10 August 2022

2022 Interim Results Highlights

Admiral Group reports solid first half profits and growth despite inflationary environment

	Six months ended: 30 June 2022	30 June 2021	30 June 2019	*% change vs. 2021*	*% change vs. 2019*
Group profit before tax [1]	£251.3m	£482.2m	£210.5m	*-48%*	*+19%*
Earnings per share [1]	67.0p	132.9p	60.9p	*-50%*	*+10%*
Interim dividend per share	60.0p	115.0p	63.0p	*-48%*	*-5%*
Special dividend per share from sale of Penguin Portals comparison businesses	45.0p	46.0p	—	—	—
Return on equity [1 2]	37%	68%	47%	*-31pts*	*-10pts*
Group turnover[1 2]	£1.85bn	£1.75bn	£1.68bn	*+6%*	*+10%*
Group net revenue [1]	£0.72bn	£0.79bn	£0.65bn	*-9%*	*+10%*
Group customers[2]	9.11m	8.02m	6.74m	*+14%*	*+35%*
UK Insurance customers[2]	6.94m	6.22m	5.32m	*+12%*	*+30%*
International Insurance customers[2]	1.94m	1.71m	1.36m	*+13%*	*+43%*
Gross loans balances	£786.6m	£469.4m	£437.0m	*+68%*	*+80%*
Solvency ratio (post-dividend) [2]	185%	209%	190%	*-24pts*	*-5pts*

1 Group profit before tax, Earnings per share, Group turnover, Net revenue and Return on equity presented on a continuing operations basis
2 Alternative Performance Measures - refer to the end of the report for definition and explanation

Around 10,000 employees each receive free shares worth up to £1,800 under the employee share scheme based on the interim 2022 results.

Comment from Milena Mondini de Focatiis, Group Chief Executive Officer

"Admiral has delivered a solid set of results and good customer growth in the first half of the year. We are happy with this progress against the backdrop of a more turbulent cycle than usual, and high levels of inflation. Although, as expected, profit has decreased against last year, the unique conditions of the pandemic years make 2019 a better comparison - with profit and customer numbers increasing by 19% and 35% respectively since then.

"We have remained disciplined, adapting our rates in response to the higher inflation environment earlier than the market and maintaining a cautious approach to reserving, as we always do. We continue to focus on good execution through the cycle. Our strong balance sheet and focus on profitability over growth puts us on a strong footing for when conditions improve.

"It is pleasing to see the majority of our growth coming from more and more customers across all of our products and geographies choosing to stay with us. We are committed to delivering great service and to support all of our customers, including those who are experiencing financial difficulty.

“We have made good progress on our diversification strategy. More than half of our customer growth came from our new products and geographies, with UK Household up 18% and Admiral Money loans balances up by almost 70% whilst the business made its first small profit. We now serve 1.9 million customers across our international businesses.

“I would like to thank all of my colleagues across the Group who make the business such a great place to work, and whose dedication and adaptability has enabled us to meet our 9 million customers’ needs during this period.”

Dividend

The Board has declared an interim dividend of 60.0 pence per share, made up of a normal dividend of 44.2 pence and a special dividend of 15.8 pence per share. The payment represents 90% of earnings per share for the first half.

The Board has also declared a further special dividend of 45.0 pence per share reflecting the final payment of the phased return to shareholders of the proceeds from the sale of the Penguin Portals comparison businesses. This payment, along with the previous two payments of 46.0 pence per share, brings the total amount returned to shareholders to just over £400 million.

The total interim dividend, including the further special dividend is 105.0 pence per share, made of a normal dividend of 44.2 pence per share and a special dividend of 60.8 pence per share.

Payment will be on 30 September 2022. The ex-dividend date is 1 September 2022 and the record date is 2 September 2022.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 10.30 BST on Wednesday 10 August 2022 by registering at the following link for webcast at https://edge.media-server.com/mmc/p/8s7r4iut or via conference call at https://register.vevent.com/register/BI60d5a8704b4f49eaa19bd36b6abfd763. A copy of the presentation slides will be available at www.admiralgroup.co.uk

H1 2022 Group overview

£m	30 June 2022	30 June 2021	30 June 2019	*% change vs. 2021*	*% change vs. 2019*
Group turnover (£bn) *1*3	1.85	1.75	1.68	*+6%*	*+10%*
Underwriting profit including investment income*1	106.6	244.5	96.0	*-56%*	*+11%*
Profit commission	75.5	187.3	36.1	*-60%*	*+109%*
Net other revenue and expenses*1	75.1	56.3	84.6	*+33%*	*-11%*
Operating profit*3	**257.2**	**488.1**	**216.7**	*-47%*	*+19%*
Group profit before tax*3	**251.3**	**482.2**	**210.5**	*-48%*	*+19%*
Analysis of profit:					
UK Insurance	321.8	543.5	255.0	*-41%*	*+26%*
International Insurance	(21.6)	(0.9)	(2.7)	*nm*	*nm*
International Insurance – European Motor	0.2	4.9	3.8	*nm*	*nm*
International Insurance – US Motor	(19.8)	(4.2)	(6.2)	*nm*	*nm*
International Insurance – Other	(2.0)	(1.6)	(0.3)	*nm*	*nm*
Admiral Money	0.2	(1.9)	(4.3)	*nm*	*nm*
Other	(49.1)	(58.5)	(37.5)	*+16%*	*-31%*
Group profit before tax	**251.3**	**482.2**	**210.5**	*-48%*	*+19%*
Key metrics					
Group loss ratio*1*2	67.6%	49.1%	69.1%	*+19pts*	*-2pts*
Group expense ratio*1*2	29.1%	26.1%	23.2%	*+3pts*	*+6pts*
Group combined ratio*1	96.7%	75.2%	92.3%	*+22pts*	*+4pts*
Customer numbers (million)*1	9.11	8.02	6.74	*+14%*	*+35%*
Earnings per share *3	67.0p	132.9p	60.9p	*-50%*	*+10%*
Interim dividend per share	60.0p	115.0p	63.0p	*-48%*	*-5%*
Special dividend from sale of Penguin Portals	45.0p	46.0p	—	—	—
Return on equity*1*3	37%	68%	47%	*-31pts*	*-10pts*
Solvency ratio*1	185%	209%	190%	*-24pts*	*-5pts*

*1 *Alternative Performance Measures – refer to the end of the report for definition and explanation*
*2 *See notes 13b and 13c for a reconciliation of reported loss and expense ratios to the financial statements*
*3 *Group turnover, Operating profit, Group profit before tax, Earnings per share, Return on equity presented on a continuing operations basis*
nm – not meaningful

Group Highlights

The Group delivered another solid set of results in the first half of 2022 against a backdrop of challenging market conditions and an elevated inflationary environment. Following on from two outlier years of higher profits resulting from Covid and related factors, Group profits have returned to a level more comparable to pre-Covid periods whilst delivering positive change in a number of key metrics. Highlights are as follows:

- 9.1 million Group customers at the end of the first half of 2022, a 35% increase from 6.7 million at the end of the first half of 2019 and with over 1 million customers added since half year 2021
- Group pre-tax profits of £251 million, 48% lower than the exceptional first half of 2021, but 19% higher than H1 2019
- UK Insurance business year-on-year growth in both turnover (+3%) and customer numbers (+12%), despite significant rate increases in UK Motor in response to elevated claims inflation
- UK Insurance profit of £322 million, 41% lower than 2021 (£544 million) with higher current period claims and lower reserve releases and profit commission, but 26% ahead of H1 2019
- Strong performance from UK Household, with pre-tax profit of £7 million (£17 million excluding the impact of exceptional weather in the period)
- A worse overall International Insurance result (loss of £22 million v loss of £1 million in H1 2021) than recent years,

primarily driven by a more significant loss in US Motor Insurance (due to much higher claims inflation) offsetting a small profit in European motor insurance

- Strong performance from Admiral Money, with a 68% increase in loans balances compared to 30 June 2021, continued favourable default experience and a first small profit for the first half of 2022

Earnings per share

Earnings per share for the first half is 67.0 pence (H1 2021: 132.9 pence). The reduction compared to 2021 is for the reasons noted above. Earnings per share is 10% ahead of H1 2019 (60.9 pence), with this increase being lower than the growth in pre-tax profits (19%) due to a higher effective tax rate in 2022 compared to 2019, primarily related to the higher loss in the US in the current period.

Return on equity

The Group's return on equity was 37% in the first half of 2022, 31 points lower than H1 2021 and 10 points lower than the comparable period in 2019 despite the growth in profit vs 2019. This is the result of a significant growth in the average equity between H1 2019 and H1 2022. Whilst the Group pays out the majority of its post-tax profits in dividends, the higher level of profitability through 2020 and 2021 means that the quantum of profit that is retained has been at a higher than typical level, increasing net equity over these periods.

Dividends and solvency

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 or buffers.

The Board has declared an interim dividend of 60.0 pence per share (approximately £177 million) split as follows:

- 44.2 pence per share normal dividend
- A special dividend of 15.8 pence per share

The 2022 interim dividend (excluding the further special dividend referred to below) reflects a pay-out ratio of 90% of earnings per share. 60.0 pence per share is 48% lower than the interim 2021 dividend (115.0 pence per share) with the movement being in line with the reduction in profit noted above.

The Board has declared a further special dividend of 45.0 pence per share reflecting the final payment of the phased return to shareholders of the proceeds from the sale of the Penguin Portals comparison businesses which completed in 2021. This payment, along with the previous two payments of 46.0 pence per share, brings the total amount returned to shareholders to just over £400 million.

The total interim dividend, including the further special dividend is 105.0 pence per share, split 44.2 pence per share normal element and 60.8 pence per share, special element.

The payment date is 30 September 2022, ex-dividend date 1 September 2022 and record date 2 September 2022.

The Group reports a strong solvency ratio of 185% post-dividend. The ratio has reduced by 24 percentage points from H1 2021 (a reduction of 10 percentage points from the end of 2021). The reduction from H1 2021 is primarily due to a reduction in own funds of approximately £170 million – arising through both the impact of widening credit spreads on the Group's investment portfolio, and lower generation of economic capital.

Global context and inflation

Various macroeconomic and other factors (including significantly higher inflation, supply chain pressures and labour shortages) have influenced Admiral's businesses and markets during 2022.

Elevated levels of inflation in insurance claims has been an important issue in the period, and the levels of claims frequencies have also returned near to, or to, pre-pandemic levels. The main drivers of claims inflation are higher used car prices, higher repair costs, longer repair timescales and higher expected levels of wage inflation impacting the projected costs of bodily injury claims.

Admiral continues to manage these challenges with a disciplined, long term approach to pricing and business volume and continues to take a very conservative approach to reserving for insurance claims. Admiral Money continued to cautiously grow its loans portfolio in the first half of 2022, though has further tightened underwriting criteria in response to economic conditions and outlook. Provisions for credit losses remain appropriately prudent, though no significant increase in the level of arrears and defaults has been seen to date.

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

- **UK Insurance – including UK Motor (Car and Van), Household and Travel**
- **International Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy), and Elephant (US)**
- **Admiral Money**
- **Other Group Items – including compare.com (US comparison) and Admiral Pioneer**

UK Insurance

£m	**30 June 2022**	**30 June 2021**	**30 June 2020**	**30 June 2019**
Turnover*1	1,409.9	1,372.0	1,248.4	1,338.8
Total premiums written*1	1,265.1	1,230.9	1,101.6	1,186.0
Net insurance premium revenue	306.2	295.6	251.7	264.7
Underwriting profit including investment income*1	153.6	259.6	158.1	106.7
Profit commission and other revenue	168.2	283.9	155.9	148.3
UK Insurance profit before tax	**321.8**	**543.5**	**314.0**	**255.0**

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

Split of UK Insurance profit before tax £m	**30 June 2022**	**30 June 2021**	**30 June 2020**	**30 June 2019**
Motor	317.3	530.4	310.6	252.0
Household	6.9	13.9	5.5	4.2
Travel	(2.4)	(0.8)	(2.1)	(1.2)
UK Insurance profit	**321.8**	**543.5**	**314.0**	**255.0**

Key performance indicators

	30 June 2022	**30 June 2021**	**30 June 2020**	**30 June 2019**
Vehicles insured at period end	5.14m	4.93m	4.42m	4.33m
Households insured at period end	1.46m	1.23m	1.07m	0.92m
Travel Insurance customers	0.34m	0.06m	0.09m	0.07m
Total UK Insurance customers	**6.94m**	**6.22m**	**5.58m**	**5.32m**

Highlights for the UK Insurance business for H1 2022 include:

- **In UK Motor Insurance:**
    - Customer growth of 4% to 5.14 million customers (30 June 2021: 4.93 million)
    - Profit of £317.3 million, down from the elevated profit in H1 2021 of £530.4 million, but higher than the pre-pandemic profit in H1 2019 of £252.0 million

- **In UK Household Insurance:**
    - Customer growth of 18% to 1.46 million (30 June 2021: 1.23 million)
    - Profit of £6.9 million, lower than the £13.9 million profit in H1 2021 as a result of weather events which had a £10 million negative impact on the current period result (no significant weather impact in H1 2021)

UK Motor Insurance

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Turnover*1	1,271.8	1,266.0	1,158.3	1,255.2
Total premiums written*1	1,135.9	1,135.0	1,019.8	1,110.1
Net insurance premium revenue	234.8	242.4	208.5	225.4
Investment income	19.8	20.7	30.6	15.9
Net insurance claims	(60.9)	16.6	(48.9)	(106.2)
Net insurance expenses	(57.5)	(39.9)	(38.6)	(36.1)
Underwriting profit including investment income*1*2	**136.2**	**239.8**	**151.6**	**99.0**
Profit commission	71.0	177.7	41.1	35.0
Underwriting profit and profit commission	**207.2**	**417.5**	**192.7**	**134.0**
Net other revenue*3	110.1	112.9	117.9	118.0
UK Motor Insurance profit before tax	**317.3**	**530.4**	**310.6**	**252.0**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)*
**3 Net other revenue includes instalment income and contribution from underwritten ancillaries. Further detail is given in the Other revenue section below*

Key performance indicators

	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Reported Motor loss ratio*1*2	63.1%	39.4%	49.4%	67.8%
Reported Motor expense ratio*1*3	20.7%	19.0%	21.3%	18.7%
Reported Motor combined ratio*1	83.8%	58.4%	70.7%	86.5%
Written basis Motor expense ratio*1	19.5%	18.7%	18.8%	17.5%
Reported loss ratio before releases*1	91.3%	72.9%	80.2%	90.0%
Claims reserve releases – original net share*1*4	£66.2m	£81.1m	£64.2m	£50.0m
Claims reserve releases – commuted reinsurance*1*5	£93.4m	£118.3m	£60.0m	£52.8m
Total claims reserve releases*1	£159.6m	£199.4m	£124.2m	£102.8m
Claims reserve releases – original net share as a % of net premium revenue *1	28.2%	33.5%	30.8%	22.2%
Vehicles insured at period end*1	5.14m	4.93m	4.42m	4.33m
Other revenue per vehicle*1	£59	£58	£64	£66

**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 13b*
**3 Motor expense ratio is calculated by including claims handling expenses that are reported within claims costs in the income statement, and excluding the impacts of reinsurance caps. Reconciliation in note 13c*
**4 Original net share shows reserve releases on the proportion of the account that Admiral wrote on a net basis at the start of the underwriting year in question*
**5 Commuted reinsurance shows releases on the proportion of the account that was originally ceded under quota share reinsurance contracts but has since been commuted and hence reported through underwriting profit and not profit commission*

UK Motor profit in the first six months of 2022 was £317.3 million, lower than the same period in 2021 (H1 2021: £530.4 million) as a result of the non-repeat of the Covid-impacted favourable performance in 2021 across current year, and prior year claims as well as profit commission. Both 2020 and 2021 (especially H2 2020 and H1 2021) are considered exceptional periods, delivering much lower loss ratios than is the norm as a result of Covid-related factors.

When compared to H1 2019, UK Motor profit has grown by 26% (11% adjusting for the adverse Ogden impact in the first half of 2019). With the reported loss ratio before releases broadly consistent with that in H1 2019, the larger business combined with continued favourable prior period development results in a higher level of profit generated from reserve releases and profit commission.

The business delivered 4% growth in customer numbers year-on-year (all coming in the first half of 2022), primarily as a result of strong customer retention, within a challenging market. After the FCA's general insurance pricing reforms came into effect at the start of the year, Admiral saw a notable increase in retention and remains well positioned in the market.

As the expected level of claims inflation increased during the period, new business and renewal prices were increased significantly (by around 16% from March to the end of July), and by more than the market average. Admiral will continue to prioritise underwriting profitability over growth in the second half of the year if the current level of inflation persists as expected.

Net insurance premium revenue at £234.8 million is 3% lower than H1 2021, with lower average earned premium reflecting the effects of the FCA pricing reform, a competitive market environment and a shift in mix towards the renewal book. The price increases in the first half are expected to increase average premium over the course of the second half of the year as the premium earns through.

The lower average premium (common with the market), along with continued technology investment resulted in an increase in reported expense ratio (20.7% vs 19.0% in H1 2021). The same drivers led to a similar increase in the written expense ratio (19.5% vs 18.7% in H1 2021).

Investment income in the period was £19.8 million (H1 2021: £20.7 million) with higher underlying investment income being offset by a reduction in income arising from cash held by Admiral relating to the portion of the book that is ceded through quota share reinsurance (£2.3 million reduction; H1 2021: £nil).

Claims, Reserve Releases and Profit Commission

There are a number of trends impacting UK motor claims in the first half of 2022 which result in the increase in reported loss ratio (39.4% in H1 2021 to 63.1% in H1 2022):

Reported Motor loss ratio	**Reported loss ratio before releases**	**Impact of claims reserve releases - net original share**	**Reported loss ratio**
H1 2021	**72.9%**	**(33.5%)**	**39.4%**
Change in current period loss ratio	+18.4%	—	+18.4%
Change in claims reserve release – original net share	—	+5.3%	+5.3%
H1 2022	**91.3%**	**(28.2%)**	**63.1%**

- The current period loss ratio increased by 18.4 points which can be primarily attributed to:
    - Continuing return towards pre-pandemic road usage over the last 12 months (although still below historic levels) and therefore an increase in claims frequency compared to H1 2021, with a partial offset arising from a reduction in frequency for smaller bodily injury claims following the whiplash reforms
    - Higher than usual levels of inflation in damage claims costs (further detail follows below)
    - Slightly lower average premium in the period following a shift in portfolio mix towards renewals business
- Prior period releases reduced by 5.3 points to 28.2% from the elevated level experienced in H1 2021 (33.5%):
    - Though lower than in H1 2021, Admiral continues to see favourable development in best estimate reserves, primarily for large bodily injury claims which are initially projected cautiously
    - This benefit is partially offset by an allowance in the best estimate for the potential effects of excess inflation on bodily injury claims
    - The margin held above best estimate reserves is broadly consistent with year end 2021 and remains significant and prudent

Claims Inflation and Reserving

Admiral's actuarial reserving team calculates best estimate claims reserves for UK motor claims reserves, using standard actuarial techniques applied to paid and incurred claims data, overlayed with assumptions and judgements where it is considered that the data does not fully reflect potential future trends and developments. The best estimate claims reserves are validated through comparison with projections performed by an independent, external actuarial firm. Projections show an increase in average ultimate claims cost in the first half of 2022 compared to 2021 of around 11%.

The impact of inflation on third party and own damage claims is observed reasonably quickly, with the elevated levels due to market-wide factors such as high second hand car values (impacting total loss claims), parts supply chain issues and underlying challenges in supply of labour leading to higher repair costs.

The longer term impacts of the current inflation spike on bodily injury claims is highly uncertain. Admiral does not currently observe material changes in inflation for bodily injury claims settled in 2022 to date, when compared to 2021. However, an allowance in the best estimate reserve is held to reflect the potential impacts of higher than historic levels of future wage inflation on certain elements of large bodily injury claims reserves.

In addition to the inflationary environment, there continues to be a high level of uncertainty within motor claims across the market arising from (and not limited to), the continued adjustment of claims frequency post Covid (for both road usage trends and the relationship between road usage and claims frequency), the impact of the whiplash reforms on smaller bodily injury claims and the future path of the Ogden discount rate.

As a result of this uncertainty, Admiral continues to hold a significant and prudent margin above best estimate reserves which sits at a broadly consistent confidence level when compared to the end of 2021 and other recent periods.

The factors impacting current and prior period claims also impact reserve releases on business originally ceded to reinsurers and subsequently commuted, and profit commission on current co-and reinsurance contracts:

- Combined releases on commuted reinsurance and profit commission total £164.4 million (H1 2021: £296.0 million). The reduction of £131.6 million is explained by:
    - The higher current period loss ratio - meaning that no profit commission is recognised on the 2021 and 2022 underwriting years, compared to the unusually high £89 million recognised on the equivalent years in H1 2021; and
    - The lower level of prior period release - resulting in combined releases from commuted reinsurance and profit commission on the 2020 and prior underwriting years being £43 million lower than the equivalent underwriting years in H1 2021

UK Motor Co- and Reinsurance

Admiral makes significant use of proportional risk sharing agreements (co-insurance and quota share reinsurance) which include profit commission terms that allow Admiral to retain a significant portion of the profit generated.

Munich Re and its subsidiary entity Great Lakes currently underwrite 40% of Admiral's UK Car insurance business. The details of these arrangements with Munich Re are as set out in the 2021 Annual Report.

Admiral has other UK Motor quota share agreements confirmed to the end of at least 2024, covering 38% of business written.

The Group tends to commute its UK Motor insurance quota share agreements 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 and having assessed the solvency implications of the commutation for the Group and its underwriting subsidiary. During the first half of 2022, just over half of the quota share reinsurance covering the 2020 underwriting year was commuted. The majority of quota share reinsurance covering 2019 and prior underwriting years was commuted prior to the start of this half year period.

Other Revenue and Instalment Income

UK Motor Insurance Other Revenue – analysis of contribution:

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Contribution from additional products & fees, including those underwritten by Admiral*1	104.4	97.2	105.1	111.1
Instalment income	39.8	50.8	47.6	42.0
Other revenue	**144.2**	**148.0**	**152.7**	**153.1**
Internal costs*2	(34.1)	(35.1)	(34.8)	(35.1)
Net other revenue	**110.1**	**112.9**	**117.9**	**118.0**
Other revenue per vehicle*3	**£59**	**£58**	**£64**	**£66**
Other revenue per vehicle net of internal costs	£48	£48	£54	£56

**1 Additional products underwritten by Admiral Included in underwriting profit in income statement but re-allocated to other revenue for purpose of KPIs.*
**2 Internal costs reflect an allocation of insurance expenses incurred in generating other revenue.*
**3 Other revenue (before internal costs) divided by average active vehicles, rolling 12-month basis.*

Overall contribution (other revenue net of costs plus instalment income) was slightly lower at £110.1 million (H1 2021: £112.9 million), mainly due to instalment income which was lower due to lower average premiums impacting the level of interest charged.

Other revenue was equivalent to £59 per vehicle (gross of costs), largely consistent with 2021. Net Other revenue (after deducting costs) per vehicle remained at £48 (H1 2021: £48), also consistent with 2021.

UK Household Insurance

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Turnover*1	120.7	104.6	87.0	80.0
Total premiums written*1	111.8	94.5	78.7	72.2
Net insurance premium revenue	26.1	23.3	20.9	18.1
Underwriting profit/(loss) *1*2	**0.9**	**1.7**	**(0.7)**	**0.6**
Profit commission and other income	6.0	12.2	6.2	3.6
UK Household Insurance profit before tax	**6.9**	**13.9**	**5.5**	**4.2**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)*
**3 Profit commission and other income includes instalment income and contribution from underwritten ancillaries*

Key performance indicators

	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Reported Household loss ratio*1	64.4%	63.6%	69.0%	66.8%
Reported Household expense ratio*1	33.0%	32.5%	34.2%	30.1%
Reported Household combined ratio*1	97.4%	96.1%	103.2%	96.9%
Impact of extreme weather and subsidence*1 (£m)	9.9	—	5.0	—
Households insured at period end (m)	1.46	1.23	1.07	0.92

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

The UK Household insurance business experienced another period of strong top line growth, with turnover increasing by 15% to £120.7 million (H1 2021: £104.6 million). The number of households insured increased by 18% to 1.46 million (30 June 2021: 1.23 million). Growth was delivered both through the price comparison channel where Admiral increased competitiveness, as well as through MultiCover. Average market premiums were lower, impacted by the implementation of the FCA reforms, with Admiral average premiums also being lower.

Profit before tax for the period was £6.9 million (H1 2021: £13.9 million), including a £10 million negative impact (on claims and profit commission) from exceptional weather due to storms in the first half of the year. The loss ratio increased modestly to 64.4% (H1 2021: 63.6%) despite the storms. The underlying loss ratio (excluding exceptional weather) continued to improve due to ongoing improvements in claims management. In addition, the business continued to invest in technical and digital capabilities and made pricing structure enhancements.

Admiral's expense ratio was broadly in line with the comparative period at 33.0% (H1 2021: 32.5%), largely as a result of lower average premiums offsetting the benefits of increased scale.

International Insurance

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Turnover*1	393.7	347.2	329.5	319.5
Total premiums written*1	355.4	314.3	297.6	288.0
Net insurance premium revenue	116.4	111.7	95.5	80.6
Investment income	0.3	0.6	(0.1)	0.9
Net insurance claims	(105.1)	(82.1)	(63.3)	(66.0)
Net insurance expenses	(50.7)	(44.7)	(37.7)	(26.7)
Underwriting result*1	**(39.1)**	**(14.5)**	**(5.6)**	**(11.2)**
Net other revenue	17.5	13.6	12.1	8.5
International Insurance loss/ (profit) before tax	**(21.6)**	**(0.9)**	**6.5**	**(2.7)**

Key performance indicators

	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Loss ratio*1*2	82.8%	70.2%	63.2%	75.5%
Expense ratio*1*2	45.0%	43.9%	44.8%	38.4%
Combined ratio*3	127.8%	114.1%	108.0%	113.9%
Combined ratio, net of other revenue*4	113.1%	102.2%	95.4%	103.3%
Claims reserve releases (£m)	7.6	6.5	11.7	9.0
Vehicles insured at period end (m)	1.94m	1.71m	1.49m	1.36m

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

**2 Loss and expense ratios adjusted to remove the impact of reinsurer caps*

**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 H1 2022: 134%; H1 2021: 114%; H1 2020: 106%; H1 2019: 115%.*

**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 H1 2022: 119%; H1 2021: 102%; H1 2020: 93%; H1 2019: 104%*

International Motor Insurance – Geographical analysis *1

30 June 2022	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end	0.40m	0.92m	0.38m	0.24m	1.94m
Turnover (£m)	51.0	115.3	99.5	127.9	393.7

30 June 2021	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end	0.35m	0.82m	0.32m	0.22m	1.71m
Turnover (£m)	44.6	112.4	87.4	102.8	347.2

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

Split of International Insurance result

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
European Motor	0.2	4.9	10.4	3.8
US Motor	(19.8)	(4.2)	(3.3)	(6.2)
Other	(2.0)	(1.6)	(0.6)	(0.3)
International Insurance loss/ (profit) before tax	**(21.6)**	**(0.9)**	**6.5**	**(2.7)**

Admiral's International insurance businesses continued to grow turnover and customer numbers despite a challenging context of lower vehicle sales across markets resulting in reduced insurance shopping, and continued premium pressures within competitive markets. Customer numbers increased by 13% to 1.94 million (30 June 2021: 1.71 million) and turnover grew by 13% to £393.7 million (H1 2021: £347.2 million). The combined ratio, net of other revenue, increased to 113% (H1 2021: 102%). This was largely driven by much higher claims inflation in the US business and market, a continued increase in claims frequency in the first half of 2022, and pressure on premium revenue particularly in Italy, where competition remained high.

The expense ratio increased slightly to 45% (H1 2021: 44%). This was partly due to lower premiums as a result of premium pressure in Italy and Spain, as well as the cost of accelerated growth with the focus to achieve scale for long term sustainability of the businesses.

The European insurance operations in Spain, Italy and France insured 1.70 million vehicles at 30 June 2022 – 14% higher than a year earlier (30 June 2021: 1.49 million). Turnover was up 9% to £265.8 million (H1 2021: £244.4 million). The combined European Motor profit was £0.2 million (H1 2021: profit of £4.9 million), a £4.7 million decrease driven by accelerated growth, increasing frequency, a weather event in France, and lower average market premiums, particularly in Italy. The combined ratio net of other revenue (excluding the impact of reinsurer caps) increased to 104% from 96%, impacted by lower average market premiums and worsened claims experience primarily due to higher damage claims inflation and increased frequency.

Admiral Seguros (Spain) grew by 16% to 0.4 million customers over the past year (30 June 2021:0.35 million). The growth was supported by strong acquisition through the broker channel and improved retention, despite the competitive market environment. Investments in the business continue to focus on building sustainable growth through the broker channel and partnerships, while developing IT capabilities to drive future efficiency and speed.

The Group's largest international operation, ConTe in Italy, continued to grow and increased vehicles insured by 12% to 0.92 million (30 June 2021: 0.82 million). The market environment during the period was challenging with a high level of competitiveness and premium pressure, driving lower average premiums. Within this context, the business grew strongly and continued to focus on increasing efficiency and risk selection capabilities.

L'olivier assurance (France) continued to grow strongly. The customer base increased by 19% to 0.38 million at 30 June 2022 (30 June 2021: 0.32 million) with investments in direct channel acquisition including targeted digital advertising, exploring partnership opportunities, and an enhanced user experience driving strong growth and customer satisfaction. Growth came despite reduced shopping in the market, driven by lower sales of new and used cars and lower levels of switching. A hail weather event in H1 2022 impacted the French Motor result by an estimated £2 million.

In the US, Admiral underwrites motor insurance in eight states through its Elephant Auto business. The number of vehicles insured increased by 10% to 0.24 million at 30 June 2022 (30 June 2021: 0.22 million) and turnover was up by 24% to £127.9 million (H1 2021: £102.8 million; in local currency turnover was up 16%). Growth was driven largely through continued expansion of the agent channel and partnerships, as a mechanism to achieve scale efficiently.

Although growth was strong, the business maintains a cautious approach with a focus on risk selection capabilities and improving customer lifetime value. This has been displayed in a shift toward higher tier, multi-vehicle policies.

Elephant reported a significantly higher loss of £19.8 million in the period (H1 2021: £4.2 million loss), largely due to the very strong increase in severity inflation seen across the US market. Elephant responded with strong action through large price increases which significantly reduced the rate of growth. As a result of the elevated claims inflation, the combined ratio net of other revenue deteriorated to 123% (H1 2021: 110%). Elephant will continue to prioritise improving its loss ratio ahead of growth in the immediate future.

Admiral Money

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Total interest income	25.5	15.7	19.8	13.3
Interest expense*1	(5.6)	(4.3)	(5.1)	(4.1)
Net interest income	**19.9**	**11.4**	**14.7**	**9.2**
Other fee income	0.2	0.5	0.9	0.9
Total income	**20.1**	**11.9**	**15.6**	**10.1**
Credit loss charge	(9.0)	(4.0)	(16.2)	(6.0)
Expenses	(10.9)	(9.8)	(8.8)	(8.4)
Admiral Money profit/ (loss) before tax	**0.2**	**(1.9)**	**(9.4)**	**(4.3)**

**1 Includes £0.8 million intra-group interest expense (H1 2021: £1.4 million; H1 2020: £1.5 million; H1 2019: £1.2 million)*

Admiral Money (previously known as Admiral Loans) distributes and underwrites unsecured personal loans and car finance products through the comparison channel and direct to consumers via the Admiral website.

Gross loans balances grew strongly, up 68% to £786.6 million at the end of June 2022 (30 June 2021: £469.4 million). After a credit loss provision of £53.5 million (30 June 2021: £43.7 million), the net loans balance was £733.1 million (30 June 2021: £425.7 million).

Throughout 2021 and 2022 Admiral Money has tightened its lending criteria in response to higher inflation. Credit loss models reflect the latest economic assumptions and post model adjustments to maintain an appropriate level of prudence given the economic outlook. The provision to loans balance coverage ratio reduced to 6.8% (30 June 2021: 9.3%) as strong new business growth has moved the portfolio mix towards lower coverage in stage 1.

The business recorded its first pre-tax profit of £0.2 million in the first half of 2022 (improving from a £1.9 million loss in H1 2021). The improvement was driven primarily by strong interest income growth on the back of the growth in the loan portfolio.

Admiral Money is funded through a combination of internal and external funding sources. The external funding is secured against certain loans via a transfer of the rights to the cash-flows to two special purpose entities ("SPEs"). During H1 2022 one of the SPEs was extended, providing funding with improved terms for the next three years. The securitisation and subsequent issue of notes via SPEs does not result in a significant transfer of risk from the Group.

Other Group Items

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Share scheme charges	(26.1)	(30.6)	(21.3)	(24.2)
Compare.com loss before tax	(1.7)	(1.4)	(0.8)	(4.6)
Other interest and investment income	8.0	1.5	3.0	2.7
Business development costs	(12.6)	(3.8)	(0.5)	(0.4)
Other central costs	(11.0)	(18.5)	(11.2)	(5.5)
Finance charges	(5.7)	(5.7)	(5.9)	(5.5)
Total	**(49.1)**	**(58.5)**	**(36.7)**	**(37.5)**

Share scheme charges relate to the Group's two employee share schemes. The reduction in charge in the period is driven by a combination of the expected decrease of the proportion of shares that will eventually vest following lower Group results, as well as a lower share price, compared to the first half of 2021.

Business development costs increased to £12.6 million (H1 2021: £3.8 million), primarily attributed to Admiral Pioneer. As part of the investment in product diversification, Admiral launched Admiral Pioneer in 2020 to focus on new product diversification opportunities. Pioneer businesses include Veygo (short term and learner driver car insurance in the UK), small business insurance in the UK and small fleet insurance in France. Pioneer made a loss of £9.6 million in H1 2022 (H1 2021: £2.2 million).

Compare.com reported a loss of £1.7 million, as a result of modestly increased investment in marketing and acquisition in a challenging market in the US.

Other central costs consist of Group-related expenses and include the cost of a number of significant Group projects, including preparation for the significant new insurance accounting standard, IFRS 17, and the development of the internal capital model. The reduction in the period is primarily due to the higher costs of regulatory projects and matters during 2021.

Finance charges of £5.7 million (H1 2021: £5.7 million) primarily relate to interest on the £200 million subordinated notes issued in July 2014 (refer to note 6 to the financial statements).

Other interest and investment income increased to £8.0 million in H1 2022 (H1 2021: £1.5 million), with £4.7 million attributed to gains from the sale of UK government bonds in the period.

Group capital structure and financial position

Group capital position (estimated)

	30 June 2022 £bn	31 December 2021 £bn	30 June 2021 £bn
Eligible Own Funds (post-dividend)	1.24	1.36	1.41
Solvency II capital requirement	0.67	0.70	0.68
Surplus over regulatory capital requirement	**0.57**	**0.66**	**0.73**
Solvency ratio (post-dividend)	**185%**	**195%**	**209%**

The Group reports a strong solvency ratio of 185% post-dividend. The solvency ratio has reduced by 10 percentage points from the end of 2021. This is primarily due to a reduction in eligible own funds of approximately £120 million – roughly half of the reduction arises through the impact of widening credit spreads on the Group's investment portfolio, with the other half the result of a lower generation of economic capital in the current period.

The Group solvency on a regulatory basis is estimated at 164%, primarily as a result of a higher solvency capital requirement. In the regulatory basis, the capital add-on approved by the PRA is fixed and so does not reflect the reduction in profit commission risk (as a result of lower profit commission recognised within Own Funds on the current underwriting years) in the period.

The Group continues to develop its partial internal model to form the basis of future capital requirements. As noted in the Group's 2021 Annual Report, the expected timescale for formal application has been extended 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.

Solvency ratio sensitivities

	30 June 2022	31 December 2021	30 June 2021
UK Motor – incurred loss ratio +5%	-10%	-9%	-24%
UK Motor – 1 in 200 catastrophe event	-1%	-1%	-1%
UK Household – 1 in 200 catastrophe event	-4%	-3%	-3%
Interest rate – yield curve down 50 bps	-1%	-3%	-3%
Interest rate – yield curve down 100 bps	-2%	-5%	-6%
Credit spreads widen 100 bps	-9%	-9%	-9%
Currency – 25% movement in euro and US dollar	-3%	-3%	-2%
ASHE – long term inflation assumption up 50 bps	-3%	-5%	-3%
Loans – 100% weighting to 'severe' scenario[*1]	-1%	-1%	-1%

*[*1] Refer to note 7 to the financial statements for further information on the 'severe' scenario*

Investments and cash

Admiral's investment strategy was unchanged in H1 2022. The main focus of the Group's strategy is capital preservation, with additional priorities including low volatility of returns, high levels of liquidity and matching of asset and liability durations and currencies.

Investment return

£m	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Investment return	27.8	23.1	21.3	23.3
Movement on investment returns allocated to reinsurers	(2.3)	-	12.9	(4.5)
Unrealised gains/ (losses) on forward contracts	0.4	(0.6)	0.2	(0.4)
Movement in provision for expected credit losses	1.4	(1.1)	(2.4)	(0.1)
Total	**27.3**	**21.4**	**32.0**	**18.3**

Net investment income for the first half of 2022 was £27.3 million (H1 2021: £21.4 million).

Investment income in 2022 was adversely impacted by investment income adjustments related to UK motor quota share reinsurance arrangements of £2.3 million (H1 2021: nil). Provisions for expected credit losses developed favourably, leading to a £1.4 million release of provisions (H1 2021: £1.1 million adverse impact).

The investment return on the Group's investment portfolio excluding unrealised gains and losses, the release of the investment income accruals held in relation to reinsurance contracts and the movement in provision for expected credit losses, was £27.8 million in H1 2022 (compared to £23.1 million in H1 2021), with the annualised rate of return higher at 1.4% (H1 2021: 1.2%) as a result of higher reinvestment yields.

The increase in yields and widening of credit spreads in the first six months of 2022 resulted in a reduction in the market value of the portfolio of £173.2 million (H1 2021: £32.2 million), the movement being reflected in the statement of other comprehensive income.

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. Total cash and investments at 30 June 2022 was £3,900.3 million (31 December 2021: £4,115.3 million; 30 June 2021: £4,275.2 million), the lower balance at the end of the current period reflecting the market value reduction noted above as well as the payment of the second tranche of the Penguin Portals disposal proceeds to shareholders.

Cash and investments analysis

£m	30 June 2022	31 December 2021	30 June 2021
Fixed income and debt securities	2,461.6	2,594.3	2,317.4
Money market funds and other fair value instruments	866.2	1,063.0	1,465.9
Cash deposits	65.9	85.3	96.0
Cash	506.6	372.7	395.9
Total	**3,900.3**	**4,115.3**	**4,275.2**

Taxation

The tax charge for the period is £51.1 million (H1 2021: £88.2 million), which equates to 20.3% (H1 2021: 18.3%) of profit before tax. The increase in the tax rate is primarily driven a higher loss in the US insurance business for which no deferred tax asset is recognised.

Principal Risks and Uncertainties

Admiral has performed a robust assessment of its principal risks and uncertainties (PR&Us), including those which would threaten its business model, future performance, liquidity and solvency. The result of this assessment has concluded that Admiral's PR&Us are consistent with those reported in the Group's 2021 Annual Report (pages 116 – 123). However, given the ongoing importance of the following topics, additional commentary has been provided on: Inflation; the Russia-Ukraine conflict; climate change; people risk; and cyber and operational resilience.

Inflation and Outlook

The Group Risk Committee reviews regular information on the Group's solvency and liquidity positions in response to market volatility and wider economic uncertainty, considering factors such as increases in inflation, the wider impact of supply chain disruption, and the pressures on individual household finances.

The impact of increasing claims inflation continues to evolve. In most markets, claims frequency has increased but has remained below pre-pandemic levels. The exception is in the US, where frequency returned to normal levels very early. From this perspective, the insurance environment has to some extent recalibrated and is more comparable to 2019, after two outlier years of the pandemic.

However, global uncertainties and supply chain pressure have influenced inflation in the countries in which Admiral operates. Vehicle repair costs have increased through a combination of parts and labour shortages across markets and vehicle replacement costs in the second hand market have remained high. Similarly, labour shortages and cost of living concerns will contribute to wage inflation impacting large bodily injury claims. The Whiplash reforms have started to reduce the costs of small bodily injury claims and these savings will be passed back to customers.

Admiral continues to manage these challenges with a disciplined, long-term approach to pricing and growth, with a focus on building the business for the long term. The business also continues to maintain a prudent reserving approach to claims.

The impact of the pandemic on Admiral's PR&Us, as well as the steps taken to appropriately manage these risks, continues to be overseen by the Group Risk Committee. The Committee continues to support the prioritisation of a high level of service to our customers and employee physical wellbeing and mental health.

Russia-Ukraine conflict

The potential impact of the Russia-Ukraine conflict, as well as an escalation of geopolitical tensions, on Admiral's PR&Us, has been considered and is being monitored. The Group does not have any direct exposure to Russia or Ukraine, either through its operations or investment portfolios.

Climate change

Admiral remains committed to recognising and understanding the threats and opportunities posed by climate change to the Group, as well as to mitigating its impact on the environment. Climate-related risks can impact on all of Admiral's business lines, operations, investments, and reinsurance arrangements. Admiral Group recognises that while there are risks from delayed action, there are also opportunities from considering the challenges, including the potential to accelerate the Group's transformation, to build resilience, and to gain competitive advantage in new and existing markets.

As part of this work there is an ongoing Group focus on:

- Ensuring full compliance with regulatory and disclosure requirements, such as complying with the FCA's new listing rule, LR 9.8.6R.
- Researching climate-change trends and better understanding the risks arising from climate change.
- Incorporating climate-related risk drivers into business-as-usual risk management, such as enhancing Admiral's stress and scenario testing to incorporate climate-change related financial risks.
- Continuing efforts to further reduce the Group's carbon footprint.

People Risk

People Risk, which comprises Recruitment Risk, Retention Risk, Employment Law Risk and Health and Safety Risk, has been rising during the pandemic as entities across the Group are noticing differences as a result of changing external factors including inflation, cost of living and changing work conditions. This is being monitored in each entity with updates being provided to committees as appropriate. Admiral has had a very strong culture, often a competitive advantage in attracting and retaining talent. Admiral continues to monitor and adapt to any disruption in local markets as conditions evolve post-pandemic.

Cyber and Operational Resilience:

Admiral has continued to enhance its technology, cyber and operational resilience capabilities, as well as to monitor the related risks. Key developments in these areas include:

- In the UK, an Operational Resilience programme was completed at the end of March 2022 in line with regulatory requirements. Work will continue in this area.
- Ongoing security improvement programmes are to continue across the Group.

Disclaimer on 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.

Condensed consolidated income statement (unaudited)

	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Insurance premium revenue		**1,291.3**	1,222.5	2,492.3
Insurance premium ceded to reinsurers		**(851.2)**	(806.3)	(1,637.3)
Net insurance premium revenue	5	**440.1**	416.2	855.0
Other revenue	8	**154.4**	152.5	314.8
Profit commission	5	**75.5**	187.3	304.5
Interest income	7	**25.5**	15.7	36.6
Interest expense	7	**(4.8)**	(2.9)	(6.1)
Net interest income from loans		**20.7**	12.8	30.5
Investment return – interest income at effective interest rate	6	**26.4**	19.8	40.6
Investment return – other	6	**(0.5)**	2.7	4.6
Net revenue		**716.6**	791.3	1,550.0
Insurance claims and claims handling expenses		**(915.4)**	(597.3)	(1,506.8)
Insurance claims and claims handling expenses recoverable reinsurers		**695.4**	501.5	1,174.5
Net insurance claims		**(220.0)**	(95.8)	(332.3)
Operating expenses and share scheme charges	9	**(456.5)**	(440.8)	(970.1)
Operating expenses and share scheme charges recoverable from co- and reinsurers	9	**224.7**	238.5	491.1
Expected credit losses	6, 9	**(7.6)**	(5.1)	(13.3)
Net operating expenses and share scheme charges		**(239.4)**	(207.4)	(492.3)
Total expenses		**(459.4)**	(303.2)	(824.6)
Operating profit		**257.2**	488.1	725.4
Finance costs	6	**(6.7)**	(6.7)	(13.7)
Finance costs recoverable from co- and reinsurers	6	**0.8**	0.8	1.8
Net finance costs		**(5.9)**	(5.9)	(11.9)
Profit before tax from continuing operations		**251.3**	482.2	713.5
Taxation expense	10	**(51.1)**	(88.2)	(130.2)
Profit after tax from continuing operations		**200.2**	394.0	583.3
Profit before tax from discontinued operations		—	11.3	11.3
Gain on disposal		—	404.4	404.4
Taxation expense		—	(2.3)	(2.3)
Profit after tax from discontinued operations		—	413.4	413.4
Profit after tax from continuing and discontinued operations		**200.2**	807.4	996.7
Profit after tax attributable to:				
Equity holders of the parent		**200.9**	807.6	997.9
Non-controlling interests (NCI)		**(0.7)**	(0.2)	(1.2)
		200.2	807.4	996.7
Earnings per share – From continuing operations				
Basic	12	**67.0p**	132.9p	196.7p
Diluted	12	**66.9p**	132.7p	196.1p
Earnings per share – From continuing and discontinued operations				
Basic	12	**67.0p**	272.0p	335.5p
Diluted	12	**66.9p**	271.6p	334.5p

Dividends declared and paid (total)	12	**348.1**	250.8	720.9
Dividends declared and paid (per share)	12	**118.0p**	86.0p	247.0p

Condensed consolidated statement of comprehensive income (unaudited)

	Note	Six months ended **30 June 2022 £m**	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Profit for the period – from continuing and discontinued operations		**200.2**	807.4	996.7
Other comprehensive income				
Items that are or may be reclassified to profit or loss				
Movements in fair value reserve		**(173.2)**	(32.2)	(50.1)
Deferred tax charge in relation to movement in fair value reserve		**9.5**	0.5	1.4
Exchange differences on translation of foreign operations		**4.0**	(7.0)	(10.4)
Movement in hedging reserve		**12.3**	1.9	6.6
Other comprehensive income for the period, net of income tax		**(147.4)**	(36.8)	(52.5)
Total comprehensive income for the period		**52.8**	770.6	944.2
Total comprehensive income for the period attributable to:				
Equity holders of the parent		**53.5**	771.2	945.7
Non-controlling interests		**(0.7)**	(0.6)	(1.5)
		52.8	770.6	944.2

Condensed consolidated statement of financial position (unaudited)

		As at		
	Note	**30 June 2022 £m**	30 June 2021 £m	31 December 2021 £m
ASSETS				
Property and equipment		**93.1**	131.6	103.2
Intangible assets	11	**214.5**	177.4	179.9
Deferred income tax		**19.4**	7.3	9.3
Corporation tax asset		**4.3**	—	10.6
Reinsurance assets	5	**2,346.1**	1,911.9	2,176.1
Loans and advances to customers	7	**733.1**	425.7	556.8
Insurance and other receivables	6	**1,325.4**	1,223.9	1,208.5
Financial investments	6	**3,393.7**	3,879.3	3,742.6
Cash and cash equivalents	6	**506.6**	395.9	372.7
Total assets		**8,636.2**	8,153.0	8,359.7
EQUITY				
Share capital	12	**0.3**	0.3	0.3
Share premium account		**13.1**	13.1	13.1
Other reserves		**(103.4)**	59.8	44.0
Retained earnings		**1,226.7**	1,595.3	1,348.8
Total equity attributable to equity holders of the parent		**1,136.7**	1,668.5	1,406.2
Non-controlling interests		**1.6**	3.5	2.3
Total equity		**1,138.3**	1,672.0	1,408.5
LIABILITIES				
Insurance contracts liabilities	5	**4,504.3**	4,019.2	4,215.0
Subordinated and other financial liabilities	6	**887.4**	548.8	670.9
Trade and other payables	6, 11	**2,013.2**	1,783.8	1,960.0
Lease liabilities	6	**93.0**	114.9	105.3
Corporation tax liabilities		**—**	14.3	—
Total liabilities		**7,497.9**	6,481.0	6,951.2
Total equity and total liabilities		**8,636.2**	8,153.0	8,359.7

Condensed consolidated cash flow statement (unaudited)

	Note	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Profit after tax		**200.2**	807.4	996.7
Adjustments for non-cash items:				
- Depreciation of property, plant and equipment and right-of-use assets		**8.8**	12.0	23.6
- Gain on disposal of right-of-use assets		**(1.8)**	—	—
- Impairment/ disposal of property, plant and equipment and right-of-use assets		—	—	23.8
- Amortisation and impairment of intangible assets	11	**9.5**	8.4	44.7
- Gain on disposal of Comparison entities held for sale		—	(404.4)	(404.4)
- Movement in expected credit loss provision	6	**7.6**	2.8	13.3
- Share scheme charges	9	**26.1**	31.1	65.2
- Accrued interest income from loans and advances to customers		**(0.5)**	(0.2)	(0.8)
- Interest expense on funding for loans and advances to customers		**4.8**	2.9	6.1
- Investment return	6	**(25.9)**	(22.5)	(45.2)
- Finance costs, including unwinding of discounts on lease liabilities	6	**5.9**	6.0	12.0
- Taxation expense	10	**51.1**	90.5	132.5
Change in gross insurance contract liabilities	5	**289.3**	(62.1)	133.7
Change in reinsurance assets	5	**(170.0)**	171.3	(92.9)
Change in insurance and other receivables	6	**(120.7)**	(23.2)	(9.2)
Change in gross loans and advances to customers	7	**(179.6)**	(67.6)	(205.2)
Change in trade and other payables, including tax and social security	11	**53.2**	(232.3)	(56.1)
Cash flows from operating activities, before movements in investments		**158.0**	320.1	637.8
Purchases of financial instruments		**(1,606.7)**	(1,898.5)	(3,710.2)
Proceeds on disposal/ maturity of financial instruments		**1,808.0**	1,480.8	3,397.1
Interest and investment income received	6	**26.2**	21.5	46.6
Cash flows from operating activities, net of movements in investments		**385.5**	(76.1)	371.3
Taxation payments		**(46.7)**	(57.8)	(126.7)
Net cash flow from operating activities		**338.8**	(133.9)	244.6
Cash flows from investing activities:				
Purchases of property, equipment and software		**(44.1)**	(27.3)	(69.2)
Proceeds from sale of Comparison entities		—	471.8	471.8
Net costs paid on sale of Comparison entities		—	(14.8)	(14.8)
Net cash used in investing activities		**(44.1)**	429.7	387.8
Cash flows from financing activities:				
Proceeds on issue of loan backed securities		**191.7**	38.7	185.9
Proceeds from other financial liabilities		**15.0**	20.0	—
Finance costs paid, including interest expense paid on funding for loans	6	**(11.2)**	(9.6)	(20.2)
Repayment of lease liabilities		**(4.2)**	(4.7)	(9.6)
Equity dividends paid	12	**(348.1)**	(250.8)	(720.9)
Net cash used in financing activities		**(156.8)**	(206.4)	(564.8)
Net increase in cash and cash equivalents		**137.9**	89.4	67.6
Cash and cash equivalents at 1 January		**372.7**	351.7	351.7
Cash and cash equivalents included within disposal of Comparison entities		—	(41.3)	(41.3)
Effects of changes in foreign exchange rates		**(4.0)**	(3.9)	(5.3)
Cash and cash equivalents at end of period	6	**506.6**	395.9	372.7

Condensed consolidated statement of changes in equity (unaudited)

		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**
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		—	—	—	—	—	807.6	**807.6**	(0.2)	**807.4**
Other comprehensive income										
Movements in fair value reserve		—	—	(32.2)	—	—	—	**(32.2)**	—	**(32.2)**
Deferred tax charge in relation to movement in fair value reserve		—	—	0.5	—	—	—	**0.5**	—	**0.5**
Movement in hedging reserve		—	—	—	1.9	—	—	**1.9**	—	**1.9**
Currency translation differences		—	—	—	—	(6.6)	—	**(6.6)**	(0.4)	**(7.0)**
Total comprehensive income for the period		—	—	(31.7)	1.9	(6.6)	807.6	**771.2**	(0.6)	**770.6**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(250.8)	**(250.8)**	—	**(250.8)**
Share scheme credit		—	—	—	—	—	33.2	**33.2**	—	**33.2**
Deferred tax credit on share scheme credit		—	—	—	—	—	2.9	**2.9**	—	**2.9**
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)**
Total transactions with equity holders		—	—	—	—	1.3	(216.7)	**(215.4)**	(6.6)	**(222.0)**
As at 30 June 2021		0.3	13.1	53.7	(1.7)	7.8	1,595.3	**1,668.5**	3.5	**1,672.0**
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		—	—	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		—	—	—	—	—	63.1	**63.1**	—	**63.1**
Deferred tax credit on share scheme credit		—	—	—	—	—	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 transaction 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**

Condensed consolidated statement of changes in equity (unaudited) (continued)

	Note	Attributable to the owners of the Company								
		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**
At 1 January 2022		0.3	13.1	36.7	3.0	4.3	1,348.8	**1,406.2**	2.3	**1,408.5**
Profit/(loss) for the period		—	—	—	—	—	200.9	**200.9**	(0.7)	**200.2**
Other comprehensive income										
Movements in fair value reserve		—	—	(173.2)	—	—	—	**(173.2)**	—	**(173.2)**
Deferred tax charge in relation to movement in fair value reserve		—	—	9.5	—	—	—	**9.5**	—	**9.5**
Movement in hedging reserve		—	—	—	12.3	—	—	**12.3**	—	**12.3**
Currency translation differences		—	—	—	—	4.0	—	**4.0**	—	**4.0**
Total comprehensive income for the period		—	—	(163.7)	12.3	4.0	200.9	**53.5**	(0.7)	**52.8**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(348.1)	**(348.1)**	—	**(348.1)**
Share scheme credit		—	—	—	—	—	29.9	**29.9**	—	**29.9**
Deferred tax credit on share scheme credit		—	—	—	—	—	(4.8)	**(4.8)**	—	**(4.8)**
Total transactions with equity holders		—	—	—	—	—	(323.0)	**(323.0)**	—	**(323.0)**
As at 30 June 2022		0.3	13.1	(127.0)	15.3	8.3	1,226.7	**1,136.7**	1.6	**1,138.3**

Notes to the financial statements (unaudited)

1. General information

Admiral Group plc (the "Company") is a public limited company incorporated and domiciled 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 condensed interim financial statements comprise the results and balances of the Company and its subsidiaries (the Group) for the six-month period ended 30 June 2022 and the comparative periods for the six-months ended 30 June 2021 and the year ended 31 December 2021. This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the UK, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ("last annual financial statements"), prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

As required by the FCA's Disclosure and Transparency Rules, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2021, except where new accounting standards apply as noted below.

The financial statements of the Company's subsidiaries are consolidated in the Group financial statements. In accordance with IAS 24, transactions or balances between Group companies that have been eliminated on consolidation are not reported as related party transactions.

The comparative figures for the financial year ended 31 December 2021 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was:

i. unqualified;

ii. did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and

iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounts have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Group's projections for the next 12 months and beyond. Further information is given in note 2 below.

2. Basis of preparation

The condensed set of interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2021.

A number of other IFRS and interpretations have been endorsed by the UK in the period to 30 June 2022 and although they have been adopted by the Group, none of them has had a material impact on the Group's financial statements.

The Group's assessment of the impact of standards that have yet to be adopted remains consistent with that reported on page 230 of the Group's 2021 Annual Report. In particular, IFRS 17 has an effective date of 1 January 2023. The main changes for the

Group comprise the mandatory discounting of claims reserves, the introduction and increased disclosure of the risk adjustment for non-financial risk, and a higher likelihood and transparency of any loss-making portfolios due to the increased granularity of the onerous contract assessment. In addition, there are significant changes to the presentation of the income statement; gross written premium will no longer be presented and insurance and reinsurance results will be presented separately. The Group continues to work through the impact of these factors, and towards implementation by the effective date of 1 January 2023. At this moment it is too early to disclose the quantitative impact as of 2023 given that the preparation of the transition balance sheet and the decisions on key accounting policy choices are ongoing.

The consolidated financial statements have been prepared on a Going Concern basis. In considering this requirement, the directors have taken into account the following:

- The Group's profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group's insurance businesses, including the impact of the UK FCA general insurance pricing reform which came into effect at the start of the period
  - The impacts of the current elevated inflationary environment on the cost of settling claims across all of the Group's insurance businesses
  - The return of motor claims frequency towards pre-pandemic levels
  - 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 inflation and unemployment in the context of credit risks and the growth of the Admiral Money business
- The Group's solvency position, which has been closely monitored through periods of market volatility. The Group continues to maintain a strong solvency position above target levels
- The adequacy of the Group's liquidity position after considering all 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, focusing on regulatory guidance issued by the FCA and the PRA in the UK and regular communications between management and regulators
- A review of the Company's principal risks and uncertainties and the assessment of emerging risks

Following consideration of all 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 consolidated financial statements.

The accounting policies set out in the notes to the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The financial statements are prepared on the historical cost basis, except for the revaluation of financial assets classified as fair value through profit or loss or as fair value through other comprehensive income. The financial statements are presented in pounds sterling, rounded to the nearest £0.1 million.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3. Critical accounting judgements and estimates

The Group's 2021 Annual Report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no additional critical judgements or estimates applied in the period.

Note 5 provides further information as to the changes in the estimates with respect to the calculation of insurance reserves.

Note 7 provides further information as to changes in the estimates with respect to the calculation of the expected credit loss provision for the Admiral Money business.

4. Operating segments

The Group has four reportable segments; UK Insurance, International Insurance, Admiral Money, and Other. The result of the discontinued operations is also shown for completeness. These reportable segments are consistent with those set out on page 234 of the Group's 2021 Annual Report.

Segment income, results and other information

An analysis of the Group's revenue and results for the period ended 30 June 2022, by reportable segment, is shown below. The accounting policies of the reportable segments are consistent with those presented in the notes to the 2021 Group financial statements.

	Six months ended 30 June 2022					
	UK Insurance £m	**International Insurance £m**	**Admiral Money £m**	**Other £m**	**Eliminations[*4] £m**	**Total (continuing) £m**
Turnover[*1]	1,409.9	393.7	25.7	18.0	(0.2)	**1,847.1**
Net insurance premium revenue	306.2	121.4	—	12.5	—	**440.1**
Other revenue and profit commission	204.7	20.8	0.2	4.4	(0.2)	**229.9**
Net interest income	—	—	19.9	—	0.8	**20.7**
Investment return[*2]	19.8	0.3	—	—	(0.8)	**19.3**
Net revenue	530.7	142.5	20.1	16.9	(0.2)	**710.0**
Net insurance claims	(102.0)	(108.7)	—	(9.3)	—	**(220.0)**
Expenses	(106.9)	(55.4)	(19.9)	(18.9)	0.2	**(200.9)**
Segment profit/(loss) before tax	**321.8**	**(21.6)**	**0.2**	**(11.3)**	**—**	**289.1**
Other central revenue and expenses, including share scheme charges						(40.1)
Investment and interest income						8.0
Finance costs[*3]						(5.7)
Consolidated profit before tax						**251.3**
Taxation expense						(51.1)
Consolidated profit after tax						**200.2**

Revenue and results for the corresponding reportable segments for the period ended 30 June 2021 are shown below.

	Six months ended 30 June 2021							
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Discontinued operations £m	Eliminations*4 £m	Total (continuing) £m	Total £m
Turnover*1	1,372.0	347.2	16.2	11.1	67.2	(7.7)	**1,746.4**	**1,806.0**
Net insurance premium revenue	295.6	116.0	—	4.6	—	—	**416.2**	**416.2**
Other revenue and profit commission	320.0	16.1	0.5	3.3	67.2	(7.7)	**339.8**	**399.4**
Net interest income	—	—	11.4	—	—	1.4	**12.8**	**12.8**
Investment return*2	20.7	0.6	—	—	—	(1.4)	**19.9**	**19.9**
Net revenue	636.3	132.7	11.9	7.9	67.2	(7.7)	**788.7**	**848.3**
Net insurance claims	(8.1)	(84.6)	—	(3.1)	—	—	**(95.8)**	**(95.8)**
Expenses	(84.7)	(49.0)	(13.8)	(8.4)	(55.4)	7.7	**(155.8)**	**(203.6)**
Gain on disposal of Comparison entities	—	—	—	—	404.4	—	**—**	**404.4**
Segment profit/(loss) before tax	**543.5**	**(0.9)**	**(1.9)**	**(3.6)**	**416.2**	**—**	**537.1**	**953.3**
Other central revenue and expenses, including share scheme charges							(50.7)	(51.2)
Investment and interest income							1.5	1.5
Finance costs*3							(5.7)	(5.7)
Consolidated profit before tax							**482.2**	**897.9**
Taxation expense							(88.2)	(90.5)
Consolidated profit after tax							**394.0**	**807.4**

Revenue and results for the corresponding reportable segments for the year ended 31 December 2021 are shown below.

	Year ended 31 December 2021							
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Discontinued (Comparison) £m	Eliminations*4 £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 of Penguin Portals businesses	—	—	—	—	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							**713.5**	**1,129.2**
Taxation expense							(130.2)	(132.5)
Consolidated profit after tax							**583.3**	**996.7**

*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 13 for further information.
*2 Investment return is reported net of impairment of financial assets, in line with management reporting.
*3 £0.2 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within the Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.
*4 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 £0.2 million (H1 2021: £7.7 million, FY 2021: £7.8 million) elimination of other revenue and profit commission, £nil (H1 2021: £7.6 million, FY 2021: £7.6 million) relates to discontinued operations, with the remaining £0.2 million (H1 2021: £0.1 million, FY 2021: £0.2 million) relating to compare.com. £0.8 million (H1 2021: £1.4 million, FY 2021: £2.7 million) of intra-group interest charges related to the UK Insurance and Admiral Money segment have also been eliminated on consolidation.

5. Premium, Claims and Profit Commissions

5a. Net insurance premium revenue

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Total insurance premiums including co-insurers' share*1	**1,634.2**	1,553.1	3,098.7
Group gross premiums written excluding co-insurance	**1,428.0**	1,253.9	2,513.6
Outwards reinsurance premiums	**(965.5)**	(821.3)	(1,643.0)
Net insurance premiums written	**462.5**	432.6	870.6
Change in gross unearned premium provision	**(136.7)**	(31.4)	(21.3)
Change in reinsurers' share of unearned premium provision	**114.3**	15.0	5.7
Net insurance premium revenue	**440.1**	416.2	855.0

*1 Alternative Performance Measures – refer to the end of the report for definition and explanation, and to note 13a 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 between 6 and 12 months.

5b. Profit commission

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Underwriting year			
2017 & prior	**23.7**	53.1	94.4
2018	**15.4**	13.3	18.6
2019	**10.8**	22.8	27.6
2020	**21.1**	88.5	150.0
2021	—	—	—
Total UK motor profit commission*1	**71.0**	177.7	290.6
Total UK household and International profit commission*1	**4.5**	9.6	13.9
Total profit commission	**75.5**	187.3	304.5

*1 Of the total UK motor profit commission recognised of £71.0 million (H1 2021: £177.7 million, FY 2021: £290.6 million), £53.8 million (H1 2021: £100.5 million, FY 2021 £162.9 million) relates to co-insurance arrangements and £17.2 million (H1 2021: £77.2 million, FY 2021 £127.8 million) to reinsurance arrangements. The UK Household and International profit commission relates solely to reinsurance arrangements.

No profit commission has yet been recognised on the 2021 underwriting year as the combined ratios calculated from the financial statement loss ratios on these years sit above the threshold for profit commission recognition.

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

5c. Reinsurance assets and insurance contract liabilities

(i) Analysis of recognised amounts:

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Gross			
Claims outstanding*1	**3,183.2**	2,837.4	3,045.0
Unearned premium provision	**1,321.1**	1,181.8	1,170.0
Total gross insurance liabilities	**4,504.3**	4,019.2	4,215.0
Recoverable from reinsurers			
Claims outstanding	**1,458.8**	1,140.4	1,415.7
Unearned premium provision	**887.3**	771.5	760.4
Total reinsurers' share of insurance liabilities	**2,346.1**	1,911.9	2,176.1
Net			
Claims outstanding*2	**1,724.4**	1,697.0	1,629.3
Unearned premium provision	**433.8**	410.3	409.6
Total insurance liabilities - net	**2,158.2**	2,107.3	2,038.9

*1 Gross claims outstanding at 30 June 2022 is presented before the deduction of salvage and subrogation recoveries totaling £107.0 million (30 June 2021: £70.1 million, 31 December 2021: £87.6 million).

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

(ii) Analysis of net claims reserve releases:

The following table analyses the impact of movements in prior year claims provisions on a net basis. This data is presented on an underwriting year basis.

Net	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Underwriting year (UK Motor Insurance):			
2017 & prior	**54.1**	102.3	184.9
2018	**50.1**	45.3	61.9
2019	**22.4**	42.2	54.6
2020	**24.5**	9.6	15.9
2021	**8.5**	—	—
Total net release (UK Motor Insurance)	**159.6**	199.4	317.3
Total net release (UK Household Insurance)	**1.4**	2.0	2.5
Total net release (UK Travel Insurance)	**0.1**	—	2.2
Total net release (International Insurance)	**7.6**	6.5	16.4
Total net release	**168.7**	207.9	338.4
Analysis of net releases on UK Motor Insurance			
- Net releases on Group net share (UK Motor)	**66.2**	81.1	128.1
- Releases on commuted quota share reinsurance contracts (UK Motor)	**93.4**	118.3	189.2
Total UK Motor net releases as above	**159.6**	199.4	317.3

Releases on the share of reserves originally reinsured but since commuted are analysed by underwriting year as follows:

Net	**30 June 2022 £m**	30 June 2021 £m	31 December 2021 £m
Underwriting year:			
2017 & prior	**34.1**	63.2	116.4
2018	**34.6**	30.5	43.5
2019	**13.0**	24.6	29.3
2020	**11.7**	—	—
Total releases on commuted quota share reinsurance contracts	**93.4**	118.3	189.2

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

	31 December					**30 June**
UK Car Insurance loss ratio development	2017	2018	2019	2020	2021	**2022**
Underwriting year (UK Car only)						
2017	87%	83%	75%	70%	65%	**63%**
2018	—	92%	81%	78%	73%	**70%**
2019	—	—	92%	76%	72%	**70%**
2020	—	—	—	72%	66%	**64%**
2021	—	—	—	—	90%	**87%**
2022	—	—	—	—	—	**93%**

(iii) Reconciliation of movement in claims provision

	30 June 2022		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	**3,045.0**	**(1,415.7)**	**1,629.3**
Claims incurred (excluding claims handling costs and releases)	**1,112.8**	**(738.4)**	**374.4**
Reserve releases	**(235.1)**	**66.4**	**(168.7)**
Movement in claims provision due to commutation	—	**194.1**	**194.1**
Claims paid and other movements	**(739.5)**	**434.8**	**(304.7)**
Claims provision at end of period	**3,183.2**	**(1,458.8)**	**1,724.4**

	30 June 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)	827.6	(535.3)	292.3
Reserve releases	(263.1)	55.2	(207.9)
Movement in claims provision due to commutation	—	318.4	318.4
Claims paid and other movements	(647.0)	340.6	(306.4)
Claims provision at end of period	2,837.4	(1,140.4)	1,697.0

	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

(iv) Sensitivity of recognised amounts to changes in assumptions:

The following table sets out the impact on equity and post-tax profit or loss at 30 June 2022 that would result from a 1%, 3% and 5% deterioration and improvement in the UK Car insurance loss ratios used for each underwriting year for which material amounts remain outstanding.

	Underwriting year			
Impact on income statement (including profit commission)	2018	2019	2020	2021
Booked loss ratio - 30 June 2022	70%	70%	64%	87%
Impact of 1% deterioration in booked loss ratio (£m)	(16.1)	(15.1)	(16.4)	(3.2)
Impact of 3% deterioration in booked loss ratio (£m)	(47.3)	(45.2)	(49.2)	(9.7)
Impact of 5% deterioration in booked loss ratio (£m)	(77.7)	(74.7)	(82.0)	(16.2)
Impact of 1% improvement in booked loss ratio (£m)	16.1	15.3	16.4	3.2
Impact of 3% improvement in booked loss ratio (£m)	48.2	46.4	49.2	9.7
Impact of 5% improvement in booked loss ratio (£m)	80.4	77.5	82.0	16.2

The following table sets out the impact on equity and post-tax profit or loss at 30 June 2022 that would result from a 1%, 3% and 5% deterioration and improvement in the UK Car insurance loss ratios used for each underwriting year for which material amounts remain outstanding, on profit commission only.

	Underwriting year			
Impact on profit commission only	2018	2019	2020	2021
Booked loss ratio - 30 June 2022	70%	70%	64%	87%
Impact of 1% deterioration in booked loss ratio (£m)	(4.5)	(5.1)	(7.9)	—
Impact of 3% deterioration in booked loss ratio (£m)	(12.6)	(15.4)	(23.8)	—
Impact of 5% deterioration in booked loss ratio (£m)	(19.8)	(25.1)	(39.7)	—
Impact of 1% improvement in booked loss ratio (£m)	4.5	5.4	7.9	—
Impact of 3% improvement in booked loss ratio (£m)	13.5	16.7	23.8	—
Impact of 5% improvement in booked loss ratio (£m)	22.5	27.9	39.7	—

6. Investment income and finance costs

6a. Investment return

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Investment return			
On assets classified as FVTPL	**(2.6)**	3.3	3.6
On debt securities classified as FVOCI*2	**29.2**	19.5	42.3
On assets classified as amortised cost	**0.9**	0.3	0.6
Net unrealised losses			
Unrealised gains/(losses) on forward contracts	**0.4**	(0.6)	—
Movement in reinsurers' share of investment return	**(2.3)**	—	(1.6)
Interest receivable on cash and cash equivalents	**0.3**	—	0.3
Total investment and interest income*1	**25.9**	**22.5**	**45.2**

*1 Total investment return excludes £0.8 million of intra-group interest (30 June 2021: £1.4million, 31 December 2021: £2.7 million)

*2 Realised gains/losses on sales of debt securities classified as FVOCI are immaterial

6b. Financial assets and liabilities

The Group's financial instruments can be analysed as follows:

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Financial investments measured at FVTPL			
Money market funds	**663.9**	1,275.2	868.0
Other funds	**183.0**	189.1	187.6
Derivative financial instruments	**15.3**	—	5.2
Equity investments (designated FVTPL)	**4.0**	1.6	2.2
	866.2	1,465.9	1,063.0
Financial investments classified as FVOCI			
Corporate debt securities	**1,857.4**	1,892.0	2,101.0
Government debt securities	**460.3**	328.6	348.5
Private debt securities	**119.6**	83.3	125.5
	2,437.3	2,303.9	2,575.0
Equity investments (designated FVOCI)	**24.3**	13.5	19.3
	2,461.6	2,317.4	2,594.3
Financial assets measured at amortised cost			
Deposits with credit institutions	**65.9**	96.0	85.3
Total financial investments	**3,393.7**	3,879.3	3,742.6
Other financial assets			
Insurance receivables	**1,017.9**	979.9	956.6
Trade and other receivables (measured at amortised cost)	**307.5**	244.0	251.9
Insurance and other receivables	**1,325.4**	1,223.9	1,208.5
Loans and advances to customers (note 7)	**733.1**	425.7	556.8
Cash and cash equivalents	**506.6**	395.9	372.7
Total financial assets	**5,958.8**	5,924.8	5,880.6
Financial liabilities			
Subordinated notes	**204.4**	204.3	204.4
Loan backed securities	**638.2**	299.6	446.5
Other borrowings	**35.0**	40.0	20.0
Derivative financial instruments	**9.8**	4.9	—
Subordinated and other financial liabilities	**887.4**	548.8	670.9
Trade and other payables	**2,013.2**	1,783.8	1,960.0
Lease liabilities	**93.0**	114.9	105.3
Total financial liabilities	**2,993.6**	2,447.5	2,736.2

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

	30 June 2022		30 June 2021		31 December 2021	
	FVTPL £m	**FVOCI £m**	FVTPL £m	FVOCI £m	FVTPL £m	FVOCI £m
Level one (quoted prices in active markets)	**862.2**	**2,317.7**	1,464.3	2,220.5	1,060.8	2,449.5
Level two (use of observable inputs)	—	—	—	—	—	—
Level three (use of significant unobservable inputs)	**4.0**	**143.9**	1.6	96.9	2.2	144.8
Total[*1]	**866.2**	**2,461.6**	1,465.9	2,317.4	1,063.0	2,594.3

*1 There were no transfers between fair value hierarchy levels in the reporting period

The majority of investments held at fair value through profit and loss at the end of the period are invested in funds; mainly money market funds. The measurement of investments at the end of the period, for the majority investments held at fair value, is based on active quoted market values (level one).

Level three investments consist of private debt securities and equity investments. Private 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	**30 June 2022 £m**	30 June 2021 £m	31 December 2021 £m
Balance as at 1 January	**147.0**	74.8	74.8
Gains recognised in the Income Statement	**2.2**	1.1	1.6
(Losses)/gains recognised in Other Comprehensive Income	**(1.9)**	1.5	4.1
Purchases	**14.1**	29.1	89.4
Disposals	**(14.8)**	(7.7)	(22.4)
Translation differences	**1.3**	(0.3)	(0.5)
Balance as at 30 June/ 31 December	**147.9**	98.5	147.0

The amortised cost carrying amount of receivables is a reasonable approximation of fair value.

The fair value of subordinated notes (level one valuation) at 30 June 2022 is £201.1 million (30 June 2021: £225.5 million, 31 December 2021: £217.1 million).

7. Loans and Advances to Customers

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Loans and advances to customers – gross carrying amount	**786.6**	469.4	607.0
Loans and advances to customers – provision	**(53.5)**	(43.7)	(50.2)
Total loans and advances to customers	**733.1**	425.7	556.8

Loans and advances to customers are comprised of the following:

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Unsecured personal loans	**750.3**	430.6	566.9
Finance leases	**36.3**	38.8	40.1
Total loans and advances to customers, gross	**786.6**	469.4	607.0

The table below shows the gross carrying value of loans in stages 1 – 3.

	Gross carrying amount £m	Expected credit loss allowance £m	Other loss allowance*1 £m	**30 June 2022 Carrying amount £m**	30 June 2021 Carrying amount £m	31 December 2021 Carrying amount £m
Stage 1	652.8	(11.8)	(0.3)	640.7	358.0	496.6
Stage 2	106.8	(20.1)	—	86.7	64.3	55.7
Stage 3	27.0	(21.3)	—	5.7	3.4	4.5
Total	786.6	(53.2)	(0.3)	733. 1	425.7	556.8

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

Forward-looking information

Forecasts of macroeconomic variables and associated probability weightings of several scenarios are procured from an external provider. These scenarios represent a range of outcomes, with both potential upside and downside included to provide a blended view that represents managements best estimate of the expected outcome.

The key economic driver of the losses from the scenarios is the likelihood of a customer entering hardship through unemployment. The scenario weighting assumptions and unemployment rate used are detailed below:

	Scenario Probability Weighting 30 June 2022	Scenario Probability Weighting 30 June 2021	Scenario Probability Weighting 31 December 2021	**Peak Unemployment rate % 30 June 2022**	Peak Unemployment rate % 30 June 2021	Peak Unemployment rate % 31 December 2021
Base	**40%**	40%	40%	**4.1**	7.2	4.3
Upturn	**10%**	5%	10%	**3.5**	6.4	4.0
Downturn	**40%**	25%	30%	**6.1**	8.0	6.3
Severe	**10%**	30%	20%	**8.2**	9.1	6.6
Probability weighted Peak	100%	100%	100%	**5.3**	7.9	5.8

Sensitivities to key areas of estimation uncertainty

	30 June 2022	**Sensitivity (£m)**	30 June 2021	Sensitivity (£m)	31 December 2021	Sensitivity (£m)
Base	**40%**	**(3.6)**	40%	(1.8)	40%	(2.5)
Upturn	**10%**	**(6.7)**	5%	(3.9)	10%	(9.7)
Downturn	**40%**	**2.6**	25%	0.2	30%	6.9
Severe	**10%**	**9.1**	30%	3.0	20%	11.1

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. The sensitivity to each of the scenarios has reduced since year end, driven by improvements in forecast unemployment rates across each scenario during the period. However, uncertainty remains around the impact of rising inflation on customer repayment performance. This is reflected in the post model adjustments made by management detailed below.

Post Model Adjustments (PMAs)

Post Model Adjustments	**30 June 2022 (£m)**	30 June 2021 (£m)	31 December 2021 (£m)
Model Performance	**2.0**	0.4	2.0
Inflation	**9.4**	0.1	2.5
Economic Scenarios	**0.8**	4.7	4.6
	12.2	5.2	9.1

At 30 June 2022, the expected credit loss allowance included PMAs totaling £12.2 million (30 June 2021: £5.2 million; 31 December 2021: £9.1 million).

Model Performance

The model has been calibrated on historical data that may not fully reflect the risk of losses in the recent and ongoing, highly volatile macro-economic period. For this reason a Model Performance PMA has been made. It effectively recalibrates the modelled probability of default of the loans to reflect recent monitored performance.

Inflation

This PMA has been updated to reflect the increased inflation outlook which has increased significantly since the end of 2021. Inflation could adversely impact the ability of some customers to make their loan repayments. A PMA is held to acknowledge this.

Economic Scenarios

An uncertainty factor determined by management judgment has been added to reflect the recent volatility in unemployment forecasts. This factor has been reduced as variability between successive forecasts has fallen.

Credit grade information

Credit grade is the internal credit banding given to a customer at origination and is based on external credit rating information. The credit grading as at 30 June 2022 and comparative periods is as follows:

				30 June 2022	30 June 2021	31 December 2021
	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	**Total £m**	Total £m	Total £m
Credit Grade						
Higher	460.3	77.5	—	**537.8**	306.5	405.1
Medium	155.9	23.1	—	**179.0**	113.8	141.9
Lower	36.6	6.2	—	**42.8**	25.3	32.0
Credit Impaired	—	—	27.0	**27.0**	23.8	28.0
Gross carrying amount	652.8	106.8	27.0	**786.6**	469.4	607.0

8. Other 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 £229.9 million (H1 2021: £399.4 million, FY 2021: £678.9 million) represents total other revenue and profit commission and is disaggregated into the segments included in note 4.

	Six months ended 30 June 2022				
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total £m**
Major products/ service line					
Instalment income	40.7	3.0	—	—	43.7
Fee and commission revenue	75.4	17.0	0.2	—	92.6
Revenue from law firm	8.0	—	—	—	8.0
Comparison*1	—	—	—	4.0	4.0
Other	5.9	—	—	0.2	6.1
Total other revenue	130.0	20.0	0.2	4.2	154.4
Profit commission	74.7	0.8	—	—	75.5
Total other revenue and profit commission	204.7	20.8	0.2	4.2	229.9

Timing of revenue recognition					
Point in time	134.1	17.0	0.2	4.2	155.5
Over time	9.0	—	—	—	9.0
Revenue outside the scope of IFRS 15	61.6	3.8	—	—	65.4
	204.7	20.8	0.2	4.2	229.9

	Six months ended 30 June 2021						
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total (continuing) £m**	Comparison (discontinued) £m	**Total £m**
Major products/ service line							
Instalment income	51.5	1.8	—	—	**53.3**	—	**53.3**
Fee and commission revenue	62.5	14.1	0.5	—	**77.1**	—	**77.1**
Revenue from law firm	13.4	—	—	—	**13.4**	—	**13.4**
Comparison[*1]	—	—	—	2.9	**2.9**	59.6	**62.5**
Other	5.5	—	—	0.3	**5.8**	—	**5.8**
Total other revenue	132.9	15.9	0.5	3.2	**152.5**	59.6	**212.1**
Profit commission	187.1	0.2	—	—	**187.3**	—	**187.3**
Total other revenue and profit commission	320.0	16.1	0.5	3.2	**339.8**	59.6	**399.4**
Timing of revenue recognition							
Point in time	167.7	14.1	0.5	3.2	**185.5**	59.6	**245.1**
Over time	14.2	—	—	—	**14.2**	—	**14.2**
Revenue outside the scope of IFRS 15	138.1	2.0	—	—	**140.1**	—	**140.1**
	320.0	16.1	0.5	3.2	**339.8**	59.6	**399.4**

	Year ended 31 December 2021						
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total (continuing) £m**	Comparison (discontinued) £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**

*1 Comparison revenue excludes £0.2 million (H1 2021: £7.7 million, FY 2021: £7.8 million) of income from other Group companies, including £nil (H1 2021: £7.6 million, FY 2021: £7.6 million) from discontinued operations.

9. Expenses

	30 June 2022		
	Gross £m	**Recoverable from co- and reinsurers £m**	**Net £m**
Acquisition of insurance contracts	**90.9**	**(51.4)**	**39.5**
Administration and other marketing costs (insurance contracts)	**252.9**	**(159.0)**	**93.9**
Insurance contract expenses	**343.8**	**(210.4)**	**133.4**
Administration and other marketing costs (other)	**72.3**	**—**	**72.3**
Share scheme charges	**40.4**	**(14.3)**	**26.1**
Movement in the expected credit loss provision	**7.6**	**—**	**7.6**
Total expenses and share scheme charges	**464.1**	**(224.7)**	**239.4**

	30 June 2021		
Continuing operations	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts	89.5	(56.3)	33.2
Administration and other marketing costs (insurance contracts)	229.6	(165.6)	64.0
Insurance contract expenses	319.1	(221.9)	97.2
Administration and other marketing costs (other)	74.5	—	74.5
Share scheme charges	47.2	(16.6)	30.6
Movement in expected credit loss provision	5.1	—	5.1
Total expenses and share scheme charges	445.9	(238.5)	207.4

	31 December 2021		
Continuing operations	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts	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	983.4	(491.1)	492.3

Analysis of other administration and other marketing costs:

Continuing operations	**30 June 2022 £m**	30 June 2021 £m	31 December 2021 £m
Expenses relating to additional products and fees	**39.3**	43.0	91.9
Loans expenses (excluding movement on Expected Credit Loss provision)	**10.9**	9.8	23.7
Other expenses	**22.1**	21.7	35.9
Total	**72.3**	74.5	151.5

10. Taxation

Continuing operations	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Current tax			
Corporation tax on profits for the year	**54.2**	81.7	129.2
Under provision relating to prior periods	**2.3**	7.1	4.2
Current tax charge	**56.5**	88.8	133.4
Deferred tax			
Current period deferred taxation movement	**(5.4)**	(0.6)	(1.5)
(Over) provision relating to prior periods	—	—	(1.7)
Total tax charge per Consolidated Income Statement	**51.1**	88.2	130.2

Factors affecting the total tax charge are:

Continuing operations	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Profit before tax	**251.3**	482.2	713.5
Corporation tax thereon at effective UK corporation tax rate of 19.0% (2021: 19.0%)	**47.8**	91.6	135.6
Expenses and provisions not deductible for tax purposes	**0.2**	(0.1)	2.2
Non-taxable income	**(3.1)**	(3.7)	(8.3)
Impact of change in UK tax rate on deferred tax balances	**(1.1)**	2.6	(3.6)
Adjustments relating to prior periods	**2.3**	7.1	2.5
Impact of different overseas tax rates	**1.0**	(10.4)	(1.4)
Unrecognised deferred tax	**4.0**	1.1	3.2
Total tax charge for the period as above	**51.1**	88.2	130.2

11. Other Assets and Other Liabilities

11a. Intangible assets

	Goodwill £m	Deferred acquisition costs £m	Software – internally generated £m	Software – Other £m	Total £m
At 1 January 2021	62.3	27.3	72.6	4.5	166.7
Additions	—	31.3	19.4	1.3	52.0
Amortisation charge	—	(31.3)	(7.1)	(1.3)	(39.7)
Impairment	—	—	—	—	—
Disposals	—	—	—	—	—
Foreign exchange movement	—	(0.6)	(1.3)	0.3	(1.6)
At 30 June 2021	62.3	26.7	83.6	4.8	177.4
At 1 January 2021	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)
Impairment	—	—	(25.4)	—	(25.4)
Disposals	—	—	—	—	—
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
Additions	—	41.4	25.9	13.9	81.2
Amortisation charge	—	(38.5)	(4.7)	(2.0)	(45.2)
Impairment	—	—	(2.8)	—	(2.8)
Disposals	—	—	—	—	—
Foreign exchange movement	—	0.8	(0.7)	1.3	1.4
At 30 June 2022	**62.3**	**31.9**	**82.1**	**38.2**	**214.5**

11b. Trade and other payables

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Trade payables	**49.3**	40.5	39.8
Amounts owed to co-insurers	**69.5**	128.3	161.9
Amounts owed to reinsurers	**1,358.2**	1,131.0	1,274.9
Other taxation and social security liabilities	**94.5**	80.7	71.7
Other payables	**129.6**	151.5	112.4
Accruals and deferred income	**312.1**	251.8	299.3
Total trade and other payables	**2,013.2**	1,783.8	1,960.0

Of amounts owed to reinsurers, £1,237.6 million (30 June 2021: £1,029.9 million, 31 December 2021: £1,169.8 million) is held under funds withheld arrangements**.**

11c. 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 material provisions have 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. 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. Dividends, Earnings and Share Capital

12a. Dividends

Dividends were proposed, approved and paid as follows.

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Proposed, March 2021 (86.0 pence per share, approved April 2021 and paid June 2021)	—	250.8	250.8
Declared August 2021 (161.0 pence per share, paid October 2021)	—	—	470.1
Proposed, March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	**348.1**	—	—
Total	**348.1**	250.8	720.9

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

A 2022 interim dividend of 105.0 pence per share (approximately £310 million) has been declared, reflecting 60.0 pence per share relating to continuing operations, and 45.0 pence per share as the third special dividend relating to the disposal of the Penguin Portal comparison businesses.

12b. Earnings per share

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Profit for the financial year after taxation attributable to equity shareholders – continuing operations	**200.9**	394.7	585.0
Weighted average number of shares – basic	**299,753,132**	296,881,162	297,480,041
Unadjusted earnings per share – basic – continuing operations	**67.0p**	132.9p	196.7p
Weighted average number of shares – diluted	**300,354,415**	297,315,818	298,351,248
Unadjusted earnings per share – diluted – continuing operations	**66.9p**	132.7p	196.1p

The difference between the basic and diluted number of shares at the end the period (being 601,283; 30 June 2021: 434,656 31 December 2021: 871,207) relates to awards committed, but not yet issued under the Group's share schemes.

12c. Share capital

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Authorised			
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5	0.5
Issued, called up and fully paid			
297,021,168 ordinary shares of 0.1p	—	0.3	—
299,554,720 ordinary shares of 0.1p	—	—	0.3
299,893,517 ordinary shares of 0.1p	**0.3**	—	—
Total share capital	**0.3**	0.3	0.3

During the first half of 2022, 338,797 (HY 2021: 329,105; FY 2021: 2,862,657) new ordinary shares of 0.1p were issued to the trusts administering the Group's share schemes.

338,797 (HY 2021: 329,105; FY 2021: 632,657) of these were issued to the Admiral Group Share Incentive Plan Trust for the purposes of this share scheme.
No shares (HY 2021: nil; FY 2021: 2,230,000) were issued to the Admiral Group Employee Benefit Trust for the purposes of the Discretionary Free Share Scheme.

12d. Objectives, policies and procedures for managing capital

The Group manages its capital to ensure that all entities within the Group can continue as going concerns and to ensure that regulated entities comfortably meet regulatory requirements. Excess capital above these levels within subsidiaries is paid up to the Group holding company in the form of dividends on a regular basis.

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 or buffers.

12e. Related party transactions

Details relating to the remuneration and shareholdings of key management personnel are set out in the Directors' Remuneration Report within the Group's 2021 Annual Report. Key management personnel can obtain discounted motor insurance at the same rates as all other Group staff.

The Board considers that Executive and Non-Executive Directors of Admiral Group plc are key management personnel. Aggregate compensation for the Executive and Non-Executive Directors is disclosed in the Directors' Remuneration Report in the 2021 Annual Report.

13. Reconciliations

The following tables reconcile significant Key Performance Indicators (KPIs) and Alternative Performance Measures (APMs) included in the financial review above to items included in the financial statements.

13a. Reconciliation of turnover to reported total premiums written and other revenue as per the financial statements

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Gross premiums written after co-insurance per note 5a of financial statements	**1,428.0**	1,253.9	2,513.6
Premiums underwritten through co-insurance arrangements	**206.2**	299.2	585.1
Total premiums written	**1,634.2**	1,553.1	3,098.7
Other revenue*1	**154.4**	152.5	314.8
Admiral Money interest income	**25.5**	15.7	36.6
	1814.1	1,721.3	3,450.1
Other*2	**33.0**	25.1	57.2
Turnover as per note 4 of financial statements	**1,847.1**	1,746.4	3,507.3
Intra-group income elimination*3	**0.2**	0.1	0.2
Total turnover*1	**1,847.3**	1,746.5	3,507.5

*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 Intra-group income elimination relates to comparison income earned by compare.com from other Group entities.

13b. Reconciliation of claims incurred to reported loss ratio, excluding releases on commuted reinsurance

June 2022	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance claims (note 5)	60.9	17.4	105.1	36.6	220.0
Deduct claims handling costs	(6.1)	(0.8)	(6.9)	(0.5)	(14.3)
Prior year release/strengthening – net original share	66.2	1.2	7.6	0.1	75.1
Prior year release/strengthening – commuted share	93.4	0.2	—	—	93.6
Impact of reinsurer caps	—	—	(1.8)	—	(1.8)
Impact of weather events	—	(3.2)	—	—	(3.2)
Attritional current period claims	**214.4**	**14.8**	**104.0**	**36.2**	**369.4**
Net insurance premium revenue	**234.8**	**26.1**	**116.4**	**62.8**	**440.1**
Loss ratio – current period attritional	91.3%	56.7%	89.3%	—	84.0%
Loss ratio – current period weather events	—	12.3%	—	—	0.7%
Loss ratio – prior year release/strengthening (net original share)	(28.2%)	(4.6%)	(6.5%)	—	(17.1%)
Loss ratio – reported	**63.1%**	**64.4%**	**82.8%**	**—**	**67.6%**

June 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	Group £m
Net insurance claims (note 5)	(16.6)	14.7	82.1	15.6	95.8
Deduct claims handling costs	(6.1)	(0.7)	(4.4)	(0.1)	(11.3)
Prior year release/strengthening – net original share	81.1	1.2	6.5	—	88.8
Prior year release/strengthening – commuted share	118.3	0.8	—	—	119.1
Impact of reinsurer caps	—	—	0.7	—	0.7
Impact of weather events	—	—	—	—	—
Attritional current period claims	176.7	16.0	84.9	15.5	293.1
Net insurance premium revenue	242.4	23.3	111.7	38.8	416.2
Loss ratio – current period attritional	72.9%	68.8%	76.0%	—	70.4%
Loss ratio – prior year release/strengthening (net original share)	(33.5%)	(5.2%)	(5.8%)	—	(21.3%)
Loss ratio – reported	39.4%	63.6%	70.2%	—	49.1%

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%

13c. Reconciliation of expenses related to insurance contracts to reported expense ratio

June 2022	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance expenses (note 9)	57.3	7.8	50.5	17.8	133.4
Claims handling costs	6.1	0.8	6.9	0.5	14.3
Intra-group expenses elimination*1	—	—	0.2	—	0.2
Impact of reinsurer caps	(14.9)	—	(5.2)	—	(20.1)
Net IFRS 16 finance costs	0.2	—	—	—	0.2
Adjusted net insurance expenses	**48.7**	**8.6**	**52.4**	**18.3**	**128.0**
Net insurance premium revenue	**234.8**	**26.1**	**116.4**	**62.8**	**440.1**
Expense ratio – reported	**20.7%**	**33.0%**	**45.0%**	**-**	**29.1%**

June 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	Group £m
Net insurance expenses (note 9)	39.8	6.9	44.5	6.0	97.2
Claims handling costs	6.1	0.7	4.4	0.1	11.3
Intra-group expenses elimination*1	—	—	0.1	—	0.1
Impact of reinsurer caps	—	—	—	—	—
Net IFRS 16 finance costs	0.1	—	0.1	—	0.2
Adjusted net insurance expenses	46.0	7.6	49.1	6.1	108.8
Net insurance premium revenue	242.4	23.3	111.7	38.8	416.2
Expense ratio – reported	19.0%	32.5%	43.9%	—	26.1%

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 *2	(41.6)	(4.4)	—	—	(46.0)
Claims handling costs	12.1	1.4	8.9	0.5	22.9
Intra-group expenses elimination*1	—	—	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%

*1 The intra-group expenses elimination amount relates to aggregator fees charges by the Group's comparison entities to other Group companies
*2 Restructure costs of £8.0 million relate to ancillary costs. Total restructure costs incurred within UK Insurance were £54.0 million.

14. Statutory Information

The financial information above does not constitute the Company's statutory accounts. Statutory accounts for 2021 have been delivered to the Registrar of Companies, and those for 2022 will be delivered in due course. The auditors have reported on the statutory accounts for 2021, and their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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 Money. It is reconciled to financial statement line items in note 13a 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 13a 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.
Group profit before tax	Group profit before tax represents profit before tax from continuing operations, excluding restructure costs (which were relevant for FY 2021).
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 13b 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 13c 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 13b and 13c.

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 excludes 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 Admiral Money 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.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 *Interim Financial Reporting*;

- the interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Geraint Jones
Chief Financial Officer
9 August 2022

INDEPENDENT REVIEW REPORT TO ADMIRAL GROUP PLC

Conclusion

We have been engaged by the group to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 14.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusion Relating to Going

Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
9 August 2022