.4	0.4
Total investment and interest income *2	**40.6**	**4.6**	**45.2**	33.9	26.8	60.7

*1 Interest received during the year was £46.6 million (2020: £52.6 million)

*2 Total investment return excludes £2.7 million of intra-group interest (2020: £2.9 million)

*3 Realised gains on sales of debt securities classified as FVOCI are £2.3 million (2020: £5.0 million)

6b. Finance costs

Continuing operations	**31 December 2021 £m**	31 December 2020 £m
Interest payable on subordinated loan notes and other credit facilities*1*2	**11.4**	11.7
Interest payable on lease liabilities	**2.3**	2.6
Interest recoverable from co and re-insurers	**(1.8)**	(2.0)
Total finance costs on continuing operations	**11.9**	12.3

*1 Interest paid during the year was £14.1 million (2020: £14.0 million)

*2 See note 7e for details of credit facilities

Finance costs represent interest payable on the £200.0 million (2020: £200.0 million) subordinated notes and other financial liabilities.

Interest payable on lease liabilities represents the unwinding of the discount on lease liabilities under IFRS 16 and does not result in a cash payment.

6c. Expected credit losses

	Note	**31 December 2021 £m**	31 December 2020 £m
Expected credit losses on financial investments	6f	**2.6**	7.8
Expected credit losses on Loans and advances to customers*1	7b	**10.7**	25.8
Total expense for expected credit losses		**13.3**	33.6

*1 Includes £2.5 million (2020: £7.8 million) of write-offs, with total movement in the expected credit loss provision being £10.7 million (2020: £25.8 million).

6d. Financial assets and liabilities

The Group's financial assets and liabilities can be analysed as follows:

Continuing operations	31 December 2021 £m	31 December 2020 £m
Financial investments measured at FVTPL		
Money market and other funds	**1,055.6**	1,339.3
Derivative financial instruments	**5.2**	—
Equity Investments (designated FVTPL)	**2.2**	—
	1,063.0	1,339.3
Financial investments classified as FVOCI		
Debt securities	**2,408.6**	1,912.7
Government gilts*1	**166.4**	177.3
	2,575.0	2,090.0
Equity investments (designated FVOCI)	**19.3**	11.3
	2,594.3	2,101.3
Financial assets measured at amortised cost		
Deposits with credit institutions	**85.3**	65.4
Total financial investments	**3,742.6**	3,506.0
Other financial assets		
Insurance receivables	**956.6**	977.9
Trade and other receivables (measured at amortised cost)	**251.9**	204.1
Insurance and other receivables	**1,208.5**	1,182.0
Loans and advances to customers (note 7)	**556.8**	359.8
Cash and cash equivalents	**372.7**	298.2
Total financial assets from continuing operations	**5,880.6**	5,346.0
Financial liabilities		
Subordinated notes	**204.4**	204.3
Loan backed securities	**446.5**	260.7
Other borrowings	**20.0**	20.0
Derivative financial instruments	—	3.6
Subordinated and other financial liabilities	**670.9**	488.6
Trade and other payables*2	**1,960.0**	1,991.2
Lease liabilities	**105.3**	122.8
Total financial liabilities	**2,736.2**	2,602.6

*1 Government gilts include UK government issued securities which are owned by the parent company and reviewed separately by the Group Investment Committee.

*2 Trade and other payables total balance of £1,960.0 million (2020: £1,991.2 million) above includes £1,528.4 million (2020: £1,502.6 million) in relation to tax and social security, deferred income and reinsurer balances that are outside the scope of IFRS 9.

The maturity profile of financial assets and liabilities under the scope of IFRS 4 and 9 at 31 December 2021 is as follows:

	On demand £m	< 1 year £m	Between 1 and 2 years £m	> 2 years £m
Financial investments				
Money market funds and derivative financial instruments	—	1,057.9	1.7	1.1
Deposits with credit institutions	—	75.3	10.0	—
Debt securities	—	713.2	304.5	1,390.8
Government gilts*1	—	—	57.9	108.4
Total financial investments	—	1,846.4	374.1	1,500.3
Trade and other receivables	—	1,208.5	—	—
Loans and advances to customers	—	171.3	174.7	210.8
Cash and cash equivalents	372.7	—	—	—
Total financial assets	**372.7**	**3,226.2**	**548.8**	**1,711.1**
Financial liabilities				
Subordinated notes	—	11.0	11.0	211.0
Loan backed securities	—	170.2	126.7	172.0
Other borrowings	—	20.0	—	—
Trade and other payables*2	—	1,706.5	—	—
Total financial liabilities	**—**	**1,907.7**	**137.7**	**383.0**

*1 Government gilts include UK government issued securities which are owned by the parent company and reviewed separately by the Group Investment Committee.

*2 Of the £1,706.5 million held within trade and other payables in the maturity table, £1,274.9 million do not meet the definition of a financial liability under IFRS 9 but fall within the scope of IFRS 4 hence are included in the above maturity profile.

The maturity profile of financial assets and liabilities under the scope of IFRS 4 and 9 at 31 December 2020 was as follows:

	On demand £m	< 1 year £m	Between 1 and 2 years £m	> 2 years £m
Financial investments				
Money market funds and derivative financial instruments	—	1,339.3	—	—
Deposits with credit institutions	—	55.4	10.0	—
Debt securities	—	202.7	429.1	1,280.9
Government gilts	—	—	—	177.3
Total financial investments	—	1,597.4	439.1	1,458.2
Trade and other receivables	—	204.1	—	—
Loans and advances to customers	—	116.9	125.6	117.3
Cash and cash equivalents	298.2	—	—	—
Total financial assets	298.2	1,918.4	564.7	1,575.5
Financial liabilities				
Subordinated notes	—	11.0	11.0	222.0
Loan backed securities	—	102.7	83.8	86.1
Other borrowings	—	20.3	—	—
Trade and other payables*1	—	1,751.4	—	—
Total financial liabilities	—	**1,885.4**	**94.8**	**308.1**

*1 Of the £1,751.4 million held within trade and other payables, £1,262.8 million do not meet the definition of a financial liability under IFRS 9 but fall within the scope of IFRS 4 hence are included in the above maturity profile.

The maturity profile of gross insurance liabilities at the end of 2021 is as follows:

	< 1 year £m	1–3 years £m	> 3 years £m
Claims outstanding	909.9	829.8	1,305.3
Unearned premium provision	1,170.0	—	—
Total gross insurance liabilities	**2,079.9**	**829.8**	**1,305.3**

The maturity profile of gross insurance liabilities at the end of 2020 was as follows:

	< 1 year £m	1–3 years £m	> 3 years £m
Claims outstanding	874.3	816.3	1,229.3
Unearned premium provision	1,161.4	—	—
Total gross insurance liabilities	2,035.7	816.3	1,229.3

6e. Financial investments

				31 December 2021
	FVTPL £m	**FVOCI £m**	**Amortised Cost*2 £m**	**Total £m**
AAA- AA	500.6	906.9	21.2	**1,428.7**
A	401.0	1,007.9	426.2	**1,835.1**
BBB	42.6	477.9	10.6	**531.1**
Sub BBB	22.0	71.7	—	**93.7**
Not rated*1	96.8	129.9	—	**226.7**
Total financial investments	1,063.0	2,594.3	458.0	**4,115.3**

*1 £72.3 million of the unrated exposure stems from money market funds, which are rated AAA, but the underlying securities are not. The remaining unrated exposure is a mixture of private debt (£127.5 million) and other holdings (£26.8 million).

*2 Investments held at amortised cost comprise deposits with credit institutions and cash.

				31 December 2020
	FVTPL £m	**FVOCI £m**	**Amortised Cost*2 £m**	**Total £m**
AAA- AA	471.9	889.7	38.8	1,400.4
A	637.0	756.7	325.9	1,719.6
BBB	52.3	380.1	52.3	484.7
Sub BBB	31.7	—	0.1	31.8
Not rated*1	146.4	74.8	—	221.2
Total financial investments	1,339.3	2,101.3	417.1	3,857.7

*1 The majority (£136.7 million) of the unrated exposure stems from money market funds, which are rated AAA, but the underlying securities are not. These specific exposures are repurchase agreements. The remaining unrated exposure is a mixture of private debt (£70.3 million) and other holdings (£14.2 million).

*2 Investments held at amortised cost comprise deposits with credit institutions, and cash (including cash held by discontinued operations of £53.5 million)

The table below shows how the financial assets held at fair value have been measured using the fair value hierarchy:

	31 December 2021		Represented *1 31 December 2020	
	FVTPL £m	**FVOCI £m**	FVTPL £m	FVOCI £m
Level one (quoted prices in active markets)	1,060.8	2,449.5	1,339.3	2,026.5
Level two (use of observable inputs)	—	—	—	—
Level three (use of significant unobservable inputs)	2.2*2	144.8	—	74.8
Total	**1,063.0**	**2,594.3**	1,339.3	2,101.3

*1 £63.5 million has been reclassified between Level One and Level Three as at 31 December 2020.

*2 Gains through the Income Statement are recognized within Investment return. See note 6b for further information.

Fair value measurement using significant unobservable inputs (level three)

Level three investments consist of debt securities and equity investments. Debt securities are comprised primarily of investments in debt funds which are valued at the proportion of the Group's holding of the Net Asset Value (NAV) reported by the investment vehicle. In addition, there is a small allocation of privately placed bonds which do not trade on active markets, these are valued using discounted cash-flow models designed to appropriately reflect the credit and illiquidity of these instruments. The key unobservable input across private debt securities is the discount rate which is based on the credit performance of the assets.

Equity securities are comprised of investments in Private Equity and Infrastructure Equity funds, which are valued at the proportion of the Group's holding of the NAV reported by the investment vehicle. These are based on several unobservable inputs including market multiples and cash flow forecasts.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The table below presents the movement in the period relating to financial instruments valued using a level three valuation:

Level Three Investments	**Equity Securities £m**	**Debt Securities £m**	**Total £m**
Balance as at 1 January 2021	11.3	63.5	**74.8**
Gains / (losses) recognised in Income statement	0.2	1.4	**1.6**
Gains / (losses) recognised in Other Comprehensive Income	2.6	1.5	**4.1**
Purchases	8.5	80.9	**89.4**
Disposals	(0.6)	(21.8)	**(22.4)**
Translation differences	(0.5)	—	**(0.5)**
Balance as at 31 December 2021	**21.5**	**125.5**	**147.0**

Level Three Investments	Equity Securities £m	Debt Securities £m	Total £m
Balance as at 1 Jan 2020	7.5	51.4	**58.9**
Gains / (losses) recognised in Income statement	—	1.5	**1.5**
Gains / (losses) recognised in Other Comprehensive Income	0.5	(1.4)	**(0.9)**
Purchases	3.3	27.0	**30.3**
Disposals	(0.7)	(15.0)	**(15.7)**
Translation differences	0.7	—	**0.7**
Balance as at 31 December 2020	**11.3**	**63.5**	**74.8**

6f. Cash and cash equivalents

Continuing operations	31 December 2021 £m	31 December 2020 £m
Cash at bank and in hand*1	**372.7**	298.2
Total cash and cash equivalents	**372.7**	298.2

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term deposits with original maturities of three months or less. All cash and cash equivalents are measured at amortised cost.

For cash at bank and cash deposits and other receivables, the fair value approximates to the book value due to their short maturity.

6g. Other assets

Insurance and other receivables

Continuing operations	31 December 2021 £m	31 December 2020 £m
Insurance receivables*1	**956.6**	977.9
Trade and other receivables	**221.5**	179.0
Prepayments and accrued income	**30.4**	25.1
Total insurance and other receivables	**1,208.5**	1,182.0

*1 Insurance receivables at 31 December 2021 include £87.6 million in respect of salvage and subrogation recoveries (2020: £70.5 million).

Insurance receivables

Insurance receivables are measured at historic cost. Given the short-term duration of these assets no bad debt provision has been recognised.

6h. *Financial and lease liabilities*

	31 December 2021				
	Subordinated Notes £m	Loan backed securities £m	Other borrowings and derivatives £m	Lease liabilities £m	Total £m
Financial liability at the start of the period	**204.3**	**260.7**	**23.6**	**122.8**	**611.4**
Interest payable per Income Statement	11.1	5.5	0.9	2.3	19.8
Cash-flows	(11.0)	180.3	(0.9)	(12.3)	156.1
Other foreign exchange and non-cash movements	—	—	(3.6)	(7.5)	(11.1)
Financial liability at the end of the period	**204.4**	**446.5**	**20.0**	**105.3**	**776.2**

	31 December 2020				
	Subordinated Notes £m	Loan backed securities £m	Other borrowings and derivatives £m	Lease liabilities £m	Total £m
Financial liability at the start of the period	204.2	304.5	21.4	137.1	667.2
Interest payable per Income Statement	11.1	6.2	1.6	2.6	21.5
Cash-flows	(11.0)	(50.0)	(1.5)	(12.4)	(74.9)
Other foreign exchange and non-cash movements	—	—	2.1	(0.4)	1.7
Transferred to assets associated with disposal group held for sale	—	—	—	(4.1)	(4.1)
Financial liability at the end of the period	204.3	260.7	23.6	122.8	611.4

Subordinated notes

Financial liabilities are inclusive of £200.0 million subordinated notes issued on 25 July 2014 at a fixed rate of 5.5% with a redemption date of 25 July 2024.

The notes are unsecured subordinated obligations of the Group and rank pari passu without any preference among themselves. In the event of a winding-up or bankruptcy, they are to be repaid only after the claims of all other creditors have been met.

There have been no defaults on any of the notes during the year. The Group has the option to defer interest payments on the notes but to date has not exercised this right.

The fair value of subordinated notes (level one valuation based on quoted prices in active markets) at 31 December 2021 is £217.1 million (2020: £222.9 million).

Other borrowings

The Group holds a revolving credit facility of £200.0 million which expires in April 2023. The Group also holds a separate credit facility of £20.0 million which expires in August 2022. £20.0 million was drawn under this agreement as at 31 December 2021 (2020: £20.0 million), which is shown within other borrowings in the table above.

The carrying value is a reasonable approximation of fair value.

Loan backed securities

Asset backed senior loan note facilities of £650.0 million have been established in relation to the Admiral Loans business (see note 3 for details of the accounting treatment of SPEs). As at the year end, £446.5 million (2020: £260.7 million) of these facilities had been utilised.

The carrying value is a reasonable approximation of fair value.

7. Loans and advances to customers

7a. Loans and advances to customers

	31 December 2021 £m	31 December 2020 £m
Loans and advances to customers – gross carrying amount	607.0	401.8
Loans and advances to customers – provision	(50.2)	(42.0)
Total loans and advances to customers – net of provision	**556.8**	**359.8**

Loans and advances to customers are comprised of the following:

	31 December 2021 £m	31 December 2020 £m
Unsecured personal loans	566.9	371.3
Finance leases	40.1	30.5
Total loans and advances to customers, gross	**607.0**	**401.8**

Fair value measurement

The loans and advances are recognised at fair value at the point of origination and then subsequently on an amortised cost basis. This is deemed a reasonable approximation of fair value.

Expected credit losses

The expected credit loss model is a three-stage model based on forward looking information regarding changes in the credit quality since origination. Credit risk is measured using a Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) defined as follows:

- Probability of Default (PD): The likelihood of an account defaulting; calibrated through analysis of historic customer behaviour. Where customers have already met the definition of default this is 100%. For customers that are not in default the PD is determined through analysis of historic data at a credit grade level. A behavioural PD is then used after two months based on observed default rates by month on book and risk grade.

- Exposure at Default: The amount of balance at the time of default. For loans that are in arrears the EAD is taken as the current balance plus any expected interest arrears. For up-to-date loans the EAD is calculated as the expected balance 3 months prior to each period, plus three months of interest arrears to account for the time it takes to default following falling into arrears.

- Loss Given Default (LGD): The amount of the asset not recovered following a borrower's default, determined through analysis of historic recovery performance.

The PD is applied to the EAD to calculate the expected loss excluding recoveries. The LGD is then applied to this loss to calculate the total expected loss including recoveries. A forward-looking provision is also calculated, as set out later in this note.

Loan assets are segmented into three stages of credit impairment:

- Stage 1 – no significant increase in credit risk of the financial asset since inception
- Stage 2 – significant increase in credit risk of the financial asset since inception
- Stage 3 – financial asset is credit impaired.

For assets in stage 1, the allowance is calculated as the expected credit losses from events within 12 months after the reporting date. For assets in stages 2 and 3 the allowance is calculated as the expected credit loss from events in the remaining lifetime of each asset.

Enhancements to Expected Credit Loss methodology

There have been several enhancements to the provisioning methodology since the 31 December 2020 year end position. The key changes include:

• The definition of default to now includes loans 3 cycles in arrears (previously 4 cycles or more)

• The Significant Increase in Credit Risk (SICR) criteria and forward-looking probability of default modelling have been updated utilising enhanced analysis

Significant increase in credit risk (SICR) (stage 2)

As explained above, stage 1 assets have an ECL allowing for losses in the next twelve months, stage 2 or 3 assets have an ECL allowing for losses over the remaining lifetime of the contract. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not prescribe a definition of significant increase in credit risk but does include a rebuttable presumption that this does occur for loan assets which are 30 days past due (which the Group does not rebut).

The Group has deemed a significant increase in credit risk to have occurred where:

- the loan is 1 to 2 loan payments in arrears, or
- the behavioural PD has moved outside a specified threshold from the application PD.

Credit impaired (stage 3)

The Group does not rebut the presumption within IFRS 9 that default has occurred when an exposure is greater than 90 days past due, which is consistent with a customer being three or more payments in arrears. In addition, a loan is deemed to be credit impaired where:

- there is an Individual Voluntary Arrangement (IVA) agreement confirmed or proposed, or;
- customer has started or progressed bankruptcy action, or;
- a repayment plan is in place, or;
- customer is deceased.

Judgements Required - Post Model Adjustments (PMAs)

As at 31 December 2021, the expected credit loss allowance included PMAs totalling £9.1 million.

Post Model Adjustment	**31 December 2021 £m**	31 December 2020 £m
Model Performance	**2.0**	4.9
Inflation	**2.5**	—
Economic Scenarios	**4.6**	—
	9.1	4.9

PMAs are calculated using management judgement and analysis. The key categories of PMAs are as follows:

Model Performance

Inflation

The impairment models operated are currently not highly sensitive to inflation expectations. Inflation is anticipated to rise significantly in 2022 and a resulting increase in cost of living could alter the ability of some customers to make their loan payments. A PMA has been held to acknowledge this.

Economic Scenarios

Throughout 2020 and 2021, large fluctuations in forecasts for unemployment have been observed as forecasters seek to anticipate the unprecedented impact of Covid on the economy. As a result, management judged to hold a PMA equivalent to a 1% increase in the scenario weighted unemployment rate to account for uncertainty in the forecasts.

Write-off policy

Loans are written off where there is no reasonable expectation of recovery. The Group's policy is to write-off balances to their estimated net realisable value. Write-offs are actioned on a case-by-case basis taking into account the operational position and the collections strategy.

Forward-looking information

Under IFRS 9 the provision must reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The means by which the Group has determined this is to run scenario analyses.

Management judgment has been used to define the weighting and severity of the different scenarios based on available data.

The key economic driver of credit losses from the scenarios is the likelihood of a customer entering hardship through unemployment. Unemployment forecasts include a risk grade split of PD based on the correlation between grade-level default rates observed relative to the change in unemployment rates in the previous downturn, adjusted for the unemployment forecast expected in the current economic environment.

The scenario weighting assumptions used are detailed below, along with the unemployment rate assumed in each scenario at 31 December 2021.

	31 December 2021 Scenario peak Unemployment rate	31 December 2021 Weighting	31 December 2020 Weighting
Base	4.3%	40%	40%
Upturn	4.0%	10%	5%
Downturn	6.3%	30%	25%
Severe	6.6%	20%	30%

Whilst the macroeconomic environment outlook has improved since the prior year, there is a still a great deal of uncertainty and volatility within economic forecasts. The weightings have been updated to reflect this more positive outlook, with the uncertainty element incorporated into post model adjustments. The adjustments are not typically assessed under each distinct economic scenario used to generate ECL, but instead are applied on the basis of final modelled ECL which reflects the probability weighted view of all scenarios.

Sensitivities to key areas of estimation uncertainty

The key areas of estimation uncertainty identified are in the PD and the forward-looking scenarios.

	31 December 2021 Weighting	31 December 2021 Sensitivity £m	31 December 2020 Weighting	31 December 2020 Sensitivity £m
Base	40%	(2.5)	40%	(2.0)
Upturn	10%	(9.7)	5%	(4.9)
Downturn	30%	6.9	25%	0.3
Severe	20%	11.1	30%	3.2

The sensitivities in the above tables show the variance to ECL that would be expected if the given scenario unfolded rather than the weighted position the provision is based on. At 31 December 2021 the implied weighted peak unemployment rate is 5.8%: the table shows that in a downturn scenario with a 6.3% peak unemployment rate the provision would increase by £6.9 million, whilst the upturn would reduce the provision by £9.7 million, base case reduce by £2.5 million and severe increase the provision by £11.1 million.

Stage 1 assets represent 84% of the total loan assets; a 0.1% increase in the stage 1 PD, i.e. from 2.4% to 2.5% would result in a £0.6 million increase in ECL.

The impact of the coronavirus pandemic and the various support measures that were put in place have resulted in an economic environment that is skewed from historical economic conditions – particularly around levels of unemployment and inflation. As a result, there is a greater need for management judgements to be applied alongside the use of models, therefore at 31 December 2021 post model overlays resulted in additional ECL allowances totalling £9.1 million (2020: £4.9 million). This comprises judgements added due to uncertainty in economic forecasts, cohorts of customers exposed to inflation through lower levels of disposable income, and customers deemed to be at higher risk of unemployment.

Amounts arising from ECL: loans and advances to customers

The Group is exposed to credit risk from the Admiral Loans business.

The following table sets out information about the credit quality of the loans and advances to customers measured at amortised cost. Credit grades are used to segment customers by apparent credit risk at the time of acquisition. Higher grades are the lowest credit risk with each subsequent grade increasing in expected credit risk. The Group does not have any purchased or originated credit impaired assets. These tables are inclusive of the finance lease assets which are held by the Group, further analysis of these balances can be found in note 7b.

All probability of default figures included in this paragraph allow for forward-looking information, i.e. the PDs are a weighted average from the economic scenarios considered. The average probability of default in for stage 1 assets is 2.4% (2020: 4.8%) reflecting the expectation of defaults within 12 months of the reporting date. The average PD for assets in stage 2 is 30.0% (2020: 67.0%) reflecting expected losses over the remaining life of the assets. The PD for assets in stage 3 is 100% (2020: 100%) as these assets are deemed to have defaulted.

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	31 December 2021 Total £m	31 December 2020 Total £m
Credit Grade*1					
Higher	350.1	55.0	-	405.1	269.6
Medium	130.3	11.6	-	141.9	94.1
Lower	30.2	1.8	-	32.0	17.0
Credit impaired	-	-	28.0	28.0	21.1
Gross carrying amount	510.6	68.4	28.0	607.0	401.8
Expected credit loss allowance	(13.7)	(12.7)	(23.5)	(49.9)	(41.5)
Other loss allowance*2	(0.3)	-	-	(0.3)	(0.5)
Carrying amount	**496.6**	**55.7**	**4.5**	**556.8**	**359.8**

*1 Credit grade is the internal credit banding given to a customer at origination. This is based on external credit rating information.

*2 Other loss allowance covers losses due to a reduction in current or future vehicle value or costs associated with recovery and sale of vehicles.

The following tables reconcile the opening and closing gross carrying amount and expected credit loss allowance.

2021

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Gross carrying amount as at 1 January 2021	343.2	37.5	21.1	401.8
Transfers				
Transfers from stage 1 to stage 2	(42.2)	42.2	-	-
Transfers from stage 1 to stage 3	(4.7)	-	4.7	-
Transfers from stage 2 to stage 1	17.6	(17.6)	-	-
Transfers from stage 2 to stage 3	-	(5.6)	5.6	-
Transfers from stage 3 to stage 1	0.4	-	(0.4)	-
Transfers from stage 3 to stage 2	-	0.3	(0.3)	-
Principal redemption payments	(163.2)	(22.5)	(2.9)	(188.6)
Write-offs	-	-	(2.4)	(2.4)
New financial assets originated or purchased	359.5	34.1	2.6	396.2
Gross carrying amount as at 31 December 2021	**510.6**	**68.4**	**28.0**	**607.0**

2020

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Gross carrying amount as at 1 January 2020	456.2	6.5	16.4	479.1
Transfers				
Transfers from stage 1 to stage 2	(26.5)	26.5	—	—
Transfers from stage 1 to stage 3	(9.5)	—	9.5	—
Transfers from stage 2 to stage 1	0.8	(0.8)	—	—
Transfers from stage 2 to stage 3	—	(2.6)	2.6	—
Transfers from stage 3 to stage 1	—	—	—	—
Transfers from stage 3 to stage 2	—	—	—	—
Principal redemption payments	(180.0)	(1.3)	(1.6)	(182.9)
Write-offs	—	—	(7.7)	(7.7)
New financial assets originated or purchased	102.2	9.2	1.9	113.3
Gross carrying amount as at 31 December 2020	**343.2**	**37.5**	**21.1**	**401.8**

2021

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total
Expected credit loss allowance as at 1 January 2021	**10.9**	**12.7**	**17.9**	**41.5**
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(1.3)	2.3	-	1.0
Transfers from stage 1 to stage 3	(0.4)	-	0.6	0.2
Transfers from stage 2 to stage 1	3.1	(5.1)	-	(2.0)
Transfers from stage 3 to stage 1	0.1	-	(0.2)	(0.1)
Changes in PDs/LGDs/EADs	(8.8)	(4.8)	5.6	(8.0)
New financial assets originated or purchased	10.1	7.6	2.0	19.7
Total net profit and loss charge in the period	**2.8**	**-**	**8.0**	**10.8**
Write-offs	-	-	(2.4)	(2.4)
Expected credit loss allowance as at 31 December 2021	**13.7**	**12.7**	**23.5**	**49.9**
Other movements with no profit and loss impact				
Transfers				
Transfers from stage 2 to stage 3	—	(4.0)	4.0	—
Transfers from stage 3 to stage 2	—	0.1	(0.1)	—

2020

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total
Expected credit loss allowance as at 1 January 2020	**5.6**	**3.4**	**14.4**	**23.4**
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(0.7)	1.1	—	0.4
Transfers from stage 1 to stage 3	(0.2)	—	0.4	0.2
Transfers from stage 2 to stage 1	0.2	(0.4)	—	(0.2)
Transfers from stage 3 to stage 1	0.1	—	(0.1)	—
Changes in PDs/LGDs/EADs	2.4	5.2	9.3	16.9
New financial assets originated or purchased	3.5	3.4	1.6	8.5
Total net profit and loss charge in the period	**5.3**	**9.3**	**11.2**	**25.8**
Write-offs	—	—	(7.7)	(7.7)
Expected credit loss allowance as at 31 December 2020	**10.9**	**12.7**	**17.9**	**41.5**
Other movements with no profit and loss impact				
Transfers				
Transfers from stage 2 to stage 3	—	(2.4)	2.4	—
Transfers from stage 3 to stage 2	—	0.1	(0.1)	—

7b. Finance lease receivables

Loans and advances to customers include the following finance leases. The Group is the lessor for leases of cars.

	31 December 2021 £m	31 December 2020 £m
Gross finance lease receivables		
Less than 1 year	11.7	8.4
Between 1 to 5 years	33.3	24.9
More than 5 years	—	—
	45.0	33.3
Unearned finance income	(5.2)	(3.3)
Net financial lease receivables	39.8	30.0
Less impairment allowance	(1.3)	(0.8)
	38.5	**29.2**

Net finance lease receivables		
Less than 1 year	9.2	6.7
Between 1 to 5 years	30.6	23.3
More than 5 years	—	—
	39.8	**30.0**

The net investment in finance leases shown above is net of the unguaranteed residual value of £0.3 million (2020: £0.5 million).

7c. Interest income

	31 December 2021 £m	31 December 2020 £m
From loans and advances to customers	34.0	34.8
From finance leases	2.6	2.0
Total interest income	**36.6**	**36.8**

Interest income receivable is recognised in the income statement using the effective interest method, which calculates the amortised cost of the financial asset and allocates the interest income over the expected product life.

7d. Interest expense

	31 December 2021 £m	31 December 2020 £m
Interest payable on loan backed securities	5.5	6.2
Interest payable on other credit facilities	0.6	1.0
Total interest expense[*1]	**6.1**	**7.2**

*1 Interest paid in total during the year was £6.1 million (2020: £5.2 million)

Interest expense represents the interest payable on loan backed securities through SPEs of £650.0 million (2020: £400.0 million) of which £446.5 million was drawn down at 31 December 2021 (2020: £260.7 million), and funding specifically allocated to the Admiral Loans business, in the form of credit facilities of £120.0 million (2020: £120.0 million) of which £20.0 million was drawn down at 31 December 2021 (2020: £20.0 million). Admiral Group also has a further credit facility of £100.0 million (2020: £100.0 million) of which £nil was drawn down at 31 December 2021 (2020: £nil).

8. Other revenue

8a. Disaggregation of revenue

In the following tables, other revenue is disaggregated by major products/service lines and timing of revenue recognition. The total revenue disclosed in the table of £678.9 million (2020: £625.3 million) represents total other revenue and profit commission and is disaggregated into the segments included in note 4.

	Year ended 31 December 2021						
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	**Total (continuing) £m**	Comparison (discontinued)*2 £m	**Total £m**
Major products/ service line							
Instalment income	101.7	3.7	—	—	**105.4**	—	**105.4**
Fee and commission revenue	137.2	28.3	1.0	—	**166.5**	—	**166.5**
Revenue from law firm	25.0	—	—	—	**25.0**	—	**25.0**
Comparison*1	—	—	—	5.3	**5.3**	59.6	**65.0**
Other	12.0	—	—	0.6	**12.6**	—	**12.6**
Total other revenue	275.9	32.0	1.0	5.9	**314.8**	59.6	**374.4**
Profit commission	301.9	2.6	—	—	**304.5**	—	**304.5**
Total other revenue and profit commission	577.8	34.6	1.0	5.9	**619.3**	59.6	**678.9**
Timing of revenue recognition							
Point in time	309.6	28.3	1.0	5.9	**344.8**	59.6	**404.4**
Over time	27.5	—	—	—	**27.5**	—	**27.5**
Revenue outside the scope of IFRS 15	240.7	6.3	—	—	**247.0**	—	**247.0**
	577.8	34.6	1.0	5.9	**619.3**	59.6	**678.9**

	Year ended 31 December 2020						
	UK Insurance £m	International Insurance £m	Admiral Loans £m	Other £m	**Total (continuing) £m**	Discontinued (Comparison)*2 £m	**Total £m**
Major products/ service line							
Instalment income	102.4	4.0	—	—	**106.4**	—	**106.4**
Fee and commission revenue	155.3	21.8	1.6	—	**178.7**	—	**178.7**
Revenue from law firms	26.7	—	—	—	**26.7**	—	**26.7**
Comparison*1	—	—	—	5.9	**5.9**	161.9	**167.8**
Other	11.1	—	—	0.6	**11.7**	—	**11.7**
Total other revenue	295.5	25.8	1.6	6.5	**329.4**	161.9	**491.3**
Profit commission	132.4	1.6	—	—	**134.0**	—	**134.0**
Total other revenue and profit commission	427.9	27.4	1.6	6.5	**463.4**	161.9	**625.3**
Timing of revenue recognition							
Point in time	267.1	21.8	1.6	6.5	**297.0**	161.9	**458.9**
Over time	28.4	—	—	—	**28.4**	—	**28.4**
Revenue outside the scope of IFRS 15	132.4	5.6	—	—	**138.0**	—	**138.0**
	427.9	27.4	1.6	6.5	**463.4**	161.9	**625.3**

*1 Comparison revenue excludes £7.8 million (31 December 2020: £22.2 million) of income from other Group companies, including £7.6 million (2020: £22.0 million) from discontinued operations.

*2 See note 13 for further detail on discontinued operations.

Instalment income is recognised using the effective interest rate over the term of the policy and is outside the scope of IFRS 15. Profit commission from reinsurers is recognised under IFRS 4 and is discussed further in note 5 to the financial statements.

9. Expenses

9a. Operating expenses and share scheme charges

	31 December 2021		
Continuing operations	**Gross £m**	**Recoverable from co- and reinsurers £m**	**Net £m**
Acquisition of insurance contracts *1	**179.5**	**(113.0)**	**66.5**
Administration and other marketing costs (insurance contracts)	540.0	(343.8)	196.2
Insurance contract expenses	**719.5**	**(456.8)**	**262.7**
Administration and other marketing costs (other)	151.5	—	151.5
Share scheme charges	99.1	(34.3)	64.8
Movement in expected credit loss provision	13.3	—	13.3
Total expenses and share scheme charges – continuing operations	**983.4**	**(491.1)**	**492.3**

	31 December 2020		
Continuing operations	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts*1	166.2	(106.8)	59.4
Administration and other marketing costs (insurance contracts)	437.4	(321.0)	116.4
Insurance contract expenses	603.6	(427.8)	175.8
Administration and other marketing costs (other)	131.3	—	131.3
Share scheme charges	79.7	(28.8)	50.9
Movement in expected credit loss provision	33.6	—	33.6
Total expenses and share scheme charges – continuing operations	**848.2**	**(456.6)**	**391.6**

*1 Acquisition of insurance contracts expense excludes £0.3 million (2020: £0.2 million) of aggregator fees from other Group companies.

The £196.2 million (2020: £116.4 million) administration and marketing costs allocated to insurance contracts is principally made up of salary costs.

Analysis of other administration and other marketing costs:**Continuing operations**	**31 December 2021 £m**	31 December 2020 £m
Expenses relating to additional products and fees	**91.9**	80.6
Loans expenses (excluding movement on ECL provision)	**23.7**	16.8
Other expenses	**35.9**	33.9
Total - continuing operations	**151.5**	131.3

Refer to note 14 for a reconciliation between insurance contract expenses and the reported expense ratio.

9b. Employee costs and other expenses

Continuing operations	31 December 2021 Total £m	31 December 2021 Net £m	31 December 2020 Total £m	31 December 2020 Net £m
Salaries	**338.2**	**111.9**	298.8	100.1
Social security charges	**35.4**	**12.8**	32.6	11.6
Pension costs	**17.7**	**6.0**	16.2	5.4
Share scheme charges (see note 9f)	**99.1**	**64.8**	79.7	50.6
Total employee expenses	**490.4**	**195.5**	427.3	167.7
Depreciation charge:				
– Owned assets	**13.4**	**3.4**	12.0	3.0
– ROU assets	**10.2**	**2.7**	10.0	2.9
Amortisation charge:				
– Software	**19.3**	**5.6**	19.1	5.6
– Deferred acquisition costs	**180.6**	**68.0**	166.4	59.0
Auditor's remuneration (including VAT) (total Group):				
– Fees payable for the audit of the Company's annual accounts	**0.1**	**0.1**	0.1	0.1
– Fees payable for the audit of the Company's subsidiary accounts	**1.5**	**0.6**	1.2	0.6
– Fees payable for audit related assurance services pursuant to legislation or regulation	**0.8**	**0.5**	0.5	—

£34,800 (inclusive of VAT) (2020: £8,880) was payable to the auditor for other services in the year.

Total and net expenses are before and after co- and reinsurance arrangements respectively.

Audit fees are 64% (2020: 70%) of total fees and 36% (2020: 30%) of total fees are for non-audit services, which are classed as audit related assurance services under the FRC rules on non-audit services.

The amortisation of software and deferred acquisition cost assets is charged to expenses in the income statement.

9c. Employee numbers (including Directors)

	Average for the year 2021 Number	Average for the year 2020 Number
Direct customer contact employees	**7,271**	7,278
Support employees	**3,454**	3,559
Total	**10,725**	10,837

Total average employees in 2021 relating to comparison entities disposed of during the year were 222 (2020: 643).

9d. Directors' remuneration

(i) Directors' remuneration

	31 December 2021 £m	31 December 2020 £m
Directors' emoluments	**1.1**	2.1
Amounts receivable under SIP and DFSS share schemes	**3.0**	2.7
Company contributions to money purchase pension plans	-	-
Total	**4.1**	4.8

(ii) Number of Directors

	2021 Number	2020 Number
Retirement benefits are accruing to the following number of Directors under:		
– Money purchase schemes	**2**	3

9e. Employee share schemes

Total share scheme costs for the Group excluding discontinued operations are analysed below:

	31 December 2021					
	SIP charge (i)		DFSS charge (ii)		Total charge	
	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	19.9	13.7	41.3	27.0	**61.2**	**40.7**
IFRS 2 charge for cash settled share schemes	—	—	5.0	2.9	**5.0**	**2.9**
Total IFRS 2 charge	19.9	13.7	46.3	29.9	**66.2**	**43.6**
Social security costs on IFRS 2 charge	0.8	0.5	9.0	6.4	**9.8**	**6.9**
Discretionary bonus on shares allocated but unvested	—	—	23.1	14.3	**23.1**	**14.3**
Total share scheme charges - continuing operations	20.7	14.2	78.4	50.6	**99.1**	**64.8**

	Re-presented 31 December 2020					
	SIP charge (i)		DFSS charge (ii)		Total charge	
	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	17.3	11.6	34.3	21.8	**51.6**	**33.4**
IFRS 2 charge for cash settled share schemes	—	—	3.9	2.2	**3.9**	**2.2**
Total IFRS 2 charge	17.3	11.6	38.2	24.0	**55.5**	**35.6**
Social security costs	1.7	1.1	8.4	5.7	**10.1**	**6.8**
Discretionary bonus on shares allocated but unvested	—	—	14.1	8.5	**14.1**	**8.5**
Total share scheme charges - continuing operations	19.0	12.7	60.7	38.2	**79.7**	**50.9**

Total share scheme costs for discontinued operations were £0.4 million (2020: £3.1 million). The total IFRS 2 charge for equity settled share schemes for discontinued operations were £0.5 million (2020: £2.6 million).

Net share scheme charges are presented after allocations to co-insurers (in the UK and Italy) and reinsurers (in the International Insurance businesses). The proportion of net to gross share scheme charges would be expected to be consistent in each period, at approximately 65%.

10. Taxation

10a. Taxation

Continuing operations	**31 December 2021 £m**	31 December 2020 £m
Current tax		
Corporation tax on profits for the year	**129.2**	101.6
Under-provision relating to prior periods	**4.2**	0.6
Current tax charge	**133.4**	102.2
Deferred tax		
Current period deferred taxation movement	**(1.5)**	4.0
(Over) provision relating to prior periods	**(1.7)**	—
Total tax charge per consolidated income statement	**130.2**	106.2

Factors affecting the total tax charge are:

Continuing operations	**31 December 2021 £m**	31 December 2020 £m
Profit before tax	**713.5**	608.2
Corporation tax thereon at effective UK corporation tax rate of 19.0% (2020: 19.0%)	**135.6**	115.5
Expenses and provisions not deductible for tax purposes	**2.2**	0.7
Non-taxable income	**(8.3)**	(10.5)
Impact of change in UK tax rate on deferred tax balances	**(3.6)**	0.4
Adjustments relating to prior periods	**2.5**	0.6
Impact of different overseas tax rates	**(1.4)**	(1.6)
Unrecognised deferred tax	**3.2**	1.1
Total tax charge for the period as above	**130.2**	106.2

The corporation tax recoverable for continuing operations as at 31 December 2021 was £10.6 million (2020: £22.9 million recoverable). See note 13 for details of the corporation tax charge on discontinued operations.

In 2021, over 130 countries reached a historic agreement to reform the international tax framework. The main aim of the agreement was to ensure that large, multinational corporations pay their fair share of tax in the countries in which they operate and this included the introduction of a new global minimum corporate income tax rate of 15%. In January 2022, the UK reiterated its intention to implement new legislation to give effect to this new framework, with these changes expected to come into force in 2023. The new rules are not expected to have a material impact on the Group.

10b. Deferred income tax asset / (liability)

Analysis of deferred tax asset / (liability)

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve £m	Other differences £m	Total £m
Balance brought forward at 1 January 2020	**5.9**	**(2.1)**	—	**(5.4)**	**1.2**	**(0.4)**
Tax treatment of share scheme charges through income or expense	(3.2)	—	—	—	—	(3.2)
Tax treatment of share scheme charges through reserves	6.6	—	—	—	—	6.6
Capital allowances	—	0.7	—	—	—	0.7
Carried forward losses	—	—	2.9	—	—	2.9
Transferred to disposal group held for sale	(0.5)	(0.3)	(2.9)	—	(0.5)	(4.2)
Movement in fair value reserve	—	—	—	(1.8)	—	(1.8)
Other difference	—	—	—	—	(1.5)	(1.5)
Balance carried forward at 31 December 2020	**8.8**	**(1.7)**	—	**(7.2)**	**(0.8)**	**(0.9)**
Tax treatment of share scheme charges through income or expense	(6.3)	—	—	—	—	(6.3)
Tax treatment of share scheme charges through reserves	6.0	—	—	—	—	6.0
Capital allowances	—	9.5	—	—	—	9.5
Carried forward losses	—	—	—	—	—	—
Movement in fair value reserve	—	—	—	1.4	—	1.4
Other difference	—	—	—	—	(0.4)	(0.4)
Balance carried forward at 31 December 2021	**8.5**	**7.8**	—	**(5.8)**	**(1.2)**	**9.3**

Positive amounts presented above relate to a deferred tax asset position.

The average effective rate of tax for 2021 is 19.0% (2020: 19.0%). An increase to the main rate of corporation tax in the UK to 25% was announced in the 2021 Budget and is expected to come into effect in 2023. This will increase the Group's future tax charge accordingly.

The deferred tax asset has increased during the year, mainly relating to capital allowances. The increase in capital allowances is due to the impairments recognised on property and equipment and intangible assets as part of the restructure costs referenced in the financial narrative earlier in this report. It is anticipated that these timing differences will reverse when the tax rate is increased to 25% which ultimately contributes to an increase in the deferred tax asset

The deferred tax asset in relation to carried forward losses (for continuing operations) remains at £nil at the year-end (2020: £nil) due to uncertainty over the availability of future taxable profits against which to offset utilise any deferred tax asset.

At 31 December 2021, the Group had unused tax losses amounting to £261.8 million (2020: £236.8 million), relating primarily to the Group's US businesses Elephant Auto and compare.com, for which no deferred tax asset has been recognised. The earliest expiry date for any of these tax losses is 2029. The total aggregated unrecognised deferred tax liabilities on temporary differences associated with subsidiaries is £nil (2020: £nil).

11. Other assets and other liabilities

11a. Property and equipment

	Improvements to short leasehold buildings £m	Computer equipment £m	Office equipment £m	Furniture and fittings £m	ROU Asset – Leasehold buildings £m	Total £m
Cost						
At 1 January 2020	33.4	71.4	22.4	10.6	134.4	272.2
Transfer of assets associated with disposal group held for sale	(1.2)	(6.2)	(0.9)	(0.2)	(5.5)	(14.0)
Additions	3.1	14.1	0.8	0.2	0.1	18.3
Impairment	—	—	—	—	(3.1)	(3.1)
Disposals	—	(0.6)	—	(0.3)	(1.8)	(2.7)
Foreign exchange and other movements	0.7	(0.1)	0.3	(0.1)	0.1	0.9
At 31 December 2020	36.0	78.6	22.6	10.2	124.2	271.6
Depreciation						
At 1 January 2020	19.8	58.7	18.4	9.1	11.8	117.8
Transfer of depreciation associated with disposal group held for sale	(0.6)	(5.2)	(0.5)	(0.2)	(1.6)	(8.1)
Charge for the year	3.7	6.8	1.8	0.5	10.8	23.6
Disposals	—	(0.7)	—	(0.2)	(1.5)	(2.4)
Foreign exchange and other movements[1]	0.1	—	0.3	(0.1)	—	0.3
At 31 December 2020	23.0	59.6	20.0	9.1	19.5	131.2
Net book amount						
At 1 January 2020	13.6	12.7	4.0	1.5	122.6	154.4
Net book amount						
At 31 December 2020	**13.0**	**19.0**	**2.6**	**1.1**	**104.7**	**140.4**
Cost						
At 1 January 2021	36.0	78.6	22.6	10.2	124.2	271.6
Additions	1.9	7.6	0.4	0.7	5.6	16.2
Impairment	(0.2)	—	(0.7)	(0.6)	(17.8)	(19.3)
Disposals	(0.3)	(17.1)	(0.1)	(0.3)	(8.2)	(26.0)
Foreign exchange and other movements	(0.4)	(0.2)	(0.3)	(0.1)	(0.5)	(1.5)
At 31 December 2021	37.0	68.9	21.9	9.9	103.3	241.0
Depreciation						
At 1 January 2021	23.0	59.6	20.0	9.1	19.5	131.2
Charge for the year	3.9	8.2	0.9	0.4	10.2	23.6
Impairment	(0.2)	—	(0.7)	(0.6)	—	(1.5)
Disposals	(0.2)	(10.4)	(0.1)	(0.3)	(3.8)	(14.8)
Foreign exchange and other movements	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.7)
At 31 December 2021	26.3	57.3	19.9	8.5	25.8	137.8
Net book amount						
At 31 December 2021	**10.7**	**11.6**	**2.0**	**1.4**	**77.5**	**103.2**

1 Within foreign exchange and other movements for the ROU asset, £0.6 million relates to remeasurements of the ROU asset due to amendments to the payment terms of the leasing arrangement.

The Impairment recognised in property and equipment in the period reflects the decision to exit lease agreements in the UK in 2022 and 2023. The impaired right of use assets are now held at a recoverable amount determined based upon a value in use calculation.

11b. Intangible assets

Re-presented	Goodwill £m	Deferred acquisition costs £m	Software – Internally generated[*1] £m	Software – Other[*2] £m	Total £m
At 1 January 2020	62.3	24.8	69.5	3.7	160.3
Additions	—	61.3	19.8	5.0	86.1
Amortisation charge	—	(59.0)	(17.3)	(1.9)	(78.2)
Disposals	—	—	—	(1.2)	(1.2)
Transfer of assets associated with disposal group held for sale	—	—	(0.6)	(0.6)	(1.2)
Foreign exchange movement	—	0.2	1.2	(0.5)	0.9
At 31 December 2020	**62.3**	**27.3**	**72.6**	**4.5**	**166.7**
Additions	—	69.4	36.8	21.8	128.0
Amortisation charge	—	(68.0)	(18.1)	(1.2)	(87.3)
Disposals	—	—	—	—	—
Impairment	—	—	(25.4)	—	(25.4)
Transfer of assets associated with disposal group held for sale	—	—	—	—	—
Foreign exchange movement	—	(0.5)	(1.5)	(0.1)	(2.1)
At 31 December 2021	**62.3**	**28.2**	**64.4**	**25.0**	**179.9**

[*1] Gross carrying amount and accumulated amortisation of internally generated software as at the end of 2021 are £119.7 million (2020: £149.7 million) and £55.3 million respectively (2020: £77.1 million).

[*2] Gross carrying amount and accumulated amortisation of other software as at the end of 2021 are £55.9 million (2020: £35.1 million) and £30.9 million respectively (2020: £30.6 million).

Impairment recognised in internally generated software relates to impairment of technology assets which are to be replaced as a result of the continued investment in technology and digital capabilities outlined as part of the Admiral 2.0 strategy. The impaired assets are now held at recoverable amounts determined by value in use calculations.

Goodwill relates to the acquisition of Group subsidiary EUI Limited (formerly Admiral Insurance Services Limited) in November 1999. As described in the accounting policies, the amortisation of this asset ceased on transition to IFRS on 1 January 2004. All annual impairment reviews since the transition date have indicated that the estimated recoverable value of the asset is greater than the carrying amount and therefore no impairment losses have been recognised.

Only one year of forecasts is required to support the recoverable value of goodwill above. Given the short time period used to support the recoverable amount, no terminal growth rate or discounting is applied.

An analysis of deferred acquisition costs is given in the table below:

	Gross £m	Reinsurance £m	Net £m
At 1 January 2020	74.6	(49.8)	24.8
Additions	168.4	(107.1)	61.3
Amortisation	(166.4)	107.4	(59.0)
Foreign exchange movement	1.0	(0.8)	0.2
At 31 December 2020	**77.6**	**(50.3)**	**27.3**
Additions	181.4	(112.0)	69.4
Amortisation	(180.6)	112.6	(68.0)
Foreign exchange movement	(1.5)	1.0	(0.5)
At 31 December 2021	**76.9**	**(48.7)**	**28.2**

11c. Trade and other payables

	31 December 2021 £m	31 December 2020 £m
Trade payables	**39.8**	34.9
Amounts owed to co-insurers	**161.9**	240.9
Amounts owed to reinsurers	**1,274.9**	1,262.8
Other taxation and social security liabilities	**71.7**	72.9
Other payables	**112.4**	135.6
Accruals and deferred income (see below)	**299.3**	244.1
Total trade and other payables	**1,960.0**	1,991.2

Of amounts owed to reinsurers (recognised under IFRS 4), £1,169.8 million (2020: £1,175.1 million) is held under funds withheld arrangements.

Analysis of accruals and deferred income:

	31 December 2021 £m	31 December 2020 £m
Premium received in advance of policy inception	**117.4**	98.3
Accrued expenses	**117.5**	77.2
Deferred income	**64.4**	68.6
Total accruals and deferred income as above	**299.3**	244.1

11d. Leases

The Group occupies various properties under leasing arrangements that are now recognised as right of use assets and lease liabilities. A maturity analysis of lease liabilities based on contractual undiscounted cash flows is set out below:

	31 December 2021 £m	31 December 2020 £m
Maturity analysis – contractual undiscounted cash flows		
Within one year	**12.9**	13.8
Between two to five years	**41.8**	42.4
Between five to ten years	**32.7**	39.1
Over ten years	**35.4**	50.0
Total	**122.8**	145.3

Amounts recognised in the statement of financial position are as follows:

	31 December 2021 £m	31 December 2020 £m
Lease liabilities		
Current	**10.5**	11.0
Non-Current	**94.8**	111.8
Total	**105.3**	122.8

See note 11a for right of use assets depreciation and the carrying amount of right of use asset at the end of the reporting period. Only one class of underlying assets is identified as leasehold buildings. Total cash outflows in relation to leases is disclosed under 6h.

The Group has no significant financial commitments other than those accounted for as right of use assets and lease liabilities under IFRS 16.

11e. Contingent liabilities

The Group's legal entities operate in numerous tax jurisdictions and on a regular basis are subject to review and enquiry by the relevant tax authority.

One of the Group's previously owned subsidiaries was subject to a Spanish Tax Audit which concluded with the Tax Authority denying the application of the VAT exemption relating to insurance intermediary services. The Company has appealed this decision via the Spanish Courts and is confident in defending its position which is, in its view, in line with the EU Directive and is also consistent with the way similar supplies are treated throughout Europe. Whilst the Company is no longer part of the Admiral Group, the contingent liability which the Company is exposed to has been indemnified by the Admiral Group up to a cap of £22 million.

The Group is also in discussions with tax authorities in Italy and Spain on various corporate tax matters. To date these discussions have focused primarily on the transfer pricing and cross-border arrangements in place between the Group's intermediaries and insurers.

No provision has been made in these financial statements in relation to the matters noted above.

The Group is, from time to time, subject to threatened or actual litigation and/or legal and/or regulatory disputes, investigations or similar actions both in the UK and overseas. All potentially material matters are assessed, with the assistance of external advisers if appropriate, and in cases where it is concluded that it is more likely than not that a payment will be made, a provision is established to reflect the best estimate of the liability. In some cases it will not be possible to form a view, for example if the facts are unclear or because further time is needed to properly assess the merits of the case. No provisions are held in relation to such matters. In these circumstances, specific disclosure of a contingent liability will be made where material.

The Directors do not consider that the final outcome of any such current case will have a material adverse effect on the Group's financial position, operations or cash flows, and no material provisions are currently held in relation to such matters.

A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from the Group.

12. Share capital

The Group's capital includes share capital and the share premium account, other reserves which are comprised of the fair value reserve, hedging reserve and foreign exchange reserve, and retained earnings.

12a. Dividends

Dividends were proposed, approved and paid as follows:

	31 December 2021 £m	31 December 2020 £m
Proposed March 2020 (77.0 pence per share, 56.3 pence per share approved April 2020 and paid June 2020)	**—**	162.3
Declared August 2020 (91.2 pence per share, including 20.7 pence per share deferred, paid October 2020)	**—**	263.4
Proposed March 2021 (86.0 pence per share, approved April 2021 and paid June 2021)	**250.8**	—
Declared August 2021 (161.0 pence per share, paid October 2021)	**470.1**	—
Total dividends	**720.9**	425.7

The dividends proposed in March (approved in April) represent the final dividends paid in respect of the 2019 and 2020 financial years. The dividends declared in August are interim distributions in respect of 2020 and 2021.

A 2021 final dividend of 118.0 pence per share (approximately £347 million) has been proposed, made up of 72.0 pence per share relating to continuing operations, and 46.0 pence per share as the second special dividend relating to the disposal of the Penguin Portal comparison businesses.

12b. Earnings per share

	31 December 2021 £m	31 December 2020 £m
Profit for the financial year after taxation attributable to equity shareholders – continuing operations	**585.0**	502.9
Profit for the financial year after taxation attributable to equity shareholders – discontinued operations	**412.9**	25.9
Profit for the financial year after taxation attributable to equity shareholders – continuing and discontinued operations	**997.9**	528.8
Weighted average number of shares – basic	**297,480,041**	294,563,978
Unadjusted earnings per share – basic – continuing operations	**196.7p**	170.7p
Unadjusted earnings per share – basic – discontinued operations	**138.8p**	8.8p
Unadjusted earnings per share – basic – continuing and discontinued operations	**335.5p**	179.5p
Weighted average number of shares – diluted	**298,351,248**	295,034,233
Unadjusted earnings per share – diluted – continuing operations	**196.1p**	170.4p
Unadjusted earnings per share – diluted – discontinued operations	**138.4p**	8.8p
Unadjusted earnings per share – diluted – continuing and discontinued operations	**334.5p**	179.2p

The difference between the basic and diluted number of shares at the end of 2021 (being 871,207 2020: 470,255) relates to awards committed, but not yet issued under the Group's share schemes. Refer to note 9 for further detail.

12c. Share capital

	31 December 2021 £m	31 December 2020 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		
299,554,720 ordinary shares of 0.1 pence	**0.3**	—
296,692,063 ordinary shares of 0.1 pence	**—**	0.3
	0.3	0.3

12d. Related party transactions

The Board considers that only the Executive and Non-Executive Directors of Admiral Group plc are key management personnel.

A summary of the remuneration of key management personnel is as follows, with further detail relating to the remuneration and shareholdings of key management personnel set out in the Directors' Remuneration Report.

Key management personnel received short term employee benefits in the year of £3,077,686 (2020: £2,522,280), post-employment benefits of £30,643 (2020: £22,999) and share based payments of £2,149,734 (2020: £2,249,425). Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff, typically at a reduction of 15%.

12e. Post balance sheet events

No events have occurred since the reporting date that materially impact these financial statements.

13. Discontinued Operations

13a. Description

On the 29 December 2020, the Group announced that it had reached an agreement with ZPG Comparison Services Holdings UK Limited ("RVU") that RVU would purchase the Penguin Portals Group ("Penguin Portals", comprising online comparison portals Confused.com, Rastreator.com and LeLynx.fr and the Group's technology operation Admiral Technologies) and its 50% share of Preminen Price Comparison Holdings Limited ("Preminen"). MAPFRE would also sell its 25% holding in Rastreator and 50% holding in Preminen as part of the transaction.

Management considered these entities to meet the definition of a disposal group as set out under IFRS 5 above. The disposal group is included within the "Discontinued (comparison)" operating segment as stated in note 4.

On the 30 April 2021, the Group announced that, following regulatory and competition authority approvals, RVU had completed the purchase of the Penguin Portals Group and acquired Admiral's 50% share of Preminen. MAPFRE also sold its 25% holding in Rastreator and 50% holding in Preminen to RVU. The total transaction value was settled in cash on completion.

13b. Financial performance and cash flow information

Financial information relating to the discontinued operations for the financial year ending 31 December 2021 and 2020 are presented below. The results for the financial year ending 31 December 2021 relates to the profit earned prior to completion on 30 April 2021, and the gain recognised on disposal.

	31 December 2021			31 December 2020		
	Gross	**Eliminations**	**Net**	Gross	Eliminations	Net
	£m	**£m**	**£m**	£m	£m	£m
Revenue (Other Revenue)	**67.2**	**(7.6)**	**59.6**	183.9	(22.0)	161.9
Interest Income	**—**	**—**	**—**	—	—	—
Net Revenue	**67.2**	**(7.6)**	**59.6**	183.9	(22.0)	161.9
Operating expenses and share scheme charges	**(55.8)**	**7.6**	**(48.2)**	(154.4)	22.0	(132.4)
Operating profit	**11.4**	**—**	**11.4**	29.5	—	29.5
Finance costs	**(0.1)**	**—**	**(0.1)**	(0.1)	—	(0.1)
Gain on disposal sale of Comparison entities held for sale	**404.4**	**—**	**404.4**	**—**	**—**	—
Profit before tax from discontinued operations	**415.7**	**—**	**415.7**	29.4	—	29.4
Taxation expense	**(2.3)**	**—**	**(2.3)**	(3.6)	—	(3.6)
Profit after tax from discontinued operations	**413.4**	**—**	**413.4**	25.8	—	25.8

Due to the availability of certain tax reliefs on the gain of the comparison businesses sold, the effective tax rate for 2021 for discontinued operations is lower than the current standard corporate tax rate.

Operating expenses and share scheme charges include £0.4 million (2020: £3.1 million) of share scheme expenses that are not included in the segmental result in note 4. The net cash flows incurred by the disposal group are as follows:

	31 December 2021 £m	31 December 2020 £m
Net cash inflow from operating activities	**10.6**	36.1
Net cash (outflow) from investing activities	**(0.2)**	(1.0)
Net cash (outflow) from financing activities	**(22.6)**	(15.9)
Net cash (outflow)/ inflow from discontinued operations	**(12.2)**	19.2

13c. Assets disposed of

Consideration received consisted of cash only and was received at the point of completion. The total consideration received by the Group in cash was £471.8 million. This excludes any costs incurred by the Group in relation to the sale. The total gain on disposal is £404.4 million.

The carrying amount of assets and liabilities as at the date of sale (30 April 2021) are outlined below. The comparative balance is the assets classified as held for sale as at 31 December 2020. All assets previously held for sale have been disposed of as at 31 December 2021.

		30 April 2021 £m	31 December 2020 £m
Assets	*Note*		
Property and equipment	*11a*	**5.4**	5.9
Intangible assets	*11b*	**1.1**	1.2
Deferred tax asset	*10b*	**4.2**	4.2
Trade and other receivables		**41.9**	18.2
Corporation tax asset		**0.2**	-
Cash and cash equivalents		**41.3**	53.5
Assets associated with disposal group held for sale		**94.1**	83.0
Liabilities			
Trade and other payables		**33.3**	24.9
Lease liabilities		**3.6**	4.1
Corporation tax liability		**-**	5.0
Liabilities directly associated with disposal group held for sale		**36.9**	34.0

13d. Gain on disposal

	31 December 2021 £m
Gross sales proceeds	**508.1**
Accrued sale proceeds less dividends received prior to disposal and costs to sell recharged from purchaser	(7.4)
Non-controlling interest share of sales proceeds	(28.9)
Total Admiral Group cash received	**471.8**
Costs to sell incurred by seller, out of proceeds	(17.6)
Proceeds to Admiral, net of minority interests and transaction costs	**454.2**
Assets held for sale (note 13c)	(57.2)
Non-controlling interest share of assets held for sale	6.6
Other adjustments	0.8
Gain on disposal of comparison entities held for sale	**404.4**

14. Reconciliations

The following tables reconcile significant key performance indicators and non-GAAP measures included in the Strategic Report to items included in the financial statements.

14a. Reconciliation of continuing operations turnover to reported gross premiums written and other revenue as per the financial statements

	31 December 2021 £m	Re-presented 31 December 2020 £m
Gross premiums written after co-insurance per note 5a of financial statements	**2,513.6**	2,344.0
Premiums underwritten through co-insurance arrangements	**585.1**	613.2
Total premiums written	**3,098.7**	2,957.2
Other Revenue *1	**314.8**	329.4
Admiral Loans interest income	**36.6**	36.8
	3,450.1	3,323.4
Other*2	**57.2**	42.4
Turnover as per note 4a of financial statements*1*3	**3,507.3**	3,365.8
Intra-group income elimination*4	**0.2**	0.2
Total turnover – continuing operations *1*3	**3,507.5**	3,366.0

*1 Continuing operations

*2 Other reconciling items represent co-insurer and reinsurer shares of Other Revenue in the Group's Insurance businesses outside of UK Car Insurance.

*3 See note 14d for the impact of the "Stay at home" premium refund issued to UK motor insurance customers on Turnover in H1 2020.

*4 Intra-group income elimination relates to comparison income earned in the Group from other Group companies

14b. Reconciliation of claims incurred to reported loss ratios, excluding releases on commuted reinsurance

December 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance claims (note 5)	86.1	31.8	170.8	43.6	332.3
Deduct claims handling costs	(12.1)	(1.4)	(8.9)	(0.5)	(22.9)
Prior year release/strengthening – net original share	128.1	1.8	16.4	2.2	148.5
Prior year release/strengthening – commuted share	189.2	0.7	—	—	189.9
Impact of reinsurer caps	—	—	1.0	—	1.0
Impact of weather events	—	(1.1)	—	—	(1.1)
Attritional current period claims	391.3	31.8	179.3	45.3	647.7
Net insurance premium revenue	496.5	49.1	221.0	88.4	855.0
Loss ratio – current period attritional	78.8%	64.8%	81.1%	—	75.8%
Loss ratio – current period weather events	—	2.2%	—	—	0.1%
Loss ratio – prior year release/strengthening (net original share)	(25.8%)	(3.7%)	(7.4%)	—	(17.4%)
Loss ratio – reported	**53.0%**	**63.3%**	**73.7%**	**—**	**58.5%**

December 2020	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance claims (note 5)	97.1	29.3	139.3	27.5	293.2
Deduct claims handling costs	(12.3)	(1.3)	(9.8)	—	(23.4)
Prior year release/strengthening – net original share	104.3	2.8	18.6	—	125.7
Prior year release/strengthening – commuted share	137.3	—	—	—	137.3
Impact of reinsurer caps	—	—	1.9	—	1.9
Impact of weather events	—	(2.3)	—	—	(2.3)
Attritional current period claims	326.4	28.5	150.0	27.5	532.4
Net insurance premium revenue	451.4	43.2	204.2	52.8	751.6
Loss ratio – current period attritional	72.3%	65.9%	73.4%	—	70.8%
Loss ratio – current period weather events	—	5.3%	—	—	0.3%
Loss ratio – prior year release/strengthening (net original share)	(23.1%)	(6.4%)	(9.1%)	—	(16.7%)
Loss ratio – reported	**49.2%**	**64.8%**	**64.3%**	**—**	**54.4%**

14c. Reconciliation of expenses related to insurance contracts to reported expense ratios

December 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance expenses (note 9)	136.7	17.9	91.3	16.8	262.7
Restructure Costs*1	(41.6)	(4.4)	—	—	(46.0)
Claims handling costs	12.1	1.4	8.9	0.5	22.9
Intra-group expenses elimination*2	—	—	0.3	—	0.3
Impact of reinsurer caps	(10.1)	—	(1.7)	—	(11.8)
Net IFRS 16 finance costs	0.5	—	0.1	—	0.6
Adjusted net insurance expenses	97.6	14.9	98.9	17.3	228.7
Net insurance premium revenue	496.5	49.1	221.0	88.4	855.0
Expense ratio – reported	**19.7%**	**30.3%**	**44.8%**	**—**	**26.7%**

December 2020	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance expenses (note 9)	76.7	11.4	78.5	9.2	175.8
Claims handling costs	12.3	1.3	9.8	—	23.4
Intra-group expenses elimination*2	—	—	0.2	—	0.2
Impact of reinsurer caps	—	—	1.1	—	1.1
Net IFRS 16 finance costs	0.5	—	0.1	—	0.6
Adjusted net insurance expenses	89.5	12.7	89.7	9.2	201.1
Net insurance premium revenue	451.4	43.2	204.2	52.8	751.6
Expense ratio – reported	**19.8%**	**29.4%**	**43.9%**	**—**	**26.8%**

*1 Restructure costs of £8.0 million relate to ancillary costs. Total restructure costs incurred within UK insurance are £54.0 million.

*2 The intra-group expenses elimination amount relates to aggregator fees charges by the Group’s comparison business, Compare.com to other Group companies: given the re-presentation of other comparison businesses to discontinued operations, those expenses are now included in net insurance expenses in note 9, as acquisition costs.

14d. Reconciliation of Impact of “Stay at Home” premium refund issued to UK Motor Insurance customers on Turnover, Total written premiums, Gross written premiums and net insurance premium revenue

	31 December 2020 £m
Total “Stay at Home” premium refund issued to UK Motor insurance customers	110.0
Insurance premium tax	(12.7)
Impact of premium refund on turnover and total written premium	97.3
Co-insurer share of premium refund	(27.3)
Impact of premium refund on gross written premium and gross earned premium	70.0
Reinsurer share of premium refund on reinsurers’ written and earned premium	(48.9)
Impact of premium refund on net insurance premium revenue (written and earned)	**21.1**

Whilst the impact on premium in the prior period is £21.1 million, the ultimate impact is expected to be the substantial majority of the total premium refunded due to the Group's co- and reinsurance profit commission arrangements. The majority of this was reflected in 2020.

14e. Reconciliation of earnings per share, continuing operations excluding restructure costs

	31 December 2021 £m
Profit for the financial year after taxation attributable to equity shareholders – continuing operations	585.0
Post-tax impact of restructure costs	46.3
Profit for the financial year after restructure costs and taxation attributable to equity shareholders – continuing operations	**631.3**
Weighted average number of shares - basic	297,480,041
Earnings per share, continuing operations excluding restructure costs	**212.2p**

Consolidated financial summary (unaudited)

Basis of preparation

The figures below are as stated in the Group financial statements preceding this financial summary and issued previously. Only selected lines from the income statement and balance sheet have been included.

Income statement

	2021 £m	2020 £m	2019*1 £m	2018 £m	2017 £m
Total premiums	**3,098.7**	2,957.2	2,938.6	2,766.4	2,499.4
Net insurance premium revenue	**855.0**	751.6	709.4	671.8	619.1
Other Revenue	**345.3**	359.0	348.8	460.6	401.1
Profit commission	**304.5**	134.0	114.9	93.2	67.0
Investment and interest income	**45.2**	60.7	35.7	36.0	41.7
Net revenue	**1,550.0**	1,305.3	1,208.8	1,261.6	1,128.9
Net insurance claims	**(332.3)**	(293.2)	(359.3)	(350.1)	(347.1)
Net expenses	**(492.3)**	(391.6)	(331.9)	(424.0)	(366.9)
Operating profit	**725.4**	620.5	517.6	487.5	414.9
Net finance costs	**(11.9)**	(12.3)	(12.5)	(11.3)	(11.4)
Profit before tax from continuing operations	**713.5**	608.2	505.1		
Profit before tax from discontinued operations	**415.7**	29.4	17.5		
Profit before tax from continuing and discontinued operations	**1,129.2**	637.6	522.6	476.2	403.5

*1 Re-presented from financial year 2019 to reflect discontinued operations

Balance sheet

	2021 £m	2020*1 £m	2019 £m	2018 £m	2017 £m
Property and equipment	**103.2**	146.3	154.4	28.1	31.3
Intangible assets	**179.9**	167.9	160.3	162.0	159.4
Deferred income tax	**9.3**	3.3	—	0.2	0.3
Corporation tax asset	**10.6**	17.9	—	—	—
Reinsurance assets	**2,176.1**	2,083.2	2,071.7	1,883.5	1,637.6
Insurance and other receivables	**1,208.5**	1,200.2	1,227.7	1,082.0	939.7
Loans and advances to customers	**556.8**	359.8	455.1	300.2	66.2
Financial investments	**3,742.6**	3,506.0	3,234.5	2,969.7	2,697.8
Cash and cash equivalents	**372.7**	351.7	281.7	376.8	326.8
Total assets	**8,359.7**	7,836.3	7,585.4	6,802.5	5,859.1
Equity	**1,408.5**	1,123.4	918.6	771.1	655.8
Insurance contracts	**4,215.0**	4,081.3	3,975.0	3,736.4	3,313.9
Subordinated and other financial liabilities	**670.9**	488.6	530.1	444.2	224.0
Trade and other payables	**1,960.0**	2,016.1	1,975.9	1,801.5	1,641.6
Lease liabilities	**105.3**	126.9	137.1	—	—
Deferred income tax	—	—	0.4	—	—
Current tax liabilities	—	—	48.3	49.3	23.8
Total equity and total liabilities	**8,359.7**	7,836.3	7,585.4	6,802.5	5,859.1

*1 Balance sheet is shown on a total group basis (including discontinued operations)

Glossary

Alternative Performance Measures

Throughout this report, the Group uses a number of Alternative Performance Measures (APMs); measures that are not required or commonly reported under International Financial Reporting Standards, the Generally Accepted Accounting Principles (GAAP) under which the Group prepares its financial statements.

These APMs are used by the Group, alongside GAAP measures, for both internal performance analysis and to help shareholders and other users of the Annual Report and financial statements to better understand the Group's performance in the period in comparison to previous periods and the Group's competitors.

The table below defines and explains the primary APMs used in this report. Financial APMs are usually derived from financial statement items and are calculated using consistent accounting policies to those applied in the financial statements, unless otherwise stated. Non-financial KPIs incorporate information that cannot be derived from the financial statements but provide further insight into the performance and financial position of the Group.

APMs may not necessarily be defined in a consistent manner to similar APMs used by the Group's competitors. They should be considered as a supplement rather than a substitute for GAAP measures.

Turnover	Turnover is defined as total premiums written (as below), other revenue and income from Admiral Loans. It is reconciled to financial statement line items in note 14a to the financial statements. It has been redefined in the current period to exclude revenue from discontinued operations. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total value of the revenue generated by the Group and analysis of this measure over time provides a clear indication of the size and growth of the Group. The measure was developed as a result of the Group's business model. The UK Car insurance business has historically shared a significant proportion of the risks with Munich Re, a third-party reinsurance Group, through a co-insurance arrangement, with the arrangement subsequently being replicated in some of the Group's international insurance operations. Premiums and claims accruing to the external co-insurer are not reflected in the Group's income statement and therefore presentation of this metric enables users of the Annual Report to see the scale of the Group's insurance operations in a way not possible from taking the income statement in isolation.

Total Premiums Written	Total premiums written are the total forecast premiums, net of forecast cancellations written in the underwriting year within the Group, including co-insurance. It is reconciled to financial statement line items in note 14a to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total premiums written by the Group's insurance intermediaries and analysis of this measure over time provides a clear indication of the growth in premiums, irrespective of how co-insurance agreements have changed over time. The reasons for presenting this measure are consistent with that for the Turnover APM noted above. As noted in the Turnover metric above, in 2020 a reduction of £97 million has been reflected within 2020 total premiums written, to reflect the "Stay at Home" premium rebate.
Group profit before tax	Group profit before tax represents profit before tax from continuing operations, excluding restructure costs
Earnings per share, continuing operations	Earnings per share from continuing operations before restructure costs represents the profit after tax attributable to equity shareholders excluding restructure costs, divided by the weighted average number of basic shares.
Underwriting result (profit or loss)	For each insurance business an underwriting result is presented showing the segment result prior to the inclusion of profit commission, other income contribution and instalment income. It demonstrates the insurance result, i.e. premium revenue and investment income on insurance assets less claims incurred and insurance expenses.
Loss Ratio	Reported loss ratios are expressed as a percentage of claims incurred divided by net earned premiums. There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 14b to the accounts and explanation is as follows. UK reported motor loss ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the impact of reserve releases on commuted reinsurance contracts and ii) exclude claims handling costs that are reported within claims costs in the income statement. International insurance loss ratio: As for the UK Motor loss ratio, the international insurance loss ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to exclude the claims element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer claims costs would distort the underlying performance of the business. Group loss ratios: Group loss ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) exclude the impact of reserve releases on commuted reinsurance contracts, ii) exclude claims handling costs that are reported within claims costs in the income statement and iii) exclude the claims element of the impact of international reinsurer caps.

Expense Ratio	Reported expense ratios are expressed as a percentage of net operating expenses divided by net earned premiums. There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 14c to the accounts and explanation is as follows. UK reported motor expense ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) include claims handling costs that are reported within claims costs in the income statement, ii) include intra-group aggregator fees charged by the UK comparison business to the UK insurance business and iii) exclude the expense element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer expenses would distort the underlying performance of the business, and iv) exclude restructure costs International insurance expense ratio: As for the UK Motor loss ratio, the international insurance expense ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the expense element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer expenses would distort the underlying performance of the business and ii) include intra-group aggregator fees charged by the overseas comparison businesses to the international insurance businesses. Group expense ratios: Group expense ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) include claims handling costs that are reported within claims costs in the income statement, ii) include intra-group aggregator fees charged by the Group's comparison businesses to the Group's insurance businesses and iii) exclude the expense element of the impact of reinsurer caps.
Combined Ratio	Reported combined ratios are the sum of the loss and expense ratios as defined above. Explanation of these figures is noted above and reconciliation of the calculations are provided in notes 14b and 14c.
Return on Equity	Return on equity is calculated as profit after tax from continuing operations, before restructure costs, for the period attributable to equity holders of the Group divided by the average total equity attributable to equity holders of the Group in the year excluding any net assets related to discontinued operations, including the exclusion of the net proceeds from sale still to be distributed. This average is determined by dividing the opening and closing positions for the year by two. It has been redefined in the current period to exclude the impact of discontinued operations.
Group Customers	Group customer numbers reflect the total number of cars, households and vans on cover at the end of the year, across the Group, and the total number of travel insurance and loans customers. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the size of the Group's customer base and analysis of this measure over time provides a clear indication of the growth. It is also a useful indicator of the growing significance to the Group of the different lines of business and geographic regions.
Effective Tax Rate	Effective tax rate is defined as the approximate tax rate derived from dividing the Group's profit before tax by the tax charge going through the income statement. It is a measure historically presented by the Group and enables users to see how the tax cost incurred by the Group compares over time and to current corporation tax rates.

Additional Terminology

There are many other terms used in this report that are specific to the Group or the markets in which it operates. These are defined as follows:

Accident year	The year in which an accident occurs, also referred to as the earned basis.
Actuarial best estimate	The probability-weighted average of all future claims and cost scenarios calculated using historical data, actuarial methods and judgement.
ASHE	'Annual Survey of Hours and Earnings' – a statistical index that is typically used for calculation inflation of annual payment amounts under Periodic Payment Order (PPO) claims settlements.
Claims reserves	A monetary amount set aside for the future payment of incurred claims that have not yet been settled, thus representing a balance sheet liability.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract. The Group typically commutes UK motor insurance quota share contracts after 24-36 months from the start of an underwriting year where it makes economic sense to do so. Although an individual underwriting year may be profitable, the margin held in the financial statement claims reserves may mean that an accounting loss on commutation must be recognised at the point of commutation of the reinsurance contracts. This loss on commutation unwinds in future periods as the financial statement loss ratios develop to ultimate.
Insurance market cycle	The tendency for the insurance market to swing between highs and lows of profitability over time, with the potential to influence premium rates (also known as the "underwriting cycle").
Net claims	The cost of claims incurred in the period, less any claims costs recovered via salvage and subrogation arrangements or under reinsurance contracts. It includes both claims payments and movements in claims reserves.
Net insurance premium revenue	Also referred to as net earned premium. The element of premium, less reinsurance premium, earned in the period.
Net promotor score	NPS is currently measured based on a subset of customer responding to a single question: On a scale of 0-10 (10 being the best score), how likely would you recommend our company to a friend, family or colleague through phone, online or email. Answers are then placed in 3 groups; Detractors: scores ranging from 0 to 6]; Passives/neutrals: scores ranging from [7 to 8]; Promoters: scores ranging from [9 to 10] and the final NPS score is : % of promoters - % of detractors
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements in the UK.

Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Premium	A series of payments are made by the policyholder, typically monthly or annually, for part of or all of the duration of the contract. Written premium refers to the total amount the policyholder has contracted for, whereas earned premium refers to the recognition of this premium over the life of the contract.
Profit commission	A clause found in some reinsurance and coinsurance agreements that provides for profit sharing.
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss basis (full reinsurance for claims over an agreed value).
Scaled Agile	Scaled Agile is a framework that uses a set of organisational and workflow patterns for implementing agile practices at an enterprise scale. Scaled agile at Admiral represents the ability to drive agile at the team level whilst applying the same sustainable principles of the group.
Securitisation	A process by which a group of assets, usually loans, is aggregated into a pool, which is used to back the issuance of new securities. A company transfer assets to a special purpose entity (SPE) which then issues securities backed by the assets.
Special Purpose Entity (SPE)	An entity that is created to accomplish a narrow and well-defined objective. There are specific restrictions or limited around ongoing activities. The Group uses an SPE set up under a securitisation programme.
Ultimate loss ratio	A projected actuarial best estimate loss ratio for a particular accident year or underwriting year.
Underwriting year	The year in which an insurance policy was incepted.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies incepting in the relevant underwriting year.
Written/Earned basis	An insurance policy can be written in one calendar year but earned over a subsequent calendar year.