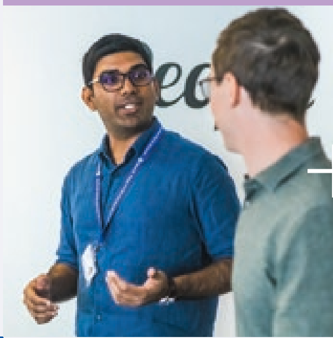
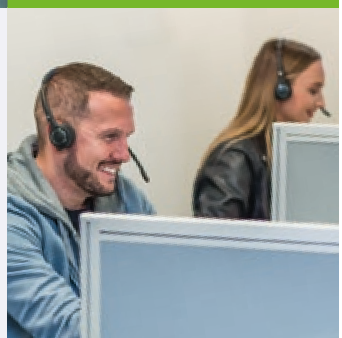
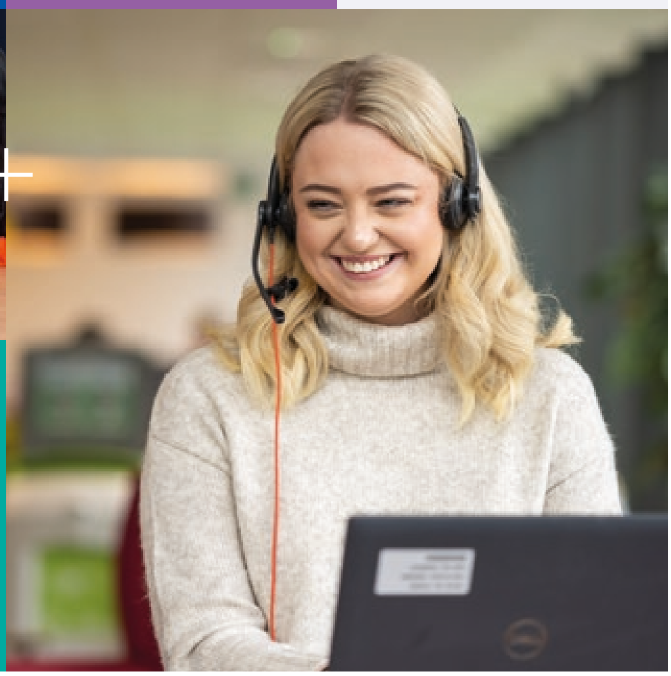
Admiral Group PLC





Adding value. Delivering difference.

Admiral Group plc
Annual Report and Accounts 2022



2022 Financial and Strategic Highlights

Financial Highlights

Groups profit before tax[1,2,3]

£469.0m

2022	£469.0m
2021	£769.0m*
2020	£608.0m

*£713m including restructure costs

EPS[1,2,3] (pence)

124.3p

2022	124.3p
2021	212.2p
2020	170.7p

ROE[1,2,3]

35%

2022	35%
2021	56%
2020	52%

Net revenue[1]

£1.49bn

2022	£1.49bn
2021	£1.55bn
2020	£1.31bn

Turnover[1,3]

£3.68bn

2022	£3.68bn
2021	£3.51bn
2020	£3.51bn

Customers[3] (million)

9.28m

2022	9.28m
2021	8.36m
2020	7.66m

Dividend per share (pence)

112.0p

2022	112.0p
2021	187.0p
2020	156.5p

Solvency ratio[3] (post dividend)

180%

2022	180%
2021	195%
2020	187%

Sustainability Highlights

Gender split across the Group

50% (Female) **50%** (Male)

(2021: 51% female, 49% male)

Emissions (tonnes CO_2 per employee)

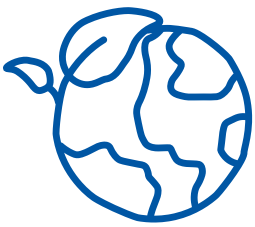
0.3 tonnes

(2021: 0.5 tonnes)

Net Promoter Score (NPS) Group average across our operations[4]

>50

(2021: >50)



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

2 Group profit before tax, Earnings per share and Return on equity exclude the impact of one-off restructure costs in 2021 totalling £55.5 million

3 Alternative Performance Measures, see page 306

4 Relational NPS, methodology updated in 2022

Adding value. Delivering difference.

Our purpose as a business, and the reason we exist, is to 'Help more people to look after their future. Always striving for better, together'. It defines who we are, and the way that we do things.

For our people...

See page 77

For our customers...

See page 74

For our communities...

See page 87

For our shareholders...

See page 85

Contents

Company Overview

Contents

Our purpose-led approach

Help more people to look after their future. Always striving for better, together.

We focus on doing the right thing. Our purpose defines the reason why we exist, and the way that we do things. We try to be there to help and to provide reassurance, support and relief when our customers need it most. We price our products fairly and competitively to provide good financial value and make sure customers can access the right kind of services. We help protect individuals' cars and homes to protect people's futures – all whilst providing an environment where our colleagues can grow, and strive to do better every day.

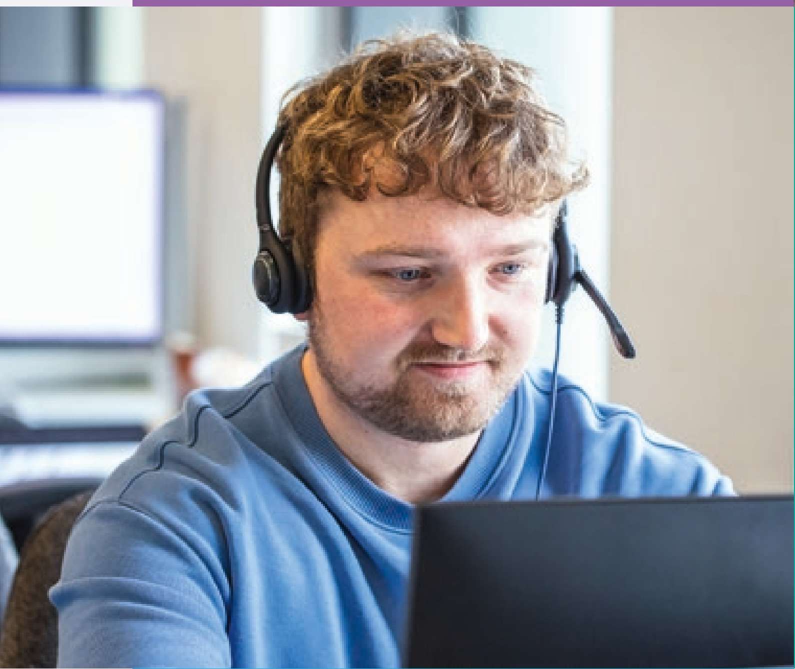
4th

Best company to work for in 2022

Helping protect UK homes from water damage

Admiral has partnered with Ondo and their LeakBot services this year to help our UK Household customers avoid costly water leaks. LeakBot is a smart water leak detector that monitors an entire home's plumbing and requires no professional installation. The device uses its technology to measure the flow of water and alerts the customer via their smart phone or tablet about any non-routine water loss.

We are currently offering LeakBot to 20,000 Platinum Household customers on a trial basis. Selected customers will receive a LeakBot device at no cost as well as one free LeakBot engineer visit if a leak is detected.



Helping drive positive impact in communities across the globe

In response to some of the devastating global weather events in 2022, we launched a new Global Emergency Fund to provide help to those affected.

In Pakistan, where flooding impacted over 30 million people, we donated £50,000 to the British Red Cross to aid their Pakistan Flood appeal. This donation is expected to help 3,500 people by providing them with warm clothing ahead of the winter months.

We also saw the devastating impacts of Hurricane Fiona across Atlantic Canada. Thousands of our colleagues, their families and communities were left without power due to fallen trees and downed powerlines. We donated $150,000 to the Canadian Red Cross Hurricane Fiona Appeal, Feed Nova Scotia and a number of other employee-nominated charities to give relief to those affected.

Helping our people grow

We launched a new leadership and skills development hub in 2022 to help give employees the right guidance, support, and skills development opportunities.

The hub provides access to a range of development courses and programmes from both our internal development teams and external sources. Courses and content within the hub are updated regularly and if an employee feels confident with the skills they have developed at their current level they can access resources within the following level. The hub was built on a framework which aims to make development and career progression planning easier for all. Colleagues currently have access to over 17,000 courses, as well as access to the LinkedIn Learning platform.

About us

Admiral Group plc is a global financial services company offering motor, household, travel and pet insurance, as well as personal lending products.

Admiral Group plc is headquartered in Cardiff, South Wales, and is proud to be Wales' only FTSE 100 company. We have a strong international presence, with offices in countries including France, Italy, Spain, US, Canada, Gibraltar and India.

5 Alternative Performance Measures – refer to the end of the report for definition and explanation

Our business segments

UK Motor Insurance

Admiral is one of the largest car and van insurers in the UK.

Customers (million)

4.94m

(2021: 4.97 million)

Turnover[5] (billion)

£2.49bn

(2021: £2.52 billion)

Net insurance premium revenue (million)

£471.0m

(2021: £496.5 million)

UK Household Insurance

Admiral has a growing household insurance business.

Customers (million)

1.58m

(2021: 1.32million)

Turnover[5] (billion)

£255.4m

(2021: £218.8 million)

Net insurance premium revenue (million)

£55.6m

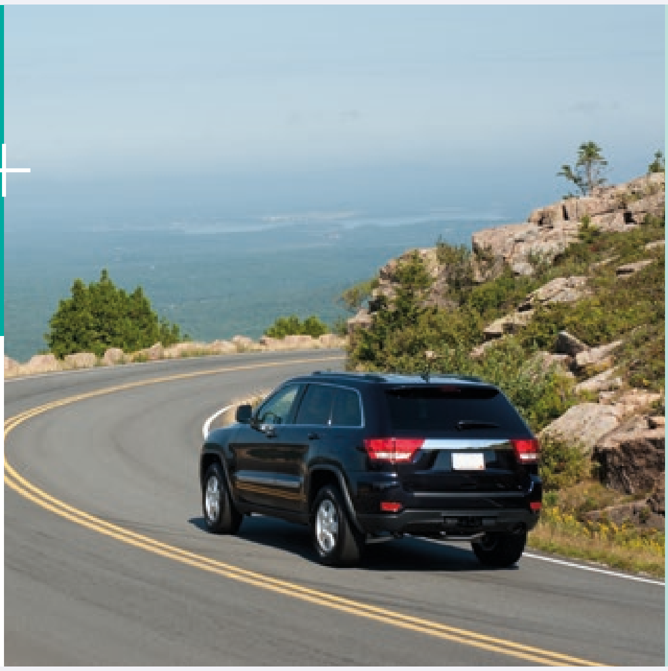
(2021: £49.1 million)

People employed globally
>11,000

Customers worldwide
9.28m

Turnover worldwide[5]:
£3.68bn

International Insurance



Admiral has motor insurance businesses in Spain, Italy, France, and the US and a small household insurance business in France.

Customers (million)
2.04m
(2021: 1.81 million)

Turnover[5] (million)
£795.9m
(2021: £690.3 million)

Net insurance premium revenue (million)
£241.8m
(2021: £221 million)

Loans

Admiral offers unsecured personal loans and car finance products.

Customers (million)
143,213
(2021: 111,900)

Total Income (million)
£44.9m
(2021: £28.9 million)

Gross Balances (million)
£0.89bn
(2021: £0.61 billion)

Our Business Model

A strong, purpose-led business model that adds value and delivers difference.

1. Our purpose

Our purpose
Help more people to look after their future. Always striving for better, together.

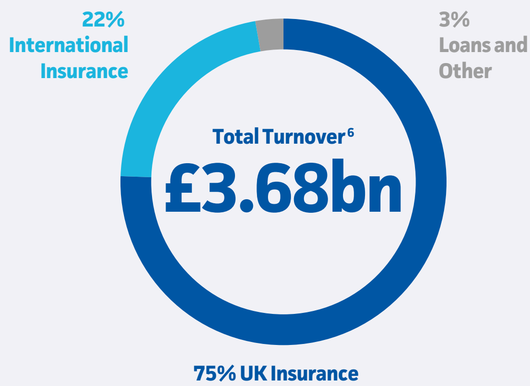
2. Leveraging on what we do

Read more on page 8

UK Insurance
Admiral is one of the largest motor insurers in the UK. In addition, we are rapidly growing our household, travel, and pet insurance businesses.

International Insurance
Admiral has established motor insurance businesses in Spain, Italy, France and the US, as well as a small Household business in France.

Loans and other products
Admiral offers unsecured personal loans and car finance products, as well as comparison services in the US.



6 Alternative Performance Measure see page 306

3. Achieved through our drivers to success

Read more on page 9

Excellent customer service

- Simple and clear communication
- Responsible sales and transparent claims processes
- Satisfied customers

Unique company culture

- Communication
- Equality
- Recognition and reward
- Fun

Operational excellence

- Good value financial products
- Risk selection and data analytics
- Efficient claims management
- Financial discipline

Efficient capital employment

- Good risk management
- Strong shareholder returns

Track record of long-term profitable growth

- Prudent reserving philosophy
- Test-and-learn approach
- Responsible and sustainable operations

4. In line with our strategic priorities

Read more on page 28

Accelerating towards Admiral 2.0

Aim: Strengthen our core competencies and increase speed of delivery to best serve our customers.

- Digital First
- Scaled Agile
- Customer-Centric Innovation
- Smart Working
- Data and advanced analytics

Diversification

Aim: Increase customer engagement and business resilience.

- Scale up promising products
- Strengthen customer proposition
- Leverage core strengths
- Innovate in product design

Evolution of Motor

Aim: Evolve our propositions for changes in mobility.

- Understand changes in mobility
- Evolve our proposition
- Develop competencies for the future
- Innovate in product design

5. In order to create value for our stakeholders

Read more on page 74

- Customers
- People
- Partners & Suppliers
- Shareholders
- Communities
- Environment

Our Business Model
What we do

Insurance underwriting

Admiral Group's primary business is to sell car, van, home, travel, and pet insurance in the UK, Europe (Spain, France, Italy), and the US. The majority of our customers buy our products through the price comparison channel, with a smaller proportion of customers buying directly from us, as well as the broker and agency channels. In addition to our core insurance products, we generate other revenue from the sale of ancillary add-ons and from fees generated over the life cycle of a policy.

Read more about our Co-insurance and reinsurance on **page 66**

Read more about our Investing on **page 65**

The Group's core market is the UK, where we estimate we have 17% share of the private car insurance market and a 7% share of the private home insurance market[7]. Outside of the UK, we leverage the knowledge, skills, and resources from our established UK business to promote expansion overseas and grow both our international businesses and new ventures outside of insurance underwriting.

Risk sharing

A key feature of our business model and success is the use of extensive reinsurance and co-insurance partnerships. These are proportional risk-sharing agreements, where insurers outside of the Group underwrite the majority of the risk generated, either through co-insurance or quota share reinsurance contracts. These arrangements include profit commission terms which allow Admiral to retain a significant portion of the profit generated.

Investing premiums

Admiral's profitability is primarily generated by the Group's underwriting activities but we also generate investment income by investing the premiums we collect. The majority of our profits are paid out in dividends, with a proportion held back to pay for our claims and future investment opportunities, linked to the capital requirements for the business. Our investment strategy is focused on capital preservation and low volatility of returns. Admiral has an asset liability matching strategy to control interest rate, inflation, and currency risk. We hold a prudent level of liquidity and have a high-quality credit profile.

Unsecured personal lending, car finance, and other products

Outside of our insurance businesses, we sell a range of unsecured personal loans and car finance products through the price comparison channel and via the Admiral website. Our core lending business operates in the UK (under the Admiral Money brand) and is funded through a combination of internal and external financing. Other businesses include a small price comparison business in the US and a recently created entity (operating under the Admiral Pioneer brand) designed to test new products and identify future sources of earnings.

7 Based on 2022 data from the Association of British Insurers (ABI)

Our Business Model
The drivers of our success

Our drivers of success are what we believe makes us different from our peers. They help us maximise the value we create for our stakeholders and stand out as a go-to financial services provider for our customers.

Excellent Customer Service

2022 has been a difficult year for the industry and for Admiral. However, whilst we continue to experience difficult economic conditions, our focus on providing good customer service remains unchanged.

Simple and clear communication

We aim to create simple insurance products which are easily understood and accessible to all. We promote an inclusive experience and make sure customers can reach us at any point, whether that be digitally, or over the phone. We also acknowledge that individual customers may have different needs when it comes to being informed about our products. Our Vulnerable Customer Policy allows for an appropriate system to be implemented identify vulnerable customers and ensures sufficient controls are in place so that these customers receive appropriate support.

Responsible sales and transparent claims processes

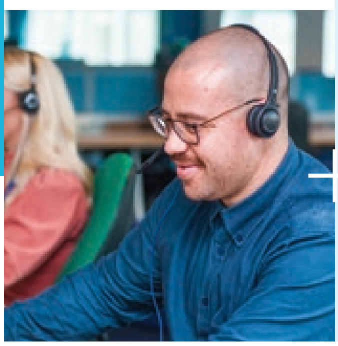
We comply with all relevant regulatory requirements and actively review our practices to ensure we operate in line with relevant policies. When selling insurance products, we provide customers with key characteristic information about our products, covering the most crucial features and limitations. This makes sure customers can make informed decisions and can buy the right products for their needs. This extends to our claims practices where we work hard to deliver fair outcomes in a timely manner. We provide clear guidance on the full claims process and make sure customers can easily reach us to resolve any issues.

Satisfied customers

We regularly measure customer satisfaction across several key benchmarks to stay close to customers' developing needs and better understand areas where our service fails to meet expectations. We use the globally recognised Net Promoter Score® (NPS) as the key metric for measuring customer loyalty through customers' willingness to recommend Admiral Group's brands. Obtaining regular customer feedback is core to the way we do business as it allows us to understand what we are doing well but also enables us to identify the priority areas for improvement.

2022 Highlights

- >50 Group average NPS score across our operations[8]
- Voted Best Big Insurance Company in the UK Insurance Choice Awards
- Number 1 Ranked Italian insurer on Trustpilot



Household insurance teams support customers impacted by extreme weather

This year, a number of extreme weather events devastated communities across the world. At the start of 2022, we saw catastrophic storms and flooding hit areas of the UK. We took a proactive approach to protecting our customers during this time. Before the storms made landfall, our Household insurance team contacted all customers who held policies in areas of risk. We explained the risks of possible flooding and asked if any help was required. Throughout the period, we continued to monitor flood warnings and added customers to our contact list if their risk exposure were to increase.

During storms Dudley, Eunice and Franklin, we made sure that enough support was in place for what we knew would be an influx of customers contacting us. This included enlisting help from employees across the business, including our offices in Delhi, to manage the increased number of calls. We made calling to make a claim easy with online banners and increased the number of employees on phones and webchat to assist with questions from customers.

Similarly, in Gironde, southern France, we saw wildfires cause damage across the region. Our French Household business quickly contacted customers affected by these fires and made sure they were given quick access to alternative accommodation in cases where they were displaced.

8 Relational NPS, methodology updated in 2022

Our Business Model
The drivers of our success continued

Unique company culture

Read more in Our Customers on **page 74**

Over time, we've come to believe strongly that creating a great place for our people to work goes a long way towards building long-term commercial success. We believe that Admiral's culture and the four pillars of our culture, are the foundation for why our people enjoy coming into work every day and why Admiral is celebrated as a great place to work.

Communication

We encourage a culture of open and transparent communication at all levels of the business. We ask colleagues to give us their suggestions on how we can improve, tell us how they are feeling, and the ways in which we can help. Our Group CEO, Milena Mondini, operates an open-door policy and regularly engages with colleagues through the 'Ask Milena' initiative. This philosophy extends to our senior managers and directors who also engage regularly with our colleagues to keep them informed on what is happening in the business and answer their questions.

Equality

We view all of our people as being equally important to the business regardless of their position, gender, or background. We strive to promote a sense of fairness in everything we do and to provide an environment where everyone has the opportunity to succeed. In particular, we have multiple Diversity and Inclusion working groups made up of employees across the business. These working groups exist to give a voice to all our colleagues and empower them to play an active role in shaping our employee propositions and policies.

Recognition and Reward

Admiral's share ownership scheme is a core foundation of our culture and plays an important role in employee recognition and reward. We believe that a company works best if people feel like they own a part of their company, and so through the scheme, all employees that have been with the company for more than a year become shareholders in Admiral.

Fun

If people *like what they do, they do it better.* This mantra has been at the core of Admiral's culture since day one. We encourage our colleagues to spend time together and get to know each other. We dedicate resources to our own Ministry of Fun (MOF). The MOF helps to organise various events for people to participate in and gives them something fun to look forward to.

2022 Highlights

- 86% of colleagues believe Admiral is a great place to work[9]
- 88% of colleagues feel that management is approachable and easy to talk to[10]
- 96% of people feel that people are treated fairly regardless of their race[11]

Top 10 returns!

Top 10 is Admiral's annual departmental competition to crown the best 10 departments across the organisation. Each year departments are tasked with creating a video or in-person show and answer a set of questions surrounding a core theme.

In 2022 the theme was based on our purpose *'Help more people look after their future. Always striving for better together'*. In particular, departments had to answer the following: "How does your department represent and demonstrate Admiral Group's purpose statement?". This year teams were encouraged to be as creative as possible, and we had submissions that went above and beyond and included themes such as The Grinch, I'm a Celebrity Get Me Out of Here, and Jurassic Park.

The results ceremony was back in-person for the first time since 2019, giving a great opportunity for colleagues to get back together and celebrate.

9 Great Place to Work Survey result
10 Great Place to Work Survey result
11 Great Place to Work Survey result

Operational Excellence

Good value financial products

We take great pride in providing good value financial products and services that meet customer needs. Through our existing products we actively work to maximise the value of our core businesses and with new products, seek to lay the foundations for future growth.

Risk selection and data analytics

Our unique approach to risk selection is built upon large amounts of claims experience, underwriting skill, and increasingly, on insights from big data and analytics. We take a data-driven approach in everything we do, and it is the foundation behind our business decision-making.

Efficient claims management

Our efficient claims management is backed by a culture of continuous improvement, proactive engagement, decades of experience in claims handling, and great customer service.

Financial discipline

Admiral is focused on bottom line profitability and building sustainable businesses in the long-term. This focus guides decisions made across our operations. Our cost-conscious approach is strongly embedded across the organisation given our employees are also shareholders and this translates to a competitive expense ratio.

Efficient Capital Employment

Risk management

Admiral shares a large proportion of risk with co- and reinsurance partners. These partnerships are underpinned by a long track-record of strong underwriting results. Sharing risk allows us to hold less capital due to bearing less risk, giving a superior return on capital for our shareholders whilst ensuring protection for losses.

We include an assessment of the projected solvency of the business as part of the capital plan and Own Risk and Solvency Assessment. This includes consideration of principal risks facing the Group, as well as consideration of emerging risks such as climate change.

Strong shareholder returns

We are committed to returning excess capital to shareholders. We believe that with limited cash, management remains focused on the most important aspects of the business. We don't starve our business, but neither do we provide them the luxury of excess capital.

Track record of long-term, profitable growth

Test-and-learn approach

Admiral has a strong culture of innovation and organic growth. All our businesses have been built from the ground up. We identify and understand opportunities; take measured steps to test our understanding of the challenges and effectiveness of our solutions; and learn from these experiences.

Prudent approach and reserving philosophy

Our track record of success is in part due to our robust reserving approach, where we hold prudent reserves which we release over time as we gain more information on the development of claims or defaults across our insurance and loans businesses respectively. In addition, we continuously improve and build on our key competitive advantages including cost efficiency, risk selection, data analytics, digital capabilities and claims management effectiveness.

Responsible and sustainable operations

Central to our approach towards long-term value creation is our continued dedication to drive positive outcomes for all our stakeholders. We appreciate that our stakeholders' needs evolve over time, and we consciously adapt to remain a responsible, sustainable business for the long-term.

2022 Highlights

- 50% Average combined ratio over the past five years[12]
- 47% of customers are now from non-UK Motor businesses
- 180% Solvency Ratio

12 Weighted average

Our Business Model
Creating value for our stakeholders

We are dedicated to building strong and sustainable businesses that are focused on achieving positive outcomes for all our stakeholders.

Our Customers

Customers are at the heart of our business. As a customer-centric organisation, we seek to create products that provide more people with the opportunity to access good financial services products. The needs of our customers shape the products we deliver, and the ways in which we do so.

Value created in 2022

- We launched a new claims system for our UK Motor customers
- We added our MultiCar proposition to price comparison platforms
- We supported UK and French Household customers impacted by floods
- We continued to provide fair and affordable products across the Group
- We launched Admiral Pet in the UK

Our People

We believe that people who like what they do, do it better. This attitude enables our test-and-learn culture, operational excellence, happier and more productive employees, and ultimately better outcomes for our customers and stakeholders.

Value created in 2022

- We strengthened our reward package for colleagues
- We upgraded our learning and development platform
- We launched a new health and wellbeing strategy focused on mental health
- We improved the Group's recruitment onboarding platform
- Members of the Group Board engaged with employees via the Employee Consultation Group

Our Business: Partners and Suppliers

Our partners and suppliers are integral to us achieving our strategic goals. They comprise a mix of financial partners, reinsurance partners, IT hosting, distribution and claims services partners. We work hard to foster strong relationships to mitigate risks across our businesses and to deliver on our strategic ambitions.

Value created in 2022

- Admiral Pioneer invested in Wagonex, a subscription-based platform for car manufacturers
- We formed new strategic partnerships with industry-leading suppliers across the UK
- We partnered with Ondo's LeakBot services to protect customers from water leaks

Read more about how we engage with and create value for stakeholders, on **page 68**

Our Business: Shareholders

Shareholder engagement is key to helping investors understand Admiral's strategy and investment case. It allows us to explain our decisions and rationale, whilst providing opportunities for shareholders to give their feedback.

Value created in 2022

- Management actively engaged with existing shareholders and potential investors
- We organised a shareholder and analyst education session to help them navigate the introduction of the new IFRS17 accounting standard
- The Group Chair and Senior Independent Director held corporate governance meetings with key shareholders

Our Society: Communities

A culture of giving and a sense of responsibility for the community is shared across the whole Group. Our employees play a key role in how we engage with our communities, and we work collectively to drive long-term change both inside and outside the Group.

Value created in 2022

- We launched a new Community Strategy focused on getting more people into sustainable work
- We introduced a new Global Emergency Fund to support communities across the globe
- We supported over 200 organisations via our long-standing community match fund
- We worked with several charities to provide employees with access to volunteer initiatives

Our Society: Environment

Admiral is mindful that it is increasingly important to demonstrate responsible business behaviour with regards to the environment, not just because our stakeholders demand it, but also because it is the right thing to do.

Value created in 2022

- We launched a climate positive employee engagement programme
- We funded the planting and monitoring of over 30,000 trees in Kenya
- We partnered with Carbon Intelligence to support us in our net zero ambitions
- We installed electric vehicle charging points in our offices
- We fully offset our carbon emissions via the purchase of Gold Standard carbon credits

Strategic Report

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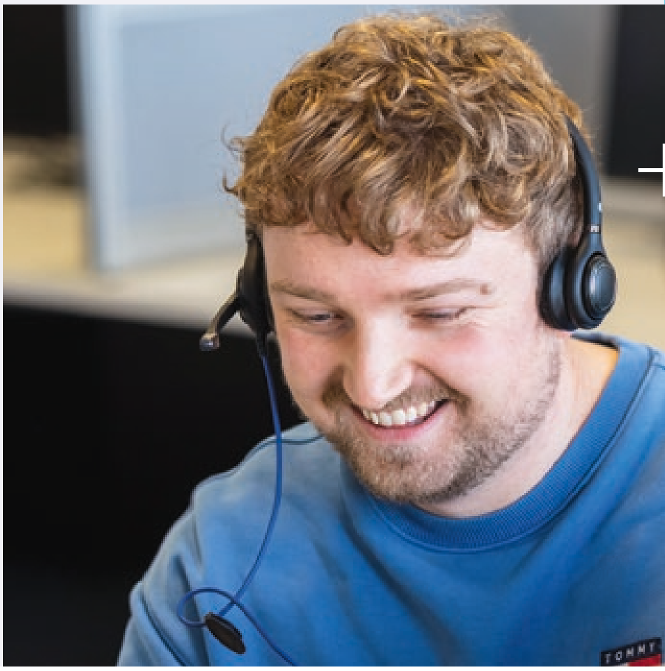


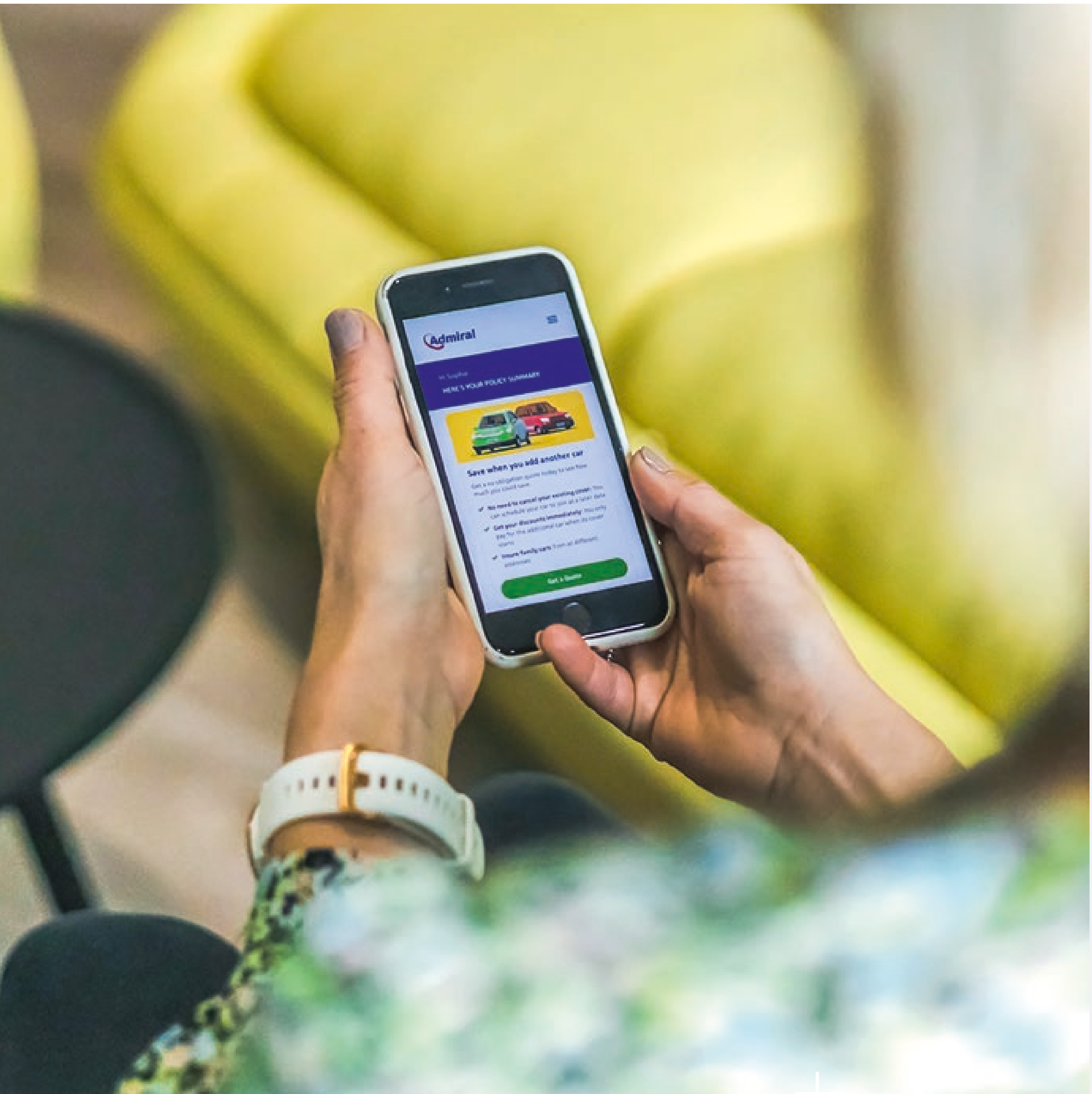
Adding value. Delivering difference. For our customers

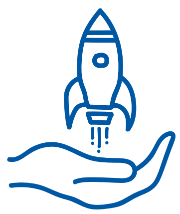
It's the little things that add up

We recently had a customer, Mr Doyle, who called to renew his van insurance. During the call, he chatted to Leeanne, our Customer Loyalty agent, about his love of dogs and what he'd like to use the van for.

Connect to Customer is a goodwill initiative that enables Customer Loyalty colleagues to send gifts or cards, after interactions with customers. Thanks to Leeanne's thoughtful suggestion, they sent a parcel of dog treats and toys to our customer Mr Doyle, who quickly took to LinkedIn to sing her praises.

"Mr Doyle explained he'd lost his family dog Jessie and that he calls his van 'the Jessie van'. He went on to say that if he ever won the lottery, his dream would be to have a rescue centre where he would employ people to cuddle the dogs and give them the love they deserve. That made the hair on my arms stand up, I knew I had to do a little something. That's when I decided to email our Connect to Customer team with a message asking to send Mr Doyle blankets, treats and some toys for the animals he would rescue. He was so passionate about helping less fortunate dogs, he was very genuine and a lovely man to speak with."





Admiral Money sponsors Fintech Wales programme

The Foundry, FinTech Wales' 12-week intensive accelerator programme, provides world-class mentorship and support to help incubate, accelerate, and scale start-up organisations within the Welsh ecosystem and beyond.

In 2022, Admiral Money was a proud co-sponsor to 'season 2' of the Foundry programme which focussed on successfully validating, fundraising and scaling a new venture. Admiral Money also worked separately with several of the start-ups involved, and a number of the unsuccessful applicants, to identify areas of potential collaboration and support.

Chair's Statement

"We continue to believe that if people like what they do, they do it better."

Adding value. Delivering difference.

Annette Court
Group Chair

I am honoured to be leading the Board of Admiral as the Group enters its 30th year – happy birthday Admiral!

As previously announced, I will step down as Chair at the AGM in April 2023 having served 11 years on the Board, with six of those as Chair. I leave with a mix of pride and deep fondness for this very special company which I believe remains one of the FTSE 100's best kept secrets.

This year has, once again, been challenging for the sector due to the macro-economic environment. The Ukrainian-Russian war impacted energy costs, high inflation led to higher claims costs and, in the UK, the market adjusted to the FCA's pricing reforms.

As a result, Admiral has reported lower Group profit of £469 million with turnover of £3.68 billion. This is driven by UK Motor insurance profitability. Admiral has led the market in taking strong pricing action to combat claims cost inflation and continues to focus on long-term value creation.

Despite the challenging backdrop, our customer numbers are up 11% to 9.28 million and our solvency remains strong at 180%. The UK Motor insurance marketplace is cyclical and we believe we are now close to the bottom of this cycle. Admiral has a proven track record of quickly adapting to navigate the cycle and remains focused on continuously evolving its existing competences while creating sustainable businesses for the future.

Looking back

Admiral is a special business with a distinctive culture. Our purpose – To help more people to look after their future. Always striving for better together – underpins everything we do and ensures that we strive to do the right thing in consideration of all our stakeholders.

I am immensely proud to have been part of Admiral's success story. It has been a hugely enjoyable and rewarding experience.

During my time on the Board I have experienced the transition of CEOs from Henry to David, and then to Milena – all have strong entrepreneurial leadership skills, passion for the Admiral culture, and a focus on building on our competitive advantages whilst evolving the strategy within the emerging landscape.

I'm often asked what has been key to Admiral's success and, essentially, I believe it's a lot of small things that have never changed and make a big difference:

- Delivering for our customers – Admiral remains focused on 'the customer, the customer, the customer' and during my time on the Board, customer numbers have grown from 3.6 million in 2012 to 9.3 million in 2022 – a testament to our customer-centric approach
- Admiral's relentless focus on the fundamentals of risk selection, pricing discipline, claims effectiveness and expense efficiency underpinned by a healthy obsession with data and analysis and a low-risk approach
- Admiral's agility, innovation and culture of continuous improvement through a test-and-learn approach has ensured that it creates products and services that truly meet customers' evolving needs. After all, it was Admiral that launched the first car insurance comparison site, the first 10-month policy, and accelerated the adoption of multicar and multicover
- Admiral's commitment to doing the right thing and strong conviction and ethical foundation means it's perhaps unsurprising that we were the only insurer in the UK to issue a £110 million Stay-At-Home refund for UK customers during the Covid pandemic and we established a £6 million Covid Fund to support impacted communities
- Admiral's culture – this drives all of the above. We believe that 'people who like what they do, do it better'. We are always looking for new ways to add value and have consistently been recognised as a great place to work for over 11,000 colleagues. A key foundation stone of Admiral that has been continuously reinforced as the company has grown is that everyone matters regardless of their role. This is demonstrated by the fact that all colleagues receive shares[13] in the company every year

Evolution

Although elements remain constant, Admiral continues to grow and evolve, with a key pillar of the strategy being diversification. We are making great progress in most operations, and have now built, amongst others:

- A significant UK household business which is growing strongly and now serves 1.6 million customers
- Admiral Money, our UK loans business has achieved a small profit in its fifth year and is taking a suitably prudent approach to increasing its book
- Sizeable and growing businesses in Europe
- Admiral Pioneer, a business that builds on our traditional test-and-learn approach to focus on diversification through new business areas
- A business in the US, which is a challenging market, and for which we are considering options

Almost half of our customers are now from non-UK Motor insurance business.

Dividend

Our proposed final dividend of 52.0 pence per share brings dividends for the year to 112.0 pence per share, a full-year pay-out of 90% against a backdrop of after-tax profits (from continuing operations) 36% lower than last year. The final dividend of 52.0 pence per share comprises a normal dividend of 37.5 pence per share and a special dividend of 14.5 pence per share. The Group has delivered a Total Shareholder Return (TSR) of 259% over the last 10 years (as illustrated in the chart on page 206).

13 Employees participate in the Approved Share Incentive Plan (SIP) after completing a minimum of 12 months' service

Chair's Statement
continued

People

Once again Admiral was recognised as a Great Place to Work in 2022, including being awarded 19th best workplace in Europe and fourth best workplace in the UK. We also received an award for being in the Best Companies list for 20 consecutive years and received awards for diversity and wellbeing. These accolades help to position us as a destination employer which is crucial in the current competitive market for talent.

Having our people as shareholders remains a distinctive element of Admiral's incentive schemes. These are designed to ensure that decisions support long-term value growth, that the right behaviours are rewarded and that our people's interests are aligned with those of shareholders. We believe that, over the long-term, share price appreciation depends on delivering great outcomes for our customers. (Further details can be found in the Remuneration Committee report on page 183).

Customers

Admiral's purpose is to help people to look after their future and the business has really lived by its purpose during the year, ensuring that Admiral has been there for its customers when they need us most.

The UK business has invested in technology that reduces the time it takes to settle motor claims – hopefully removing a pain-point during what can be a stressful time for customers.

In response to the cost-of-living crisis, our teams have looked at ways to help and support insurance and loans customers who are financially vulnerable.

2022 saw extreme weather from flash floods to forest fires and a freeze event. Admiral colleagues chose to take a proactive approach, identifying customers in the impacted areas and contacting them to understand how we could support them. These are just a few examples of the little things that the business does that can make a big difference for customers, and that make me proud to be a part of Admiral.

The Board in 2022

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

The Board has been able to resume meeting in person this year as well as visits to colleagues overseas. I have visited our overseas locations along with one or more fellow non-executive directors (NEDs) and we also attended Employee Consultation Group (ECG) meetings. These allowed us to keep contact with our people and directly hear their views and the challenges they face. The Admiral culture still shines through.

Jean Park stepped down in January 2023 after having served nine years on the Board and chairing the Group Risk Committee. She has also been a member of the Remuneration and Nomination and Governance Committees and acted as the Senior Independent Director. We will miss her unstinting support and wise counsel. I would like to thank her on behalf of the whole Board for her huge contribution.

Read more in our Governance report on **page 136**

"Once again Admiral was recognised as a Great Place to Work in 2022."

Annette Court
Group Chair

Our focus areas for the Board remain to:

- Continue to build on the remarkably special Admiral culture and in so doing putting our people, customers and wider impact on the community at the heart of what we do
- Continue our long-term trajectory of growth, profitability and innovation
- Invest in the development and growth of our people
- Ensure excellent governance and the highest standards
- Focus on all aspects of ESG

Our role in Society – doing the right thing

Admiral takes its role in society very seriously and has an active approach to Corporate Responsibility which focuses on all our stakeholders and the wider impact we have (more information in the Sustainability Report on the Admiral website). We are proud to be Wales' only FTSE 100 headquartered company. We employ over 8,000 people in South Wales and our people play an active part in the communities in which we operate. We carefully consider our impact on the community and environment, including factors such as the green credentials of our buildings, raising funds for multiple charities, and the impact of climate change across the business.

As previously announced, the Group's ambition is to be net zero by 2040 and to be net zero across our operations for scope 1 and 2 emissions by 2030. The business verifies its carbon emissions for our current operations using a third party and these were subsequently offset to become carbon neutral. We will apply for approval of our Science Based Targets in 2023. Our aim is to be an economically strong and responsible business over the long-term, guided by a clear purpose, to make a positive and significant impact not just on our customers and our people, but on the economy and society.

New Chair

I am delighted that Mike Rogers will take on the role of the new Chair of Admiral. He has a great track record and significant experience which will benefit Admiral in its next exciting phase of evolution – and demonstrates a great understanding of the Group's culture.

I am confident that the current Board and new Chair are well-equipped with the skills and knowledge to continue to build and strengthen Admiral and build a sustainable business in the long-term while retaining Admiral's distinctive culture.

Annette Court
Group Chair

7 March 2023

A goodbye and thank you from Annette Court

I have thoroughly enjoyed every year I have been part of Admiral. I am grateful to our shareholders for their support as I stayed on as Chair to ensure a successful transition to Milena as Group CEO.

I would like to thank Admiral's customers for putting their trust in us and our colleagues for their dedication in ensuring that we are there for customers when they need us most.

I wish Mike, Milena and the whole leadership team every success for the future and I will be cheering Admiral on from the side lines.

I feel privileged to have been part of this special company. Thank you for your support.

Annette

Chief Executive Officer's Statement

Milena Mondini de Focatiis
Chief Executive Officer

"It's the little things we do every day that combine to add value for all our stakeholders."

Adding value. Delivering difference.

2022 was another year of navigating stormy waters and, once again, we've adapted well and shown ourselves to be disciplined and agile as we increased our customer base by 11% to 9.28 million while delivering profits of £469 million.[14]

We've not been immune to the changes in external conditions including the implementation of the FCA's pricing reforms, increased claims frequency post Covid, supply chain challenges, adverse weather and high levels of inflation which had a very big impact on our business, particularly on the cost of claims. At times, over the last 12 months, it has felt similar to sailing in the middle of a storm: knowing the desired destination but with the challenge of recognising when to steer into the winds that try to blow us off course – whilst never losing focus on where we're going.

The cyclical nature of insurance is not new. We were quicker than most to react to the changing market conditions and implemented price increases ahead of others in response to higher inflation. Although the premium increases impacted our rate of growth in the short term, we continued prioritising sustainable growth over chasing unprofitable volumes.

This discipline resulted, for our insurance business in the UK, in delivering a profit of £616 million, above 2019 pre-pandemic levels and it will put us on a strong footing for when the cycle turns.

The international markets were also under pressure with very low market average premiums in Italy and Spain. The US experienced more adverse market conditions than others. Although Elephant quickly put in place aggressive remedies, such as premium increases in excess of 25% in 2022 and a drastic reduction in advertising spend, the business registered a disappointingly high loss of £49 million[15]. Elephant remains an efficient operation with a strong team delivering great service to its customers – who voted it one of the Best insurance companies in US among over 3,300 brands. We are continuing to assess the options for Elephant to reach its full potential in such a huge market.

Despite the headwinds, we were definitely not blown off course in 2022. To the contrary, we made substantial progress against our long-term objectives and continued to deliver on new initiatives that will help us to emerge from this period stronger than ever before. We're developing new capabilities, especially in data and technology, to enhance our customer experience. For example, we launched a new claims management system which will reduce settlement time for many UK motor customers and have established a Data Academy to accelerate our evolution into an even more digital-first and data driven organisation.

14 Group profit – 2022: £469 million; 2021: £769 million, excluding restructure costs, 2019: £505.1 million
15 Elephant loss – 2022: £48.9 million loss; 2021: £13.0 million

Our Strategy for 2023

Accelerate evolution towards Admiral 2.0

Our priority is to accelerate the evolution of our business towards Admiral 2.0, an organisation that builds and uses historical strengths but is even more agile. Whilst we continue to put the customer first, we aim to focus on our technology and data to do so.

See page 28

Product diversification

Our Group-wide approach is focused on increasing business resilience and adapting to the evolving needs and expectations of our customers.

See page 31

The evolution of Motor

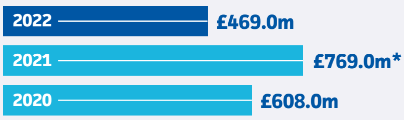
The way that people move around is changing and Admiral's third pillar focuses on evolving our proposition to meet those demands. Admiral stays close to emerging trends and continues to apply its test and learn philosophy to further develop competencies.

See page 34

Chief Executive Officer's Statement
continued

Groups profit before tax[1,2,3]

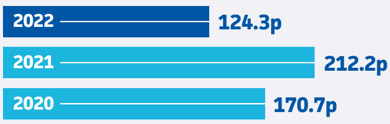
£469.0m



*£713m including restructure costs

EPS[1,2,3] (pence)

124.3p



1 Group profit before tax, Earnings per share, Group turnover, Group net revenue and Return on equity are presented on a continuing operations basis
2 Group profit before tax, Earnings per share and Return on equity exclude the impact of one-off restructure costs in 2021 totalling £55.5 million
3 Alternative Performance Measures – see page 306

We believe that our diversification strategy is key to increasing our resilience over the long-term, as well as to improving the engagement and experience for our customers, and by leveraging our strengths, we will deliver more value to our shareholders. Over the past year, Admiral Money, our UK Loans business, delivered its first profit in its fifth year, we launched Pet insurance and we developed new partnerships and distribution channels in international insurance.

In the UK specifically we are experiencing strong customer growth in the Household, Loans and Travel businesses that increased their turnover by 31% to £350 million combined in 2022. We now also count two million customers across our international businesses, up by 13%.

We are aware that this has been a challenging year also for our customers and our people and looking after them is our core purpose. We continue to do our best to support customers and we have a team dedicated to supporting those more financially vulnerable ones. For our colleagues, we've responded by reviewing and making permanent adjustments to colleagues' salaries as needed and providing a range of additional benefits and support.

We always talk about the team, the team, the team because our ability to deliver is due to our all-hands-on deck approach. We now have over 11,000 colleagues whose dedication and hard work make this all possible and I'm always so proud to see the team's efforts recognised externally. This year we've received a range of awards across all our businesses and geographies. We continue to rank as one of the Best Multinational Workplaces for the 20th consecutive year by the Great Place to Work Institute and were named a Diversity Leader by the Financial Times.

Having a positive impact on our wider society is also central to our ethos. We are progressing well with our net zero goal and reduced our scope 1 and 2 emissions[16] by 32% year on year. We refocussed a large part of our effort to sustain the communities in which we operate on the theme of "employability" which aligns closely with our purpose to "help more people to look after their future". We feel lucky to be part of the Admiral family that is such a great place to work, and we would like to contribute to make the world a good place to work for more people.

16 Location based emissions

Speaking about the Admiral family, I am very sad to say goodbye to Annette Court who has been our Board Chair since 2017. I'll always be personally grateful to Annette for the invaluable help in the transition between David and myself, and for her wise counsel and warm support at every step of my Admiral journey. And, on behalf of all my colleagues, I would like to thank Annette for her considerable contribution to the Board, her strong commitment to Admiral and its people, and the guidance and support she has always generously offered to the wider management team over the last 11 years, while embedding the Admiral culture at her very heart. I wish Annette all the best for her future.

I look forward to working with Mike Rogers over the coming years as incoming Chair and I'm confident his breadth of experience in financial services and beyond will add great value to Admiral.

Finally, I would really like to thank all my colleagues across the Group for their hard work over the last year. I look forward to working together in 2023 – and crucially celebrating Admiral's 30th birthday. This is a great opportunity for us to reflect on the amazing journey the Group has been on over the last three decades and the strong foundations we laid out for the next 30 years of growth.

Milena Mondini de Focatiis
Group Chief Executive Officer

7 March 2023

"I would like to thank all my colleagues across the Group for their hard work over the past year."

Milena Mondini de Focatiis
Chief Executive Officer

Q&A with Milena, Geraint, Cristina and Costantino

"It's a volatile market, but we're well-positioned to succeed."

Adding value. Delivering difference.

Milena Mondini de Focatiis
Chief Executive Officer

Q: Milena, how would you describe the market environment in 2022?

A: This year has seen its share of challenges both for Admiral and the industry. We started the year with Omicron and soon after learned of the events in Ukraine. Globally, macroeconomic conditions worsened and we experienced some of the highest inflation in decades. In Motor, we'd already seen higher costs of replacing cars and repairs due to lockdowns, but now saw increased pressure from higher energy and labour costs.

Low claims frequency, a prominent feature of the market in 2020 and 2021, slowly moved upwards as economies reopened – though still remaining below pre-pandemic levels. As we exit 2022 and move into 2023, there are some early positive signs. Some elements of inflation look to be normalising such as used car prices, and are hopeful that supply chain pressures will ease in 2023 – but there are also elements offsetting this, so significant levels of uncertainty remain.

Q: Cristina, building on Milena's comments, what have been the key challenges the UK personal lines market faced this year?

A: 2022 was marked by both significant regulatory change, namely the General Insurance Pricing Practices reform, and heightened inflationary pressure. With regards to the pricing reform, the market shift we saw in early 2022, when it first came into force, was in line with our expectations. New business prices increased at the beginning of the year and retention also increased across the market as fewer people were incentivised to shop around.

On inflation, the macroeconomic conditions are really what are driving the conversation and I think most of our peers would agree that we've never spent so much time talking about claims inflation! Here the story in 2022 continued to be around accidental damage, driven largely by used car price inflation, and the impact of higher energy costs and supply chain disruption. For Household insurance, macro challenges also led to higher inflation in the market, which were then compounded by severe weather conditions causing storms, subsidence and freezes.

Geraint Jones
Group Chief
Financial Officer

Q: Turning to our international markets, Costantino, what did the picture look like in 2022 for the European and US operations?

A: I'm at risk of sounding like a broken record here, but the fact is that the inflationary pressure experienced by the UK was to a large degree also seen in Europe and the US – albeit a bit lagged in some markets with larger impacts in the second half of the year. Claims frequency is still tracking below pre Covid levels in Europe despite economies reopening. The European markets have also experienced strong competition over the last few years, with particular premium pressure in Italy and Spain and hence lower average premiums despite claims costs increasing.

This trend of persistent claims inflation was even more prominent in the US where it led to disappointing loss performance for Elephant and the market as a whole – with claims costs impacted by various factors including high labour costs, increases in repair times and higher credit hire costs. So, in a nutshell, we saw challenging market conditions overall. That said, we've increased rates by double digits in all of these markets. And we've taken the opportunity to build on the fundamentals of the business. In Europe, we continued to invest in growth towards achieving scale which we think is the right decision for the long-term sustainability and profitability of these businesses. On the contrary, in the US we slowed growth in the second half given the challenging market conditions and took strong action including strong base rate increases, narrowing our footprint to focus on higher performing segments and focusing on a customer base of higher lifetime value. So, we're keeping focused on the fundamentals and taking action where needed, to continue to build sustainable businesses.

Q: Milena, looking at cyclicality in the industry – how do you think about it and what's changed in recent years?

A: Looking at the last few years, there have clearly been much shorter cycles than in the past. This was initially driven by the impact of Ogden, but more recently due to the Covid pandemic, followed by the macroeconomic uncertainty and high inflation mentioned earlier. Whilst it is difficult to predict how the cycle will look in the future, cyclicality will continue to be impacted by inflation and existing macroeconomic uncertainty. Admiral has a long-standing track record of managing the cycle well. Our approach has continued to be that of focus and discipline, which means at times we will prioritise profitability over growth. This sometimes requires short term trade-offs, and we have this done more recently within the context of high claims inflation. However, these decisions are always made in the context of continuing to focus on building sustainable and profitable businesses in the long-term. We are strengthening our core businesses but also looking at a multitude of diversification opportunities for the future.

Read more in our Governance report on **page 136**

Q&A with Milena, Geraint, Cristina and Costantino continued

Cristina Nestares
CEO,
UK Insurance

Q: Cristina, how has the household book performed and how have the difficult weather conditions that you mentioned above impacted the book?

A: Weather events are a feature of household insurance, with severe events generally occurring every few years. 2022 was one of those years. The winter in 2022 saw some weather leading to higher storm and freeze claims, together with a wonderfully warm summer which unfortunately also led to elevated subsidence costs. This severe weather, combined with inflationary pressures, negatively impacted the household result by £32m, leading to a loss of £6 million.

Read more on **page 54**

Although a challenging year, the household book grew by almost 20% and we continue to enhance our pricing and data analytics and to drive claims efficiencies which showed through in further improvements in our attritional loss ratios. We also celebrated the business' 10-year anniversary – Happy birthday to the Household Team! Whilst still a relatively young book we have a strong and experienced management team who've successfully grown our household proposition to deliver great service to 1.6m customers. I am excited to see what the next 10 years has in store for Household!

Q: Geraint, what is your current dividend policy, and do you foresee any changes in the policy or pay-out ratio?

A: There's been no change in our approach to setting dividends. Our formal dividend policy is to pay 65% of post-tax profit as a normal dividend and then pay a special dividend on top, comprising capital we don't need to retain for solvency requirements and buffers.

Our average pay-out ratio over the past few years is around 90% and changes in dividend period on period tend to be broadly in line with changes in post-tax profit. As we see things today, we don't expect changes in the level of pay-out moving forward. The solvency ratio is the main constraint and we're comfortable with the post-dividend ratio of 180%.

Q: Milena, are you comfortable with the way that hybrid ways of working are embedded across the business – and within this new environment how do you maintain Admiral's culture?

A: Hybrid working has changed the way we work, but it doesn't change the foundations of our culture. Admiral continues to be all about 'the team, the team, the team'. We continue to encourage people to work together and challenge them – whether in an office or online – to drive better outcomes for the business. It has also been rewarding to see that our engagement scores have remained at or above pre-pandemic levels and our Great Place to Work rankings continue to be industry leading. We were ranked in the Top 20 best places to work in Europe and 4th in the UK. These awards are a testament to a strong culture that's deeply embedded within the organisation.

Q: Costantino, Elephant in the US experienced a challenging year, can you provide an update on the performance and outlook?

A: 2022 was a difficult year for Elephant, with very strong claims inflation leading to a disappointing result for the business. The team continued to focus on strengthening fundamentals – we increased base rates by double digits, slowed growth, narrowed our footprint and strengthened risk selection and pricing. In addition, we strongly reduced our cost base through cutting acquisition and advertising costs, and continued to shift the business towards more efficient distribution channels. We're continuing to look for ways to improve and we are considering options for the future of the business.

Although a challenging year, I'd like to thank the strong and committed team at Elephant who have been working very hard to serve our customers within a challenging period. Elephant was recognised for this in 2022 by making the Forbes list of America's Best Insurance Companies. This award is voted for by customers and only 35 carriers were selected out of a list of over 3,000. Amazing to see!

Q: Milena, 2022 has been a difficult year not just for businesses but for many communities around the world, can you share more about what Admiral's done to help?

A: We have a long-standing approach at Admiral of making sure we have a positive impact on our communities. 2022 was no different. To support communities impacted by storms and floods we set up a new Global Emergency Fund. The fund is focused on making donations that target those in need quickly. In 2022, we supported the Welsh Refugee Council to help refugees secure employment in the country, we supported the British Red Cross relief efforts in Pakistan and donated to communities impacted by Hurricane Fiona in Canada.

Under our new Together for Better Community Strategy we've also begun working with organisations like Generation. These organisations strive to transform the education system into an employment system. We are looking to pilot programmes in India and Italy, supporting participants get sustainable jobs across the technology, services, and healthcare sectors.

Our selected partnerships will see us help more people to achieve their full potential and secure fulfilling and sustainable employment regardless of background or location, from helping women in tech, talented young people, adults with additional learning needs and those furthest away from the labour market.

Q: Geraint, given the difficult conditions in 2022 – how has the Group performed and what can we expect going forward?

A: As Milena highlighted, 2022 was definitely a challenging year. However, all in all, the Group produced a pretty pleasing set of results.
We unsurprisingly see a reasonable drop in Group profit when we compare against 2021 and 2020, though it's important to remember that both those years benefited from exceptional circumstances given the impact of the pandemic on claims costs and profitability. In 2022, we experienced the unwind of the positive covid related impacts, higher claims inflation and bad weather.

Read more on **page 46**

We expect that 2022 was the worse point of the cycle and that 2023 should improve following actions, including significant price increases. Early signs in Europe are positive and we project improving loss ratios as well as continued growth. In the US, we've taken some pretty drastic actions to improve the bottom line, whilst businesses such as Admiral Money and Pioneer continue to grow and develop. Admiral Money in particular is showing pleasing progress, reporting its first (of many!) profit in 2022 despite the difficult backdrop.

Costantino Moretti
CEO,
International
Insurance

Our Strategy

1. Accelerating towards Admiral 2.0

Overview

Our aim is to accelerate the evolution of our core businesses toward what we call Admiral 2.0, an organisation that leverages on Admiral's historical strengths whilst being even more agile and technology focused. This includes embracing smarter ways of working and attracting new talent. But, above all else, it is a company that continues to put the customer first and that leverages on data and advanced analytics to constantly improve their experience.

Core Competencies:

- Digital First
- Scaled Agile
- Customer-Centric Innovation
- Smart Working
- Data and advanced analytics

Progress in 2022

Digital first

- We've continued to simplify our technology estate, removing legacy systems and improving our overall operational resilience
- We've integrated a new claims management system in our UK Motor function – building a more efficient and convenient system for our customers. As a result of these changes we are already seeing greater digital adoption through increased rate of use
- We've enhanced our rating capability by implementing new machine learning techniques over the past few years. These models have improved our risk predictions as well as fraud detection capabilities. Similar approaches are being adopted in other parts of the business, ensuring our customers continue to receive fair and competitive prices
- Internationally our US brand Elephant has strengthened their digital claims journey to increase the speed of claims resolution. Over two-thirds of new claims now start on the Elephant app

Scaled Agile

- Following the successful implementation of Scaled Agile in ConTe last year, our Spanish operation followed suit in 2022. Teams across both businesses worked together to embed Scaled Agile principles in Seguros and to build on the learnings from ConTe in the previous year. This teamwork has allowed a smooth agile transition within the business, which helps with delivering projects to the market quickly

Customer Centric Innovation

- Great customer service is a core strength of our business. We are continuously seeking improvements on the digitalisation of customer journeys and app adoption
- We've added a new Claims Total Loss Process inside MyAccount, enabling customers to manage total vehicle loss claims online
- We've enabled customers to adjust their policy tiers and ancillaries online during any point of their policy period
- We've added single sign on with our app and MyAccount, reducing the time it takes customers to sign into their portal

Smart Working

- We have fully adopted hybrid working across our operations – new town hall spaces have been built to host department and team engagement events which keep colleagues up to date on department-wide news and celebrate team and individual successes

Data and advanced analytics

- Initial steps to deploying Admiral's UK Next Generation Architecture have been taken. This is a set of foundational technologies that allows Admiral to bring an improved customer experience and broader product offerings to our customers. This will help support faster deployment of new products and services, an enhanced web and mobile platform to improve customer self-service, and the ability to provide a single view of the customer to both agents and our partners

Relevant Principal Risks and Uncertainties

A B C D E F G H I J K

Read more on page 114

Admiral 2.0 case study: Programme NEO

We're excited to announce that our new claims management system, Guidewire Claim Centre (GWCC), has gone live across our UK Motor function. This is a great achievement and a testament to the commitment from our Programme Neo team.

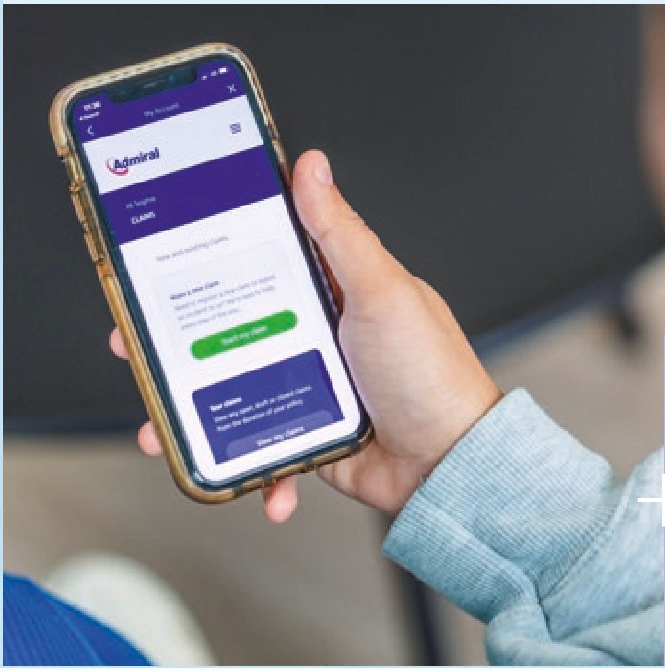
Having used our previous claims system for 20 years, our new claims system will transform the way our claims are managed. The Guidewire Claim Centre is more efficient, it offers better data insight, and it will enrich our customer experience. Customers now have a truly digital experience, giving them more choice and flexibility on how they interact with us. GWCC will also improve our communication with both customers and suppliers and give us greater ability for further integration in the future.

We first went live with the system in Household Claims in August 2021, allowing us to learn and improve on a smaller subset of our overall UK claims. We then took those learnings on board when launching with our much larger product, UK Motor insurance. We went live with the Motor system in August 2022.

Claims employees have been receiving training on the new system and are already enjoying its benefits. We have received lots of positive feedback already on how quick, efficient, and simple the system is. Likewise, feedback from customers has been just as positive. Customers have shared how simple the digital flow is and how clear it is to navigate in addition to the ease with which their claim can be managed fully online, meaning they don't have to call in, giving them more flexibility and time.

"I am so excited to get to this position! It is the culmination of so much hard work across the Programme and the department, and the feedback from our employees who have been through training has been unbelievable. Thank you and well done to everyone involved. Going live is just the start, roll out will take some time and we look forward to all the future improvements for our customers, employees and results that this launch will inspire."

Lorna Connelly
Head of UK Motor Claims



Our Strategy
1. Accelerating towards Admiral 2.0 continued

Data Academies

This summer we launched a new Data Academy in the UK to provide first class data training for our colleagues.

To that end, over 700 employees across UK insurance, Pioneer, Admiral Money and Admiral Law have been brought together in a single Data Community. They can access monthly newsletters, lunch and learns, training sessions and development programmes. We are also collaborating with the EU Analytics Academy to support and develop our data professionals and share our learnings across the Group. In September 2022, we partnered with Women in Data to show our investment in increasing diversity across data roles as well.

Since the launch of the Data Academy, over 300 people have attended an event or training session and there have been over 1,000 newsletter reads. At the heart of the Admiral 2.0 strategy is data, and the Data Academy is also rolling out an ambitious 'Data Skills' training pathway to the business to increase their data confidence and skills and help people make better data driven decisions.

Digital improvements in Italy

Digitalisation, agility, quality and security are the pillars of ConTe's customer-centric approach.

Digitalisation, agility, quality and security are the pillars of ConTe's customer-centric approach. Striving to put our customers at the centre of what we do, in 2022 ConTe made several improvements. For digital users, ConTe accelerated the digitalisation journey, with now over half of our customers' transactions being performed online. We continued their adoption of Scaled Agile, with the focus on executing more and constantly delivering value to the customers.

During 2022, we made good strides towards claims digitalisation. Customers can now self-report a claim autonomously through their personalised area on the website. In addition to this they can use the app to upload pictures of the damage and state their preference of how they would like to repair the vehicle. Streamlining this process has resulted in great customer feedback, with a 4.8/5 rating on web app usability, and significantly increasing the use of digital channels.

2. Diversification

Overview

Diversification is a key element for Admiral to build a sustainable business for the future. Our approach has been to take the skills and learnings from our current business and find ways to leverage them in building successful future businesses. In the past 10 years, we've launched several products including household insurance, travel insurance, pet insurance and a personal lending business. Our diversified business model means that customers can engage with us across a number of products, and we can support a large variety of their needs.

Our approach to product diversification is to make focussed, staged investments on a select number of new product opportunities across the financial services sector, whilst strengthening and complementing existing customer propositions.

Core Competencies:

- Scale up promising products
- Strengthen customer proposition
- Leverage core strengths
- Innovate in product design

Progress in 2022

Scale up promising products

- Within the UK, we have seen sustained growth in Household and Travel, and good progress on our new Pet proposition
- We've brought in additional expertise in Household and strengthened our supplier network. We've also leveraged our new claims management system to improve customer pricing
- Post-pandemic, the travel market has strongly bounced back. We've grown our operations to support higher demand and continue to meet customer needs

Strengthen Customer Proposition

- We now offer a new product to customers in the UK – Pet insurance. The product is available to customers online and via price comparison websites
- Toolbox by Admiral launched a commercial insurance MVP in 2021 by offering flexible, easy-to-buy tool insurance direct to UK tradespeople. In 2022, Toolbox extended its product range to include other core business insurances (e.g. public & employers liability) and began to test possible future routes to scale
- We launched our MultiCar proposition on price comparison, helping expand the reach of our popular customer insurance

Leverage Core Strengths

- Since 2017, Admiral has built a prime loan book and become a meaningful participant in the UK personal lending market. To date, we've issued over 250,000 loans to customers and disbursed over £2 billion in lending

Innovate in product design

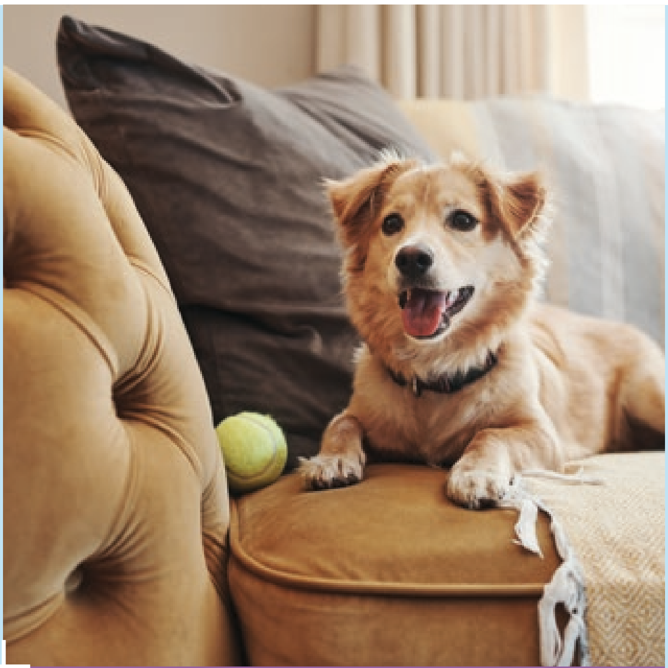
- We've partnered with Ondo insurance and their Leakbot device. Leakbot is a smart water-leak detector which alerts customers to leaks in their home and helps prevent damage
- We launched an online journey for our Landlord insurance proposition, allowing customers to purchase Landlord policies directly from our website

Relevant Principal Risks and Uncertainties

A B C D E F G H J K

Read more on **page 114**

Our Strategy
2. Diversification
continued



"I am super excited to have reached this milestone, this is the culmination of so much hard work from so many people across the business! I truly believe we have built a fantastic range of products and services that will deliver great value for our customers and continue to build on the foundations of what has made Admiral a leader across our flagship products. The business has achieved solid growth following launch and plan on building on the strong start throughout 2023".

Pritpal Powar
Head of Pet

Launch of Pet in the UK

We launched Admiral Pet in 2022 to offer a new and exciting product for our customers.

This is a new market for Admiral and a good stepping-stone for our Group diversification strategy. To celebrate this milestone, we partnered with Warner Brothers and the 2022 'DC League of Super Pets' film, which saw some lucky colleagues attend a special screening at the Warner Brother's headquarters in London!

- Admiral Pet has lots of additional features above the basic Pet insurance product, including:
  - 'Pawsquad', an online service that enables customers to speak to a qualified, UK-registered vet 24/7 for advice and treatment options free of charge
  - Innovative and customer centric digital journeys across sales and claims
  - Multi-Pet, insurance cover that allows customers to insure all their pets on one policy and make savings of up to 15%

Household celebrate 10 years

Our Household product and team turned 10 years old in 2022. Household has been an Admiral success story from the start and was our first diversification product beyond Motor. We now have over 1.5 million customers and strong plans in place to accelerate that growth in the coming years.

The Household team are continuously seeking improvements in our pricing, claims management, and the service our customers receive. Some of our key achievements over the years include an expanded digital offering, new product launches within the household line, simple quote journeys with Instaquote, and strengthened supplier partnerships.

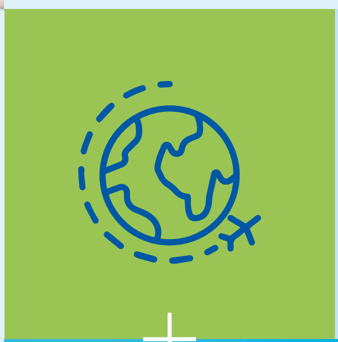
In addition, since the launch of our new claims system last year, our Household colleagues have been rolling out new software from our partner CoreLogic. This software helps to enhance how our panel of suppliers can integrate with our claims system.

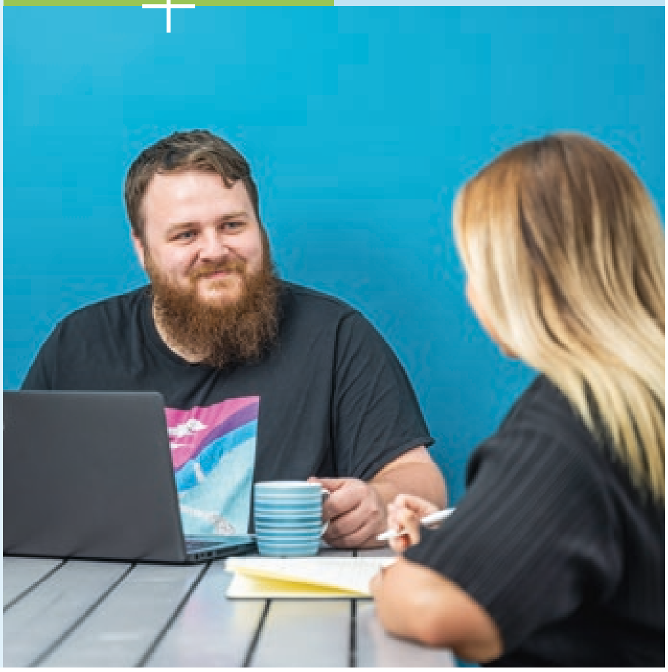
Finally, the Household Insurance team continue to work on improving and growing our product offering. Landlord insurance now has an online journey, meaning our customers can purchase a landlord policy directly from our website.

Travel turns 5

Bouncing back from Covid and pandemic restrictions, this year the Travel department sold over 800,000 policies! The department has tripled in size over the year, with a creation of a brand-new team in Delhi who ensure our customers can contact us more conveniently.

Over 2022, we have improved our customer portal and launched a new, shorter online journey (Instaquote) for our customers. Digital improvements have also happened within our claims process, whereby we now offer an electronic notification of loss journey. This has helped increase the levels of customer self-service, and gives a faster and more efficient process for our customers.





Our Strategy
continued

3. Evolution of Motor

Overview

Admiral's third strategic pillar is built on evolving our proposition for changes in mobility. The way people move around is changing. Different views exist on future mobility trends and where the greatest future impact will be. To stay close to these trends, we are harnessing our test and learn philosophy, looking at emerging propositions, and developing core competencies that will be relevant for the future.

Core Competencies:

- Understand changes in mobility
- Evolve our proposition
- Develop competencies for the future
- Innovate in product design

Progress in 2022

Understand changes in mobility

- Our designated mobility team continued to test and learn how changes in mobility will impact our products and how we can adapt to changing customer needs
- We have invested in Wagonex, the UK's leading mobility subscription platform provider to better understand changes in mobility

Evolve our proposition

- We improved our electric vehicle cover to now include an out of charge feature provided by the AA. If customers run out of charge whilst on cover with us, the AA will recover them to the nearest charge point or any other destination of their choice

Develop competencies for the future

- We collaborated on an autonomous simulation project funded by the government under its innovation funding scheme. The simulation tested automated driving systems in a virtual environment and across multiple different scenarios
- These projects help us build our knowledge of autonomous systems, their risks, and the types of tools we can use to understand those risks. It also helps us build our network in the space and build connections with relevant organisations

Innovate in product design

- We launched LittleBox Pod, a new telematics product that works alongside the Admiral app to record where, when and how the customer drives. Each journey is shown to the customer in the app and they receive instant individual, personalised feedback
- Our Veygo app has had a re-brand, improving the customer experience and making it easier for customers to get what they want quicker

Relevant Principal Risks and Uncertainties

B C D E F G J K

Read more on page 114

LittleBox Pod (Telematics product expansion)

As part of our strategy to be the leading insurer in analytics and data, LittleBox Pod is a new telematics product that we're offering to our customers. Launched in November, it is the third device added to the LittleBox product line alongside the hard install and the Plug & Drive.

The Pod is a small discreet device that the customer self-installs to the inside of their windscreen via a peel and stick back. The device itself is only 2 inches x 2 inches in size and is battery powered with a 4+ year lifespan or 4,000 hours of driving. Customers download and register with the Admiral App, which then links wirelessly with Bluetooth to help collect and use the Pod data. The LittleBox Pod works alongside the Admiral app to record where, when and how the customer drives. Each journey is shown to the customer in the app and they receive individual, personalised trip feedback.

The Pod also uses tracking on phone distractions, harsh braking, acceleration, speed and night-time driving to calculate our customers driver score. This score is then uploaded automatically on a weekly basis through the app, so customers can instantly view their driving habits. Through this channel, our customers can stay closer than ever to their feedback on how to improve their driving performance, and ultimately bring their premiums down.

Our Strategy
3. Evolution of Motor
continued

Pioneer's investment in Wagonex

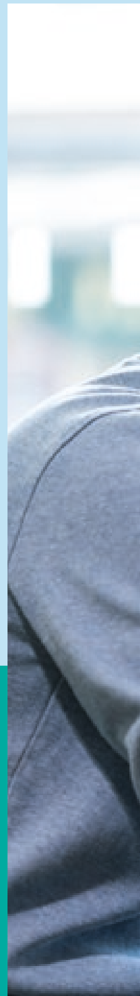
In 2022, Admiral Group's venture building business Admiral Pioneer made its first strategic investment into Wagonex, one of the UK's leading mobility subscription platform provider.

Wagonex, designs, builds, and manages flexible, all-inclusive technology automotive subscriptions which enable vehicle suppliers to offer subscription options direct to consumers.

This investment supports Admiral Group's ambition to diversify and enhance its digital proposition and extend into new mobility trends. It will also provide the Group, which already offers short-term motor insurance, with insight into the specific insurance needs of vehicles provided to customers on a subscription basis.

"Our aim is to support long-term diversification by identifying new markets and ventures where our existing strengths and knowledge give us a competitive advantage. We believe that Wagonex's best-in-class technology and strong position in the rapidly expanding car subscription market makes it a perfect fit for our first strategic investment. We look forward to working closely with Toby and the team as they continue to expand Wagonex in the UK and beyond."

Emma Huntington
CEO, Admiral Pioneer



Tap. Vey. Go – Veygo’s new and improved app

Since its launch in 2017, Veygo’s journey has gone from strength to strength. With the vision to anticipate future trends in the short-term insurance marketplace, keeping up to date within the digital space is essential.

Veygo product marked 5 years of trading in October 2022. The brand offers flexible, short term car insurance for customers looking for learner driver insurance or temporary insurance. The product is key to our growth in motor evolution and diversification. With 3 million policies already purchased by its happy customers, we can’t wait to see what else is to come for our colleagues in Veygo. Although it is only 5 years old, the speed in which technology evolves in our fast-developing world, meant, in order to meet and exceed our customer’s needs, it was time to further develop the app and its capabilities.

Tap.Vey.Go is the new campaign to tell customers about the new and improved Veygo app, making sure temporary and learner insurance is available for our customers on the go. It is another example of how we’re bringing our business strategy to life, ensuring excellent customer service, increasing customer retention, and excelling in tech. We’ve also made it possible for customers to purchase monthly rolling subscription policies through the website with zero cancellation fees on expiry. It demonstrates Veygo’s commitment to meet customer’s developing needs of on demand cover.

Veygo’s new app, has developed the tech further to improve the customer experience and make it easier for customers to get what they want much quicker, significantly reducing the number of screens and questions they must answer before being shown a price. This has made the speed of getting cover a lot quicker for our customers. In addition, all of Veygo’s propositions are now on the app, making it easier for customers to get the exact product they are after. The app is designed specifically with young people in mind and making sure we can provide the correct product in the correct ways to our customers.

Our Sustainability Approach

We have a purpose-led sustainability approach which provides an agreed upon framework to focus investments and drive strong sustainable performance. At the core of our approach is Admiral's purpose to help more people look after their future. Always striving for better, together. Our sustainability approach builds on our purpose and purpose framework and targets four key areas – Customers, People, Society, and Business.

People

Highlights in 2022

19th
Best Multinational Workplace in Europe

3rd
Great Place To Work for women in the UK

86%
of colleagues believe Admiral is a great place to work[19]

Society (Community and Environment)

Highlights in 2022

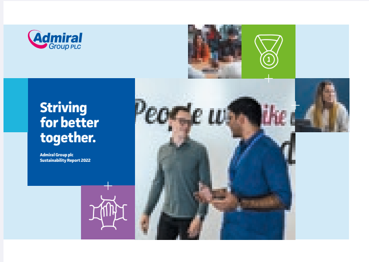
Over 3,300
recorded volunteer hours by employees

32%
reduction in scope 1 and 2 carbon emissions

>£400k
donated via our Global Emergency Fund

Read more about our sustainability approach on **page 68**

Our performance this year is described on **page 40**



Download the PDF of the Sustainability Report at **admiralgroup.co.uk**

Customer

Highlights in 2022

>50
Group average NPS across all countries[17]

Voted
Best Big Insurance Company in the UK Insurance Choice Awards

>85%
UK Motor customers likely to renew after a claim[18]

Business

Highlights in 2022

+259%
Total Shareholder Return[20]

AA
MSCI ESG rating

50%
average Return on Equity last 5 years[21]

17 Relational NPS, methodology updated in 2022
18 UK Motor customers , monthly score averaged over the year
19 Great Place To Work (GPTW) survey result
20 Total Shareholder Return (TSR) for Admiral Group plc shares over the ten-year period to 31 December 2022
21 Weighted average

Key Performance Indicators

In order to implement, develop and measure the Group's strategic performance, we monitor several financial and non-financial key performance indicators ('KPIs').

Financial measures

Group Profit
Group share of profit before tax
-39%
(2021: +26%)

Growth
Group customer numbers
+11%
(2021: +9%)

International Growth
International customers
+13%
(2021: +13%)

Diversification
UK Household customers
+18%
(2021: +14%)

Shareholder Returns
EPS
-41%
(2021: +24%)

Capital Position
Solvency ratio
180%
(2021: 195%)

Non-financial measures

Customer satisfaction
Customers likely to renew after a claim
>85%[22]
(2021: >90%)

Customer service
Net Promoter score
>50
(2021: >50%)

Digital strides
Customer engagement
>50%[23]
>50% MTAs[23] done online

Great place to work
GPTW rankings
4th

Positive impact on society
Number of hours donated by employees
+3,300

Net Zero by 2040
Carbon emissions reductions
32%[24]
(2021: -8%)

22 Monthly score averaged over the year
23 Mid Term Adjustments (UK operations)
24 Reduction in scope 1 & 2 emissions

2022 Awards

Great Place to Work UK

Great Place to Work UK Best Workplaces
4th

Best Workplace for Women
3rd

Great Place to Work International

Best Multinational Workplace in Europe
19th

Great Place to Work Italy
4th

Great Place to Work France
7th

Great Place to Work Canada
4th

Great Place to Work Spain
2nd

Best Companies

Best Big Companies to Work For in the UK
2nd

Best Big Company for
Wellbeing

Other Awards

- Best Car and Home Insurance provider, Insurance Choice Awards
- Recognised by the Fundación Diversidadas as being a Diverse and Inclusive Workplace, Spain
- Listed on Forbes' list of American Best Insurance Companies, US
- India's Best Workplaces in IT and IT-BPM
- Best Big Insurance company, Insurance Choice Awards
- Team of the Year (IT Digital), Fintech Awards Wales
- Listed in Top 75 Social Mobility Employer Index, UK
- Élection du Service Client de l'Année (ESCDA) Award, France
- Atlantic Canada's Top Employers and Nova Scotia's Top Employers, Canada
- Richmond Times Dispatch Top Workplaces, US
- Silver Award, Workplace Wellbeing Wales awards
- Best Workplace for Wellbeing UK, 4th
- Best Place to Work in Data, DataIQ Awards
- Best Car Finance Provider of the Year, Moneyfacts
- Armed Forces Employer Recognition Scheme Gold Award

Group Chief Financial Officer's Review

Geraint Jones
Group Chief Financial Officer

"The Group delivered a solid set of results in 2022 within the context of macroeconomic uncertainty and the highest level of inflation in decades."

Adding value. Delivering difference.

With the impact of the pandemic fading, spiking inflation across our markets was the big story for Admiral in 2022.

This had a number of impacts around the Group, but most important was probably the notable increase in average claims costs, especially to damage claims. We back ourselves to manage insurance cycles effectively – quickly identifying and responding to trends – and we increased prices significantly during the year, especially in the UK and US, to counteract the inflation. In the UK particularly, our rates appear to have moved materially more than competitors (until the last quarter maybe), and hence we stopped growing in UK motor in H2. Loss ratios were adversely impacted despite the rate increases.

We noted when reporting our half year results in August 2022 that 2019 is a better comparison to the 2022 figures, rather than the exceptional 2020 and 2021 years which were distorted by the huge positive impact of the pandemic on claims costs and profitability. My review of the results therefore looks also at 2019, the last pre-pandemic full year:

2022 was undeniably a challenging year, though with one or two exceptions, the Group result was pretty pleasing. There are lots of moving parts in the comparisons of course (which are discussed in detail in the strategic review), but there are a few stand-out observations:

Looking first at the UK Insurance result, we unsurprisingly see a big fall against 2021 but a small increase v 2019. Maybe it goes without saying, but the reduction from 2021 is very predominantly motor insurance related and is mainly due to the combination of a) the unwind of the positive covid related impacts and b) the higher inflation in 2022. Those effects led to higher current year claims and lower profit commission.

The UK Household result was also impacted by much higher than usual severe weather-related claims (seen across the market), significantly moving the result from a profit of £21 million to a loss of £6 million. If we adjust both years to take out the impact of severe weather and subsidence claims, profit would have been broadly flat at around £25 million.

Comparing back to 2019, UK profit and turnover were modestly higher in 2022, though the increase in customer numbers is much higher at nearer 30%.

There are various offsetting movements that result in the higher profit, including the worse weather in 2022, but also stronger back year reserve movements and associated profit commission in 2022 compared to more positive current year claims in 2019.

£m	**2022**	2021	2019	Change v 2021	Change v 2019
UK Insurance	**616**	894	598	(278)	+18
Europe Insurance	**(5)**	1	9	(6)	(14)
US Insurance	**(49)**	(13)	(10)	(36)	(39)
Admiral Money	**2**	(6)	(8)	+8	+10
Admiral Pioneer	**(16)**	(10)	–	(6)	(16)
Share scheme cost	**(52)**	(63)	(49)	+11	(3)
Other costs	**(27)**	(34)	(35)	+7	+8
Continuing operations pre-tax profit	**469**	769	505	(300)	(36)
Restructure cost	**–**	(56)	–	+56	–
Continuing operations profit after restructure cost	**469**	713	505	(244)	(36)

Group Chief Financial Officer's Review continued

In UK motor, at the end of 2022 we have reduced the size of the margin in the booked reserves (though it wasn't a significant driver of profit), in part because some of what we hold that margin for has manifested in the best estimate reserves (in terms of higher inflation). Our philosophy regarding reserving remains sacrosanct and the closing margin position remains very cautious – around a 95th percentile position – which is aligned with the top end of the accounting policy range we expect to adopt under IFRS17 from 2023. If there are no big shocks in claims development moving forward, we expect significant reserve releases to feature as an important part of profit.

Moving now to Europe, where despite the higher claims inflation and continued strong growth (+15% in customer numbers, over €600m turnover), the result was only modestly lower at a loss of £5 million vs a profit of £1 million in 2021 (£9m profit in 2019). The combined EU motor result was only very slightly negative (higher loss ratios, investing in expanding distribution in Spain were notable drivers), and we continued to invest in expanding the product line (particularly Household in France and Pet in Italy). Given the backdrop, I think it's a decent result for what continues to become a more material part of the Group.

A disappointing change in 2022 though was the Elephant result in the US, which was a bit under £40 million worse than both comparative years. The US auto insurance market experienced severe increases in the cost of claims during the year, and despite substantial rate increases, Elephant's loss ratio was adversely impacted (85% in 2022 v 73% and 82% in 2021 and 2019 respectively). The H2 result was worse than H1, as the rate increases take their time to impact the results and claims costs continued to inflate. Many or even most of Elephant's competitors appear to have fared much worse. As my colleagues have noted, we're assessing the best way forward for Elephant, and in the meantime the focus of the team is on materially improving the combined ratio and significantly reducing the loss.

And finally, returning back to the UK – Admiral Money delivered its first full year profit – small at the minute admittedly but given the economic situation, it's a fine result the team should be very proud of, and we believe it's the first of many, hopefully growing, positive results. We remain prudently provided for expected credit losses. We continue also to invest in growing new businesses under the Admiral Pioneer umbrella – notably Veygo (flexible short term car insurance) and Toolbox by Admiral (business insurance for tradespeople) both of which are making very nice progress. Hopefully exciting times ahead for those businesses.

Investments and investment income

Another feature of 2022 was volatility in financial markets, particularly in terms of higher interest rates (three year UK gilt up from 0.7% to 3.6%) and wider spreads on corporate bonds (UK investment grade spreads up ~80bps). Admiral's investment strategy (unchanged for a while) is reasonably cautious and is focussed on matching asset and liability duration (average life of the assets and claims liabilities is around three years), currency and to some extent inflation. The portfolio is of high credit quality, and we hold very prudent levels of liquid assets. There are appropriate ESG targets in place and we've committed to a net zero portfolio by 2040 at the latest.

Notwithstanding the above, the portfolio is subject to valuation changes from spreads and rate movements (the latter is well matched to changes in the values of claims liabilities). Movements in unrealised losses in 2022 were £256m, though values recovered notably in the last months of the year and into early 2023. As rates moved up in the year and maturing assets and cash inflows were invested, the level of return increased (average return in 2022 of 1.6% vs 1.1% in 2021). If rates remain higher than their long-term lows for the foreseeable future then we will earn higher investment income (for context, each additional 100bps of return = ~£35m in additional investment income).

IFRS17

Big change is coming from 2023 with the new IFRS17 insurance accounting standard finally coming into effect. Our team has worked extremely hard to get us ready for the new standard which will introduce big differences in accounting and presentation.

We held a market briefing in November 2022 on the key impacts for Admiral (slides and webcast on our corporate website are worth a look) and to reiterate those key messages are:

- No change on Admiral's strategy or the ultimate profitability of our businesses
- No change on dividend policy or expectations
- Admiral will use the simplified approach, though there may be some impacts on timing of profit recognition
- We will continue to be very prudent in claims reserving

It'll be interesting to see if the adoption of the standard leads to improved transparency and comparability. I'd like to close by very sincerely thanking the IFRS17 project team for their work over the past few years – nice work team!

Geraint Jones
Group Chief Financial Officer

7 March 2023

2022 Group Overview

£m	2022	2021	2019	% change vs. 2021	% change vs. 2019
Group Turnover (£bn)*1*2*3	**3.68**	3.51	3.30	+5%	+12%
Underwriting result including investment income*1*2	**143.3**	347.0	238.0	–59%	–40%
Profit commission	**170.9**	304.5	114.9	–44%	+49%
Net other revenue and expenses*1	**166.7**	129.4	164.7	+29%	+1%
Operating profit	**480.9**	780.9	517.6	–38%	–7%
Group profit before tax *3	**469.0**	769.0	505.1	–39%	–7%
Group profit before tax, including restructure cost	**469.0**	713.5	505.1	–34%	–7%
Analysis of profit:					
UK Insurance	**615.9**	894.0	597.9	–31%	+3%
International Insurance	**(53.8)**	(11.6)	(0.9)	nm	nm
International Insurance – European Motor	**(1.6)**	4.8	9.0	nm	nm
International Insurance – US Motor	**(48.9)**	(13.0)	(9.6)	nm	nm
International Insurance – Other	**(3.3)**	(3.4)	(0.3)	nm	nm
Admiral Money	**2.1**	(5.5)	(8.4)	nm	nm
Other	**(95.2)**	(107.9)	(83.5)	–12%	+14%
Group profit before tax*3	**469.0**	769.0	505.1	–39%	–7%
Key metrics:					
Group loss ratio*1*4	**72.0%**	58.5%	64.9%	+14pts	+7pts
Group expense ratio*1*4	**29.7%**	26.7%	23.7%	+3pts	+6pts
Group combined ratio*1*4	**101.7%**	85.2%	88.6%	+17pts	+13pts
Customer numbers (million)	**9.28**	8.36	6.98	+11%	+33%
Earnings per share*3	**124.3p**	212.2p	143.7p	–41%	–14%
Dividends per share*5	**112.0p**	187.0p	140.0p	–40%	–20%
Special dividends from sale of Penguin Portals	**45.0p**	92.0p	–	–	–
Return on Equity*1*3	**35%**	56%	52%	–21pts	–17pts
Solvency Ratio*1	**180%**	195%	190%	–15pts	–10pts

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

*2 Underwriting profit including investment income includes prior period claims reserve releases on business originally reinsured but subsequently commuted. Excluding these releases, the 2022 underwriting result is a loss of £45.6 million (2021: profit of £157.8 million, 2019: profit of £116.3 million)

*3 Group Turnover, Group Profit before tax, Earnings per share, Return on equity presented on a continuing operations basis. 2021 Group profit before tax, Earnings per share and Return on equity exclude the impact of the £55.5 million UK Insurance restructure cost

*4 See note 14 for a reconciliation of Turnover and reported loss and expense ratios to the financial statements. Ratios exclude the impact of the UK Insurance restructure cost in 2021

*5 The 2019 dividend of 140.0 pence per share includes the deferred special element of the 2019 final dividend of 20.7 pence per share that was paid alongside the interim 2020 dividend

2022 Group Overview

Group highlights

The Group delivered a solid set of results in 2022 within the context of macroeconomic uncertainty and the highest level of inflation in decades. In response, the business increased prices and rates where applicable, but the impact of these changes will take time to earn through in the underlying result. This is within a context of two outlier years of elevated Group profits in 2020 and 2021, as a result of Covid and other factors. Hence, comparisons include both the 2021 year impacted by Covid, but also the 2019 pre-Covid year.

Highlights of the Group's results for 2022 are as follows:

- Businesses across the Group grew strongly in 2022 with turnover up 5% and customer numbers up 11% year-on-year:
  - The UK Motor business grew in the first half of the year primarily driven by growth in renewals customers, although this growth reversed in the second half as Admiral maintained pricing discipline, increasing prices ahead of the market. Overall Motor customers and turnover were both down 1% compared to 2021
  - UK Household continued to grow customer numbers strongly (+20%), which alongside a notable contribution from UK Travel led to overall UK Insurance customer growth of 8%
  - Outside the UK, International Insurance customers increased by 14%, and turnover by 15%
- Group profit before tax for the year was £469 million, 39% lower than the exceptional result for 2021 and 7% lower than 2019:
  - UK Motor insurance profit was £623 million – lower than 2021 (£872 million, excluding restructure cost), as a result of both an increase in claims frequencies post the low levels during the pandemic and the impact of claims inflation, but £31 million higher than 2019 (£592 million)
  - UK Household was impacted by a number of severe weather events in 2022 resulting in a loss of £6 million (2021: £21 million profit), with the severe weather profit impact of £32 million (2021: £4 million)
  - International Insurance business combined result was £42 million lower than 2021:
    - This was primarily driven by elevated market-wide claims inflation in the US, with a £49 million loss, £36 million worse than 2021 (loss of £13 million)
    - The EU Motor result was also lower with a small loss of £2 million compared to a profit of £5 million in 2021; also impacted by claims inflation, continued competitive market conditions in Italy and Spain placing pressure on premiums and investment in channel diversification
  - Admiral Money reported its first profit of £2 million (2021: £6 million loss); within the context of macroeconomic uncertainty the business continued a prudent approach to growth, maintaining favourable default experience and tightening lending criteria
  - Other Group items decreased to £95 million (2021: £108 million), impacted by lower share scheme costs and higher investment income at the parent company level, partially offset by a larger investment in Admiral Pioneer

Economic uncertainty, Covid-19, and the cost of living crisis

Macro-economic uncertainty and high levels of inflation impacted the market and the Group's performance in 2022.

In Motor insurance, elevated used car prices continued to drive inflation, which together with higher repair costs, longer repair timescales and higher projections of future wage inflation, contributed to significantly higher claims inflation across the countries in which Admiral operates. Admiral took a disciplined approach to preserve underwriting margin, increasing prices in all businesses, which impacted growth. The impacts of these price changes are expected to continue to flow through into 2023. In Household insurance, severe weather events had a large impact on results in both the UK and Europe. Admiral continues to take a long-term approach to the business, maintaining pricing discipline and a prudent approach to reserving for insurance claims.

Within the context of an uncertain macroeconomic outlook and increasing interest rates, Admiral Money took a prudent approach to growth and risk selection, tightening underwriting criteria and raising prices. Provisions for credit losses remain appropriately prudent, though no significant increase in the level of arrears and defaults has been seen to date.

Admiral remained committed to supporting customers, people and communities during a challenging 2022. This included a continued focus on customer service. From an employee perspective, Admiral continued to adapt and embrace hybrid working for employees and supported colleagues as part of the cost of living crisis through increased salaries and other support measures. From a community perspective, the business renewed the community fund strategy to focus on supporting employability, investing in new projects and created more opportunities for colleagues to get involved.

Earnings per share

Earnings per share (EPS) for 2022, is 124.3 pence (2021: 212.2 pence). The relative reduction compared to 2021 is in line with the fall in pre-tax profit noted above. 2022 EPS is 14% below the 2019 comparative, a larger reduction than the change in pre-tax profit due to a higher effective tax rate in 2022 compared to 2019 (in turn primarily related to the much higher loss in the US during 2022, against which no deferred tax is recognised).

Return on equity

The Group's return on equity was 35% in 2022, 21 percentage points lower than 2021 and 17 points lower than 2019. This is the result of a significant growth in the average equity since 2019, supporting the Group's larger businesses, together with lower earnings in 2022 as noted above.

Dividends

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

The Board has proposed a final dividend of 52.0 pence per share (approximately £155 million), split as follows:

- 37.5 pence per share normal dividend; plus
- A special dividend of 14.5 pence per share

The 2022 final dividend reflects a pay-out ratio of 91% of earnings per share for the second half. 52.0 pence per share is 28% lower than the final 2021 dividend of 72.0 pence per share (excluding the 46.0 pence special dividend from the sale of Penguin Portals businesses) with the movement being broadly in line with the reduction in post-tax profits.

Following the two payments of 46.0 pence per share alongside interim and final dividends in 2021, a further special dividend of 45.0 pence per share was paid with the 2022 interim dividend, 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. The total amount returned to shareholders from the three payments was just over £400 million.

"Admiral continues to take a long term approach to the business, maintaining pricing discipline and a prudent approach to reserving for insurance claims."

Geraint Jones
Group Chief Financial Officer

The total 2022 financial year dividend, including the third special dividend from the Penguin Portals disposal, is 157.0 pence per share, approximately £465 million. Excluding the Penguin Portals special dividend, the total 2022 financial year dividend is 112.0 pence per share, reflecting a pay-out ratio of 90% (2021 and 2019 comparatives 88% and 94%).

The final dividend payment will be paid on 2 June 2023, the ex-dividend date is 4 May 2023 and the record date is 5 May 2023.

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

- **UK Insurance – including UK Motor (Car and Van), Household, Travel and Pet**
- **International Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy) and Elephant (US)**
- **Admiral Money**
- **Other – including Admiral Pioneer (New ventures)**
- **Group Capital Structure and Financial Position**

UK Insurance

Cristina Nestares
CEO, UK Insurance

"Admiral's difference is it's unique culture. It's one of the fundamental cornerstones to our success over the last 29 years."

Read more about our outlook in Our Q&A on **pages 24–27**

It's been another interesting year and one that's brought some new challenges to contend with. We have navigated our way through by remaining focused, keeping our customers central in our decision making and continuing to find ways to make a difference, but we've also faced some unique circumstances with not only industry but economy-wide impacts.

We successfully implemented the new FCA pricing reform at the start of 2022, with the market adjusting in line with our expectations. Shortly after, the UK experienced the largest spike in inflation in 40 years following the start of the war in Ukraine and alongside this, a severe supply and demand post-pandemic shortage significantly impacted claims inflation for insurers. Global supply chain shortages of car spare parts, subsequent delays to car repairs, limited availability of new cars and labour shortages have all led to higher damage repair and second-hand car costs, with inflation at double digits. The impact of these conditions has been felt industry-wide and despite Admiral's scale advantages providing some protection against these challenges, inevitably, higher claims costs and our prudent reserving philosophy have led to a higher 2022 loss ratio compared to recent years.

At Admiral we've responded to inflationary pressures by maintaining pricing discipline, increasing prices in Motor insurance by more than 20% by the end of the year. Our decision to accelerate rate increases earlier than the market led to a reduction in competitiveness and a contraction in our new business market share. However, this is consistent with our position on growth; only growing when conditions are supportive. We strongly believe this is the right approach for the long-term sustainability of the business. Although customer loyalty and strong retention has helped to sustain the size of our motor book, we ended the year with our customer base broadly flat year-on-year.

Despite the challenging trading environment, we remain committed to improving the customer experience and have continued to invest in new capabilities enabling customers to access more services via digital channels. We've also advanced our multi-product proposition and improved business resilience by improving the structure of our repair network. In support of our UK diversification strategy, we have continued to invest in our home pricing and data analytics capabilities, improved customer journeys to make it easier to access Admiral's multi-product offering and the discounts this affords customers, and we launched a new Pet insurance proposition. In Motor, our tiered product range offers customers more choice and we've grown our electric vehicle proposition by more than 60% as well as investing further in pricing and data and analytics capabilities.

It was great to see our Household insurance business proudly celebrate its tenth year in 2022 and our book grew by 20%, ending the year with 1.6 million policies (growing from 1.3 million in 2021). Notwithstanding this pleasing growth, the Household business was not immune to the inflationary pressures already referenced and also had to contend with several weather events during the year including storm Eunice, a long dry summer leading to an increase in subsidence claims and freezing conditions in the winter months – all of which have affected current year financial results.

Sustaining competitive advantage by fostering a strong culture, focusing on core values, and caring for our people is a consistent and important thread throughout our history. And in 2022, as the cost-of-living crisis began to materialise, in addition to colleagues' annual pay reviews, we gave two permanent salary increases to our more junior colleagues and provided winter weather payments to help them with their energy bills, making a positive difference for a large proportion of our colleague population. In celebration of the strength of our culture and people engagement, we also received some external recognition and we're delighted that our UK business was named the second Best Big Company to Work For in the UK and received a special award as Best Big Company for Wellbeing at the Best Companies Awards 2022. We remain committed to being there for our colleagues, just as they are committed to being there for our customers when they need us most.

Read more about Our Awards on **page 41**

2022 has certainly been one of the most significant and challenging years the insurance industry has navigated in recent decades but I'm incredibly proud that throughout, we have not lost sight of what makes us Admiral. Remaining consistent with our core values, leveraging our strengths in pricing and claims, continuing to invest in new capabilities for the long-term success of the business and looking after our people will all be remembered as stand out positives for the year. A big thanks to our team for their support, commitment, and hard work!

UK Insurance
continued

UK Insurance financial performance

£m	2022	2021	2020	2019
Turnover*1	**2,784.3**	2,751.7	2,672.0	2,635.0
Total premiums written	**2,489.7**	2,453.2	2,373.3	2,321.7
Net insurance premium revenue	**628.8**	612.6	539.7	533.2
Underwriting profit including investment income*1	**247.1**	394.9	346.5	257.4
Profit commission and other income	**368.8**	499.1	351.8	340.5
UK Insurance profit before tax	**615.9**	894.0	698.3	597.9
Restructure cost	**–**	(54.0)	–	–
UK Insurance profit before tax, including restructure cost	**615.9**	840.0	698.3	597.9

*1 Alternative Performance Measures – refer to note 14 at the end of this report for definition and explanation

Split of UK Insurance profit before tax

£m	2022	2021	2020	2019
Motor	**622.6**	871.7	683.6	592.0
Household	**(6.3)**	21.3	15.4	7.5
Travel & Pet	**(0.4)**	1.0	(0.7)	(1.6)
UK Insurance profit before tax	**615.9**	894.0	698.3	597.9

Key performance indicators

	2022	2021	2020	2019
Vehicles insured at year end*1	**4.94m**	4.97m	4.75m	4.37m
Households insured at year end*1	**1.58m**	1.32m	1.16m	1.01m
Travel & Pet policies insured at year end*1	**0.44m**	0.15m	0.07m	0.09m
Total UK Insurance customers*1	**6.96m**	6.44m	5.98m	5.47m

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

Key highlights for the UK insurance business for 2022:

- Closing UK Insurance customers of just under 7 million, 8% higher than the end of 2021 and 27% higher than the end of 2019, with significant contributions from UK Household and Travel and the UK Motor book slightly lower during 2022
- Strong UK Motor profit of £623 million, down from the elevated profit of £872 million in 2021, but higher than the 2019 pre- pandemic profit of £592 million
- A loss of £6.3 million for UK Household primarily driven by weather events; excluding the severe weather impact of £31.6 million, profit was £25.3 million

UK Motor Insurance financial review

£m	2022	2021	2020	2019
Turnover*1	**2,493.0**	2,522.5	2,473.8	2,455.3
Total premiums written*1	**2,217.9**	2,244.3	2,193.0	2,158.5
Net insurance premium revenue	**471.0**	496.5	451.4	452.6
Investment income*2	**35.0**	40.8	50.8	30.4
Net insurance claims	**(159.8)**	(86.1)	(97.1)	(164.7)
Net insurance expenses	**(126.1)**	(95.6)	(77.2)	(74.7)
Underwriting profit including investment income*3	**220.1**	355.6	327.9	243.6
Profit commission	**170.2**	290.6	124.7	112.2
Underwriting profit and profit commission	**390.3**	646.2	452.6	355.8
Net other revenue*4	**232.3**	225.5	231.0	236.2
UK Motor Insurance profit before tax	**622.6**	871.7	683.6	592.0
Restructure cost	**–**	(49.6)	–	–
UK Motor insurance profit including restructure cost	**622.6**	822.1	683.6	592.0

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation
*2 Investment income includes £2.2 million of intra-group interest (2021: £2.7 million; 2020: £2.9 million; 2019: £2.8 million)
*3 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)
*4 Net other revenue includes instalment income and contribution from underwritten ancillaries and is analysed later in the report

Key performance indicators

£m	2022	2021	2020	2019
Reported Motor loss ratio*1,*2	**71.5%**	53.0%	49.2%	60.7%
Reported Motor expense ratio*1,*3	**21.8%**	19.7%	19.8%	19.1%
Reported Motor combined ratio*1	**93.3%**	72.7%	69.0%	79.8%
Written basis Motor expense ratio*1	**20.1%**	19.9%	18.8%	18.5%
Reported loss ratio before releases*1	**97.8%**	78.8%	72.3%	87.6%
Claims reserve releases – original net share*1,*4	**£124.0m**	£128.1m	£104.3m	£121.7m
Claims reserve releases – commuted reinsurance*1,*5	**£189.1m**	£189.2m	£137.3m	£121.7m
Total claims reserve releases*1	**£313.1m**	£317.3m	£241.6m	£243.4m
Other Revenue per vehicle*1	**£58**	£59	£61	£66
Vehicles insured at year end*1	**4.94m**	4.97m	4.75m	4.37m

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation
*2 Motor loss ratio adjusted to exclude impact of reserve releases on commuted reinsurance contracts. Reconciliation in note 13b
*3 Motor expense ratio is calculated by including claims handling expenses that are reported within claims costs in the income statement. The impact of reinsurer caps is excluded. Reconciliation in note 13c
*4 Original net share shows reserve releases on the proportion of the portfolio that Admiral wrote on a net basis at the start of the underwriting year in question
*5 Commuted reinsurance shows releases, net of loss on commutation, on the proportion of the account that was originally ceded under quota share reinsurance contracts but has since been commuted and hence reported in underwriting profit rather than profit commission

UK Motor profit decreased by 29% to £622.6 million (2021: £871.7 million) with the reported combined ratio increasing to 93.3% (2021: 72.7%), reflecting a higher current year loss ratio (excluding prior year releases) as a result of higher claims inflation as well as an increase in claims frequency compared to the low levels during the pandemic. Profit commission was lower than 2021, also due to the lower current year profitability. Both 2020 and 2021 are considered exceptional periods, delivering much lower loss ratios than in previous years as a result of Covid-related factors.

Market prices increased in the first half of the year in response to the FCA reforms; Admiral remained well positioned and saw an increase in retention. From a claims perspective, claims frequency gradually increased over the course of the year although still remains lower than pre-pandemic levels. Global inflation and factors such as a supply constraints for new cars leading to significant inflation in used car values and hence total loss claims, and car parts, resulted in much higher claims inflation from Q2 onwards which continued through the remainder of the year.

UK Insurance
continued

Admiral increased rates ahead of the market, by over 20% during the year in response to the elevated claims inflation, maintaining pricing discipline and prioritising underwriting profitability over growth. This impacted Admiral's pricing competitiveness compared to the market and hence impacted the growth of the book, which resulted in a lower number of vehicles insured at the end of the year, compared with the start (2022: 4.94 million; 2021: 4.97 million). Turnover was relatively flat at £2.49 billion (2021: £2.52 billion), as a result of lower average premiums in the Car insurance business. This reflected the lower growth of the book as well as the effects of the FCA reform, and a competitive market environment, in particular as the profile of the book moved towards lower risk, renewals customers.

The results were impacted by a number of factors:

Underwriting Profit and Profit Commission

- Net insurance premium revenue decreased by 5% to £471.0 million (2021: £496.5 million), reflecting lower growth in new business and a lower average premium impacted by the FCA reform which resulted in a shift in mix towards the renewals book (generally lower average premiums), and a lag in the earning of rate increases made in the second, third and fourth quarters of the year.
- Investment income was lower at £35.0 million (2021: £40.8 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 portfolio that is ceded through quota share reinsurance (£20.0 million reduction; 2021: £1.6 million reduction). Refer to the Investment Income section later in the report.
- There are a number of trends impacting UK motor claims in 2022 which resulted in the increase in reported loss ratio (53.0% in 2021 to 71.5% in 2022):

Reported Motor Loss Ratio	Reported loss ratio before releases	Impact of claims reserve releases – original net share	Reported Loss Ratio
2021	78.8%	–25.8%	53.0%
Change in current period loss ratio	+19.0%		+19.0%
Change in claims reserve releases – original net share		–0.5%	–0.5%
2022	**97.8%**	**–26.3%**	**71.5%**

- The current period loss ratio increased by 19.0% which is the result of:
  - Higher than usual levels of claims inflation, particularly in relation to damage claims (further detail follows below)
  - 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 2021
  - Slightly lower average premium in the period following a shift in portfolio mix towards renewals business
- Prior period releases were relatively flat when compared with 2021 at around 26%:
  - Admiral continues to see favourable development in best estimate reserves, particularly 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 remains significant and prudent – it is estimated to sit around the 95th percentile confidence level, a reduction from the end of 2021 (contributing to the prior period reserve release) and consistent with the top end of the percentile range the Group expects to set for reserving under IFRS 17

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 showed an increase in average ultimate claims cost in the first half of 2022 compared to 2021 of around 11%, and this remained similar for the second half of the year as claims inflation persisted.

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 has not observed material changes in inflation for bodily injury claims settled in 2022, when compared to 2021. However, given the longer-tailed nature of these claims, a conservative allowance has been made 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 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, 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.

- Reserve releases from commuted reinsurance and profit commission were notably lower in 2022 than in 2021, with a combined total of £359.3 million (2021: £479.8 million), as follows:

£m	Reserve releases – commuted reinsurance	Profit commission	Total
2021	189.2	290.6	479.8
Change in commuted releases	–0.1		–0.1
Change in profit commission		–120.4	–120.4
2022	**189.1**	**170.2**	**359.3**

- Releases on reserves originally reinsured but since commuted were flat at £189.1 million (2021: £189.2 million), a higher level than seen in years prior to 2021. Underwriting years 2018 – 2020 made a significant contribution, consistent with the releases on the original net share, reflecting the larger than usual movements in loss ratios for those underwriting years in H1
- Profit commission was significantly lower at £170.2 million (2021: £290.6 million). This is the result of the higher current period loss ratio, meaning that no profit commission is recognised on the 2021 or 2022 underwriting years, compared to the unusually high £150 million recognised on the 2020 underwriting year in 2021. Further information on the Group's co-insurance and reinsurance arrangements is provided later in this report
- The reported earned expense ratio was higher at 21.8% in 2022 (2021: 19.7%) with the written basis ratio at around 20%. The higher earned basis ratio primarily results from the lower average premiums noted above. As a result of movements in the underlying earned expense ratio, net insurance expenses also included a higher proportion of costs incurred as a result of quota share reinsurance expense caps (£32.6 million vs £10.1 million in 2021) relating to the 2021 and 2022 underwriting years. The caps will result in an increased level of profit commission on these underwriting years in the future should they be profitable on an ultimate basis

UK Insurance
continued

Other Revenue and Instalment Income

UK Motor Insurance Other Revenue – analysis of contribution:

£m	2022	2021	2020	2019
Contribution from additional products & fees, including those underwritten by Admiral*1	**207.4**	200.8	203.4	217.6
Instalment income	**91.3**	100.2	100.9	83.9
Other revenue	**298.7**	301.0	304.3	301.5
Internal costs*2	**(66.4)**	(75.5)	(73.3)	(65.3)
Net other revenue	**232.3**	225.5	231.0	236.2
Other revenue per vehicle*3	**£58**	£59	£61	£66
Other revenue per vehicle net of internal costs	**£48**	£47	£50	£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

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

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

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

Overall contribution (other revenue net of costs plus instalment income) was broadly consistent at £232.3 million (2021: £225.5 million).

Other revenue per vehicle was £58 (gross of costs; 2021: £59), with Net Other Revenue (after deducting costs) per vehicle at £48 (2021: £47), both largely consistent with 2021.

UK Household Insurance financial performance

£m	2022	2021	2020	2019
Turnover*1	**255.4**	218.8	193.8	171.3
Total premiums written*1	**235.9**	198.5	175.9	154.9
Net insurance premium revenue	**55.6**	49.1	43.2	37.2
Underwriting (loss)/profit *2	**(13.2)**	3.9	2.5	0.7
Profit commission and other income	**6.9**	17.4	12.9	6.8
UK Household insurance (loss)/profit	**(6.3)**	21.3	15.4	7.5
Restructure cost	**–**	(4.4)	–	–
UK Household insurance (loss)/profit including restructure cost	**(6.3)**	16.9	15.4	7.5

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

Key performance indicators

	2022	2021	2020	2019
Reported Household loss ratio*1	**91.2%**	63.3%	64.8%	69.1%
Reported Household expense ratio*1	**33.5%**	30.3%	29.4%	28.9%
Reported Household combined ratio*1	**124.7%**	93.6%	94.2%	98.0%
Impact of severe weather and subsidence (loss ratio)*1	**32.0%**	2.2%	5.3%	–
Impact of severe weather and subsidence (£m)*1	**31.6**	3.8	4.8%	–
Households insured at year end*1	**1.58m**	1.32m	1.16m	1.01m

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

The household book continued to grow in 2022, with the number of households increasing by 20% to 1.58 million (2021: 1.32 million) and turnover increasing by 17% to £255.4 million (2021: £218.8 million). The continued level of growth, within a competitive market environment, was in part driven by continued growth in the multicover proposition as well as in the price comparison channel.

Average market premiums were lower in the first half of the year as a result of the FCA reforms, and retention increased for Admiral and the market. Admiral increased rates, particularly in the second half of the year in response to higher claims inflation.

The reported loss ratio for the period was impacted by severe weather and subsidence events and as a result was higher at 91.2% (2021:63.3%). The weather events included storms during the first half of the year and subsidence and freeze events in the second half, with the freeze event contributing roughly half of the 32pt impact. Excluding the impact of the severe weather events, the reported loss ratio was 59.2% (2021: 61.1%). Releases from prior year loss ratios reduced the reported loss ratio by 1.9pts (2021: 3.7pts).

The combined ratio of 124.7% (2021: 93.6%) resulted in a net underwriting loss of £13.2 million (2021: £3.9 million profit), in part offset by profit commission and other income of £6.9 million (2021: £17.4 million), lower than the prior year as a result of the impact of weather events on profit commission. This resulted in a £6.3 million loss (2021: £21.3 million profit, excluding restructure cost). Excluding the impact of the weather events, the Household result was a profit of £25.3 million (2021: £25.1 million). The expense ratio was also slightly higher at 33.5% (2021: 30.3%) as a result of investment in technology, including a new claims management system.

International Insurance

"We are proud of our performance and look forward to an even stronger 2023 as we work towards our strategy of building sustainable, scaled, and profitable businesses in the long-term."

Costantino Moretti
CEO, International Insurance

International Insurance

In 2022 we continued to strengthen the business fundamentals and preserve scale while we weathered the storm of turbulent market conditions. In each of our businesses, inflation caused by the tail-wind effects of the pandemic and the Ukrainian-Russian war, increased costs of repair and replacement, driving claims severity up throughout the year.

We're proud that we continued to grow despite new vehicle shopping declining across Europe in 2022, thanks in large part to continued investment in channel and product diversification by each business to sustain value creation for our shareholders. In Admiral Seguros and Conte, intermediary sales grew to represent 30% and 12% of new business sales respectively, while in L'olivier efforts in improving direct acquisition contributed to customer growth of 10%.

Loss ratio results in Europe are mainly a product of higher claims severity inflation in each country. As costs continued to rise throughout the year, declining or stagnant premiums, especially in Italy, exacerbated loss ratios. This increase in market loss ratios was partially counterbalanced by our prudent approach that led us to increase prices ahead of the market. This was in addition to investments in growth and technology in each of our European businesses. These elements led to a combined result that is close to breakeven for European Motor insurance with a small loss of £1.6 million. We are confident that the investments we've made in Europe in diversification, digitisation and infrastructure have set us on the right footing for profitable growth when market conditions improve and more scale is gained, particularly in France and Spain.

In the US, we saw the same severity inflation trend in 2022 as we did in Europe, but to an even greater extent with, for example, repair costs up a 21% since 2020[25]. The Elephant team has taken several actions to curb adverse loss ratio outcomes and protect the bottom line, including drastic base-rate increases, reducing exposure to any unprofitable footprint and withdrawal from the direct to consumer (expensive) channel. However, these actions are not immediate fixes, and thus we see a disappointing result in the US. We are committed to improving results in the US in the short term, and anticipate the actions taken in 2022 will help alleviate loss ratio pressure, to significantly improve the bottom line result in the near future.

We are proud of the businesses we've built internationally, and the quality of products and service that we offer customers in those markets, with several industry awards being won by our businesses. While 2022 was a challenging year, we believe we've set our businesses on the right footing to deliver long-term value to the Group by establishing a diversified set of channels and products, digitising the customer experience to meet them where and when they need it, and modernising our tech-stack to enable efficient scaling.

25 Data source: CCC; for 2022 data only available YoY up to Q3 2022

Pascal Gonzalvez
CEO,
L'olivier

Antonio Bagetta
CEO,
ConTe

France

Over the last three years, the L'olivier portfolio has increased by 85%, making us one of the fastest growing motor insurers in the French market. In the same period, we also diversified our products and deployed an ambitious digitalisation strategy.

L'olivier managed to achieve these results in one of the toughest market environments in decades, with car sales dropping to a record low, while high inflation suddenly reappeared. Add to that a couple of historical hailstorms, and you get yourself one very challenging year, to which L'olivier responded by taking a protective approach toward margins, leading to a slightly slower pace of growth.

Our continuous progress in digitisation translated into faster and better service for our customers and increased efficiency. In addition to operational excellence, this led us to win, for the second year in a row, the award for "best customer service of the year" in the non-life insurance category[26] and we maintained a level of Net Promoter Score (NPS)[27] far higher than market average for insurance.

Despite the challenging market environment, L'olivier's team has been delivering continuous improvement and quality to its customers, which proves its ability to navigate unstable grounds and keep creating value.

Italy

In 2022 ConTe managed to deliver earned profit for the ninth year in a row. We ended the year with 973,000 happy customers, resulting in double-digit growth (+14%).

Sustainable growth is our main objective: in the second half of the year we raised our prices materially to protect 2022 profitability and to prepare a robust baseline for 2023. As a result, we grew, we kept the loss ratio under control and we limited average premium reduction.

Market average premium is still under pressure due to the lower number of new car registrations and lower claims frequency (when compared to pre-Covid).

In this context, we built on the Admiral DNA of a cost-conscious culture – we limited investments in marketing but were still able to maintain top brand awareness as a result of new TV advertisements and a partnership with the Italian National football team.

We also continued to improve our digital offering for customers which has resulted in improved internal efficiencies, together with an improved customer experience where 50% of customers choose to complete transactions online. We are the one of the most appreciated brands among direct insurance companies – voted best on Google and Trustpilot.

Overall, we kept a strong culture of focus and cost control in 2022 but we continued to invest materially in our long-term strategic objectives: data and analytics, as well as channel diversification. All of this has been possible thanks to our people. We are proud to have achieved the 4th place in the Great Place to Work Italy ranking, thanks to our innovative, flexible hybrid model and wellbeing initiatives.

26 Awarded by ESCDA (Elu Service Client De l'Année) https://escda.fr/
27 Based on analysis by L'observatoire des Parcours Clients by PMP and Skeepers

International Insurance
continued

Sarah Harris
CEO,
Admiral Seguros

Alberto Schiavon
CEO,
Elephant

Spain

In the context of global uncertainty, the Admiral Seguros team remained focused on a few key things – we continued growing much faster than the market, we signed the first Admiral Group bancassurance agreement with ING in Spain, and we continued to invest in business transformation. We were also proud to be named #2 Best Place to Work in Spain for our size.

In 2022 our customer base grew 18% in a slow-growth market driven by our multi-channel strategy and by better retention and conversion in main sales channels. Growth was achieved whilst we increased prices in reaction to higher inflation. In June we signed a long-term distribution agreement with ING for auto insurance after a competitive tender process in Spain. The partnership is a recognition of our excellent customer experience and capabilities.

As part of the Admiral 2.0 strategy, we continued to invest in business transformation. We adopted Scaled Agile and started a refresh of key parts of our technology stack that will be key for our future.

In the meantime, we worked to embed our core loss ratio capabilities into newer channels and continued to innovate in digital processes to provide a better customer experience.

Our 2022 actions have required investment which have impacted the short-term results for the business, but we are confident we've made the right choices for long-term value-creation. In 2023 we will continue our path towards sustainable scale in our motor business. We strive to do this whilst improving efficiency, building competitive advantage across all channels, and fostering a culture that thrives in the hybrid world and is customer obsessed. We are proud of what we have achieved so far and excited about what 2023 has in store.

US

Persistently high claims inflation was the main theme for the US Auto Insurance Industry during 2022 and greatly impacted Elephant's short term strategic priorities.
As a response to these market challenges, Elephant took decisive action including substantial base rate increases (+25% in multiple phases), significant reductions in advertising spend and slowing growth to protect the bottom line. We are confident these changes are sufficient to offset the severity trend we've seen: Elephant's relative base rate increases surpassed many key competitors in the second half of the year, and the loss ratio gap with the market continues to trend positively.

As Elephant saw the impacts of claims frequency normalising to near pre-pandemic levels, the business experienced a record high increase in overall repair costs impacting claims severity, increasing 8% versus the market increase of around 11%[28]. As we wait for the rate actions to earn through, the 2022 overall loss to Admiral was £48.9 million[29].

Elephant's actions to slow growth as we weather the market cycle resulted in a 1% reduction in policies in-force since the first half of the year. To further achieve the scale needed and control the high cost of acquisition, we have focused our acquisition efforts towards higher retaining customers and expanded distribution towards independent agencies. Vehicles-per-policy increased from 1.5 to 1.8, helping to maximize the yield on our marketing spend.

As we move into 2023, we will continue to protect the bottom line and optimise customer lifetime value and expect to see our actions become more visible in our earned results.

While 2022 was a challenging year, Elephant was recognised on the Forbes list of America's Best Insurance Companies 2023. Elephant was one of only 35 carriers out of 3,300 evaluated to make the list, providing confidence that the investments we've made in serving our customers over the years haven't gone unnoticed. This is certainly a solid recognition from our customers that our staff delivers great service at every stage of the policy. I remain incredibly grateful for their tremendously hard work, resilience, and positive attitude.

28 Data source: CCC; YoY to Q3 2022
29 Elephant loss – 2022: £48.9 million; 2021: £13.0 million

International Insurance financial performance

£m	2022	2021	2020	2019
Turnover*1	**795.9**	690.3	648.8	623.6
Total premiums written*1	**720.5**	623.8	584.0	562.6
Net insurance premium revenue	**241.8**	221.0	204.2	168.6
Investment income	**2.3**	0.5	–	1.5
Net insurance claims	**(220.3)**	(170.8)	(139.3)	(137.2)
Net insurance expenses	**(115.1)**	(91.7)	(78.8)	(53.0)
Underwriting result including investment income*1	**(91.3)**	(41.0)	(13.9)	(20.1)
Net other revenue	**37.5**	29.4	22.7	19.2
International Insurance result	**(53.8)**	(11.6)	8.8	(0.9)

Key performance indicators

Reported Loss ratio*2	**80.9%**	73.7%	64.3%	76.8%
Expense ratio*2	**44.5%**	44.8%	43.9%	37.6%
Combined ratio*3	**125.4%**	118.5%	108.2%	114.4%
Combined ratio, net of Other Revenue*4	**110.1%**	106.3%	97.9%	103.7%
Vehicles insured at period end	**2.04m**	1.81m	1.60m	1.42m

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

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

*3 Combined ratio is calculated on Admiral's net share of premiums and excludes other revenue. It excludes the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be 2022: 139%; 2021: 119%; 2020: 107%; 2019: 113%

*4 Combined ratio, net of other revenue is calculated on Admiral's net share of premiums and includes Other Revenue. Including the impact of reinsurer caps the reported combined ratio, net of other revenue would be 2022: 123%; 2021: 107%; 2020: 96%; 2019: 102%

International Motor Insurance – Geographical analysis

2022	Spain	Italy	France	US	Total
Vehicles insured at period end (m)	**0.43**	**0.97**	**0.40**	**0.24**	**2.04**
Turnover*1 (£m)	**104.6**	**227.9**	**194.9**	**268.5**	**795.9**
2021	Spain	Italy	France	US	Total
Vehicles insured at period end (m)	0.37	0.85	0.36	0.23	1.81
Turnover*1 (£m)	88.5	212.7	175.7	213.4	690.3

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

Split of International Insurance result

£m	2022	2021	2020	2019
European Motor	**(1.6)**	4.8	15.3	9.0
US Motor	**(48.9)**	(13.0)	(4.8)	(9.6)
Other	**(3.3)**	(3.4)	(1.7)	(0.3)
International Insurance result	**(53.8)**	(11.6)	8.8	(0.9)

International Insurance
continued

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

The key features of the International Insurance results are:

- Positive growth trajectory continued in 2022 within competitive markets, with customer numbers increasing by 13% to 2.04 million (2021: 1.81 million) and combined turnover rising by 15% to £795.9 million (2021: £690.3 million)
- An aggregate loss of £53.8 million (2021: £11.6 million loss), consisting of a loss in the European Motor insurance businesses of £1.6 million (2021: £4.8 million profit) and a deterioration in Elephant Auto's result (increased loss from £13.0 million to £48.9 million year-on-year)
- A higher combined ratio (net of other revenue) of 110.1% (2021: 106.3%), primarily the result of a higher reported loss ratio across the European and US motor businesses driven by higher claims inflation across all markets as well as premium pressure in the Spanish and Italian markets
- An investment of £3.3 million (2021: £3.4 million) for new product development primarily related to the new French home insurance business and several product tests in Italy

European Motor Insurance

Admiral's European insurance operations in Spain, Italy, and France insured 1.80 million vehicles at 31 December 2022, 14% more than the previous year (31 December 2021: 1.58 million). Turnover increased by 10% to £522.9 million (2021: £474.6 million). The combined European Motor result reflected a net loss of £1.6 million (2021: £4.8 million), with profitability in Italy offset by more challenging outcomes because of competitive market pressures in France and Spain.

The European combined ratio net of other revenue (excluding the impact of reinsurer caps) increased to 104% from 99%, primarily driven by lower average premiums and higher claims inflation. In addition, these businesses continued to focus on improving core fundamentals, whilst investing in the future of the business through expansion into new diversification opportunities and distribution channels, particularly the intermediary channel and partnership opportunities, to enhance future growth prospects.

ConTe in Italy saw a profitable year with improved customer retention despite a highly competitive market resulting in continued premium pressure. Vehicles insured increased by 14% to 0.97 million (31 December 2021: 0.85 million), with the business continuing to invest in growth through innovation and distribution expansion.

Admiral Seguros (Spain) saw continued growth, with an 18% increase in customer numbers to over 0.43 million (2021: 0.37 million). This was largely driven by growth in the broker channel and improved retention, although overall results were impacted by strong inflation in the market. The business also invested in strengthening existing distribution channels, exploring growth through new partnerships, and progressing in its agile transformation.

L'olivier Assurance (France) continued to grow strongly in 2022 and remains one of the fastest growing Motor insurers in the French market. The customer base increased by 11% to 0.40 million (2021: 0.36 million). L'olivier targeted growth via the direct channel and maintained high customer satisfaction through continuous digital service and efficiency improvements. The result was negatively impacted by high inflation and several hail events in H1 that had an estimated £2 million impact.

US Motor Insurance

In the US, Admiral underwrites motor insurance in eight states through its Elephant Auto business. Elephant insured 0.24m vehicles at the end of 2022, 4% higher than 2021 (2021: 0.23m) and Turnover increased to £268.5 million (2021: £213.4 million).

The business reported a higher loss of £48.9 million (2021: £13.0 million loss) largely due to a surge in claims severity inflation across the US market. To mitigate the impact of higher inflation, Elephant raised base rates materially, by more than 30%, and prioritised higher customer lifetime value over new sales growth. In particular, the composition of the book shifted towards higher quality, multi-vehicle policies. Targeted expansion in the agency and partnership channels also provided mechanisms by which the business can continue to scale efficiently. Changes in reinsurance agreements from the 2022 underwriting year (primarily driven by capital efficiency considerations) resulted in a further increase in the Admiral net share of losses compared to 2021.

Admiral Money

"We enter 2023 with strong momentum: we expect to benefit from our strong position in a growing market."

Scott Cargill
CEO,
Admiral Money

2022 has been a difficult and complex year for many businesses in the UK, however it has been a very positive and pleasing year for Admiral Money. We have continued our philosophy of safe, efficient growth and despite all the external economic challenges we delivered our first full year profit.

Admiral Money plays an increasingly important role in the consumer lending market. Since launching in 2017 we are proud to have provided more than 250,000 customers with over two billion pounds of loans.

Our personal loans and car finance book now stands at £0.89 billion, our second consecutive year of 45%+ growth and our cost income ratio continues to improve, falling to 49.7% in 2022 (2021: 82%) . We anticipate this will continue to fall as we approach scale. We retain a firm focus on prime lending and are seeing increasing proof that UK customers are showing a preference for our guaranteed rate proposition, valuing the certainty and transparency it offers. Our 2022 NPS score of 71 and Trust Pilot score of 4.6 is further evidence our exceptional customer propositions and service commitment is setting us apart in the consumer lending market.

UK inflation and the subsequent cost of living pressure it creates has been front of mind since 2021. We made early decisive moves to increase the hurdles in our affordability models to ensure that after assessing our customers, we are lending responsibly, and they can sustain the loan through any reasonable stress. To date customer payment performance remains positive with low arrears and defaults in line with expectations.

Our first full year profit of £2.1 million for 2022 is an important milestone for the business. We've achieved this whilst continuing to retain appropriate prudence in our credit loss provision with coverage of 7.2% on the book which includes post model adjustments of £11.3 million.

Progress in building our capabilities in 2022 has been strong. The continued adoption of open banking has improved our decision making and onboarding journey. Enhancing our self-service functionality now results in 80% of customer transactions being processed digitally and new machine learning models are used to support decision making across the business.

We also continued to make pleasing progress on integrating more closely with the UK insurance business to offer loans to these customers, with over 50% of our new customer flows from either current or recent Admiral Insurance customers. In addition, we were again winners of the Moneyfacts Consumer Awards best car finance provider of the year award.

Looking to 2023, we enter with strong momentum. We expect to benefit from our strong position in a growing market as we see a continued shift to comparison and credit score marketplaces. I expect to see continued growth in our loan balances towards the £950 million to £1.1 billion range during 2023, assuming current economic conditions. Combined with a tightly controlled cost base, we should see further improved economics in the coming years.

I am optimistic for 2023 and confident in the team's ability to execute on our business plan. Admiral built successful businesses by doing the common things uncommonly well and Admiral Money enters 2023 in good shape to achieve the same success in UK lending.

I'd like to finish by thanking our customers and all of my colleagues and wish everyone the best for 2023.

Admiral Money
continued

Admiral Money distributes and underwrites unsecured personal loans and car finance products for UK consumers through price comparison, credit scoring applications and direct channels. The proposition is focused on offering real rates to provide customers transparency and certainty.

Admiral Money recorded a pre-tax profit of £2.1 million in 2022 (improved from £5.5 million loss in 2021), the first full year profit in the history of the business.

Gross loan balances grew strongly, up 46% to £0.89 billion (2021: £0.61 billion), with a £63.7 million (2021: £50.2 million) credit loss provision, leading to a net loans balance of £823.7 million (2021: £556.8 million). This increase in portfolio led to a 60% increase in net interest income to £44.6 million (2021: £27.8 million).

Admiral Money continued to carefully manage affordability and credit criteria for new lending in 2022 to reflect the higher interest rate and elevated inflation environment. At the same time interest rates on new loans were increased to reflect the rising cost of our funding. These measures will help ensure sustainable financial performance into the future.

The credit loss charge increased to £20.6 million (2021: £10.7 million), driven by the significant increase in the portfolio during the year.
Overall, an appropriately prudent approach has been taken to calculating the credit loss provision, including post model adjustments for cost of living, mortgage increases and forecast uncertainty, reflecting the level of uncertainty in the current economic environment. For further information, refer to note 7 in the financial statements.

Admiral Money is funded through a combination of internal and external funding sources. The external funding is secured against certain loans via 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.

Admiral Money Financial Performance

£m	**2022**	2021	2020	2019
Net income	**58.7**	36.6	36.8	30.8
Interest expense*1	**(14.1)**	(8.8)	(10.1)	(9.1)
Net interest income	**44.6**	27.8	26.7	21.7
Other income	**0.3**	1.1	2.1	1.9
Total income	**44.9**	28.9	28.8	23.6
Movement in expected credit loss provision and write-off of Loans	**(20.6)**	(10.7)	(25.8)	(14.3)
Expenses	**(22.2)**	(23.7)	(16.8)	(17.7)
Admiral Money profit/(loss) before tax	**2.1**	(5.5)	(13.8)	(8.4)

*1 Includes £1.5 million intra-group interest expense (2021: £2.7 million; 2020: £2.9 million; 2019: £2.8 million)

Other Group Items

Other Group items financial review

£m	2022	2021	2020	2019
Share scheme charges, excluding restructure costs	**(51.7)**	(63.3)	(50.9)	(49.0)
Other central overheads	**(16.3)**	(19.8)	(22.9)	(20.0)
Finance charges*1	**(12.1)**	(11.4)	(12.1)	(11.3)
Admiral Pioneer	**(15.6)**	(10.2)	(0.8)	–
Other business development costs	**(10.9)**	(7.2)	(3.3)	(9.3)
Other interest and investment return	**11.4**	4.0	4.9	6.1
Other Group items	**(95.2)**	(107.9)	(85.1)	(83.5)

*1 Share scheme charges exclude restructuring costs of £1.5 million, recognised in 2021
*2 Includes £0.7 million intra-group interest expense (2021: £nil; 2020: £nil; 2019: £nil)

Share scheme charges relate to the Group's two employee share schemes (refer to note 9 to the financial statements). Charges decreased by £11.6 million (excluding discontinued operations) in 2022, to £51.7 million. This was more in line with previous years when excluding the elevated level in 2021 which was linked to a higher share price and higher bonus pay-outs due to higher dividends.

Other central overheads were lower at £16.3 million (2021: £19.8 million), and include the cost of a number of major Group projects such as preparation for the significant new insurance accounting standard, IFRS 17 and the development of the internal model.

Finance charges of £12.1 million (2021: £11.4 million) primarily represent interest on the £200 million subordinated notes issued in July 2014.

Admiral Pioneer, launched in 2020 to focus on new product diversification opportunities, made a loss of £15.6 million in 2022 (2021: £10.2 million). The business continued to invest in growing the Veygo short term car insurance business, as well as investing in new products such as tool insurance in the UK (Toolbox by Admiral).

Other business development costs reported a higher loss of £10.9 million (2021: £7.2 million), which included an improved loss from Compare.com of £2.8 million (2021: loss of £3.5 million) offset by increased investments in new ventures.

Other interest and investment income increased to £11.4 million in 2022 (2021: £4.0 million), as a result of higher government bond yields and a £4.7 million gain arising from the sale of government bonds in the period (2021: nil).

Group Capital Structure and Financial Position

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

The Group's regulatory capital is based on the Solvency II Standard Formula, with a capital add-on to reflect recognised limitations in the Standard Formula with respect to Admiral's business, predominantly in respect of profit commission arrangements in co- and reinsurance agreements.

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

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

Group capital position (estimated and unaudited)

Group	2022 £bn	2021 £bn	2020 £bn
Eligible Own Funds (post dividend)*1	**1.20**	1.36	1.47
Solvency II capital requirement*2	**0.66**	0.70	0.79
Surplus over capital requirement	**0.54**	0.66	0.68
Solvency ratio (post dividend)*3	**180%**	195%	187%

*1 2021 own funds included a deduction for the third tranche of the Penguin Portals dividend that was paid alongside the 2022 interim dividend in October 2022
*2 Solvency capital requirement includes updated capital add-on which is subject to regulatory approval
*3 Solvency ratio calculated on a volatility adjusted basis

The Group's solvency ratio remains strong at 180%. The solvency ratio reduced by 15 percentage points since the end of 2021, primarily due to a reduction in Own Funds of approximately £160 million as a result of lower generation of economic capital. Widening credit spreads impacted the Own Funds during the first half of the year, with the impact partially reversing during the second half.

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

Regulatory solvency ratio (estimated and unaudited)	2022	2021	2020
Solvency ratio as reported above	**180%**	195%	187%
Change in valuation date	**(11%)**	(5%)	(5%)
Other (including impact of updated, unapproved capital add-on)	**(19%)**	(9%)	24%
Solvency ratio (QRT basis)	**150%**	181%	206%

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

Solvency ratio sensitivities (estimated and unaudited)

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

	2022	2021	2020
UK Motor – incurred loss ratio +5%	**-11%**	-9%	-10%
UK Motor – 1 in 200 catastrophe event	**-1%**	-1%	-1%
UK Household – 1 in 200 catastrophe event	**-4%**	-3%	-2%
Interest rate – yield curve up 100 bps	**-2%**	+5%	+7%
Interest rate – yield curve down 100 bps	**+2%**	-5%	-7%
Credit spreads widen 100 bps	**-9%**	-9%	-6%
Currency – 25% adverse movement in euro and US dollar vs sterling	**-3%**	-3%	-3%
ASHE – long-term inflation assumption up 0.5%	**-3%**	-5%	-3%
Loans – severe peak unemployment scenario*1	**-1%**	-1%	-1%

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

The change in interest rate sensitivity reflects both the Group's continued focus on asset liability matching and the change in impact of interest rate movements on the solvency capital requirement in higher yield environments.

Taxation

The tax charge reported in the consolidated income statement is £97.2 million (2021: £130.2 million), equating to 20.7% of pre-tax profit (2021: 18.2%). The increase in the effective tax charge is primarily the result of the higher loss in the US insurance business for which no deferred tax asset is recognised.

Investments and cash

Investment strategy

Admiral Group's investment strategy focuses on capital preservation and low volatility of returns. The business follows an asset liability matching strategy to control interest rate, inflation and currency risk. A prudent level of liquidity is held and the investment portfolio has a high-quality credit profile. In 2022, the focus remained on asset liability matching, and flows were invested into high quality assets to take advantage of rising risk-free rates, whilst being cautious on the credit outlook. The Group holds a range of government bonds, corporate bonds, alternative and private credit assets, alongside liquid holdings in cash and money market funds.

In line with our investment approach, the aim is to reduce the Environmental, Social, and Governance (ESG) related risks in our portfolio whilst continuing to achieve sustainable long-term returns. In 2022, the portfolio weighted average ESG score had an MSCI A rating.

Investment income

£m	**2022**	2021	2020
Investment return	**64.6**	46.9	47.8
Movement on accruals held for insurer funds withheld	**(20.0)**	(1.6)	12.9
Movement in provision for expected credit losses	**1.8**	(2.6)	(7.8)
Total	**46.4**	42.7	52.9

Net investment income for 2022 was £46.4 million (2021: £42.7 million). Investment income in 2022 was adversely impacted by investment income adjustments related to UK motor quota share reinsurance arrangements of £20.0 million (2021: £1.6 million). Provisions for expected credit losses developed favourably, leading to a £1.8 million release of provisions (2021: £2.6 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 £64.6 million in H1 2022 (compared to £46.9 million in 2021). The annualised rate of return was higher at 1.6% (2021: 1.1%), mainly as a result of higher reinvestment yields as interest rates rose throughout the year.

The increase in yields and widening of credit spreads in 2022 resulted in a reduction in the market value of the portfolio of £255.6 million (2021: £50.1 million reduction). That movement is 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 31 December 2022 was £3,705.8 million (31 December 2021: £4,115.3 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 final tranche of the Penguin Portals disposal proceeds to shareholders.

Cash and investments analysis

£m	**2022**	2021	2020
Fixed income and debt securities	**2,372.7**	2,594.3	2,101.3
Money market funds and other fair value instruments	**934.7**	1,063.0	1,339.3
Cash deposits	**101.4**	85.3	65.4
Cash	**297.0**	372.7	351.7
Total*1	**3,705.8**	4,115.3	3,857.7

*1 Total Cash and Investments include £198.2 million (2021: £147.0 million; 2020: £74.8 million) of Level 3 investments. Refer to note 6e in the financial statements for further information

Group Capital Structure and Financial Position
continued

Cash flow

£m	2022	2021	2020
Operating cash flow, before movements in investments	**367.3**	637.8	959.8
Transfers to financial investments	**189.0**	(266.5)	(176.0)
Operating cash flow	**556.3**	371.3	783.8
Tax payments	**(91.2)**	(126.7)	(175.0)
Investing cash flows (capital expenditure)	**(101.0)**	(69.2)	(43.1)
Financing cash flows	**(692.8)**	(750.7)	(454.3)
Loans funding through special purpose entity	**267.8**	185.9	(46.2)
Net contributions from non-controlling interests	**–**	–	2.4
Foreign currency translation impact	**(14.8)**	(5.3)	2.4
Net proceeds from sale of Comparison entities	**–**	457.0	–
Cash included in the disposal of Comparison entities	**–**	(41.3)	–
Net cash movement	**(75.7)**	21.0	70.0
Unrealised (losses)/gains on investments	**(255.6)**	(47.3)	40.7
Movement in accrued interest	**113.2**	17.4	54.8
Net increase in cash and financial investments	**(407.1)**	257.6	341.5

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

£m	2022	2021	2020
Profit after tax	**371.8**	996.7	527.8
Change in net insurance liabilities	**39.6**	40.8	94.8
Net change in trade receivables and liabilities	**68.2**	(65.3)	65.3
Change in loans and advances to customers	**(280.6)**	(205.2)	77.3
Non-cash income statement items	**71.1**	(261.7)	84.8
Taxation expense	**97.2**	132.5	109.8
Operating cash flow, before movements in investments	**367.3**	637.8	959.8

The net decrease in cash and investments in the year is £407.1 million (2021: £257.6 million increase).

The main drivers include the unrealised losses on investments as a result of interest rate and credit spread movements as noted above, and dividend payments to shareholders (including the two final tranches of the Penguin Portals special dividend).

Co-insurance and reinsurance

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

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

UK Motor Insurance

Munich Re and its subsidiary entity, Great Lakes, currently underwrites 40% of the UK Motor business. From 2022, 20% of this total is on a co-insurance basis (via Great Lakes) and will extend to 2029. The remaining 20% is on a quota share reinsurance basis and these arrangements now extend to 2026.

The Group also has other quota share reinsurance arrangements confirmed to at least 2024, covering 38% of the business written.

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

The quota share reinsurance arrangements result in all Motor premiums, claims and expenses that are ceded to reinsurers being included in the Group's financial statements. These quota share agreements operate on a funds withheld basis and include certain features such as expense caps and an allocation of investment income earned on the funds held by Admiral on behalf of the reinsurers. These features result in higher profit commission should the underwriting year reach profitability.

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

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

During the first half of 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.

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

UK Household Insurance

The Group's Household business is supported by long-term proportional reinsurance arrangements covering 70% of the risk, that run to at least 2024. In addition, the Group has non-proportional reinsurance to cover the risk of catastrophes stemming from weather events.

International Car Insurance

In both 2021 and 2022 Admiral retained 35% (Italy), 30% (France) and 30% (Spain) of the underwriting risk in each country respectively. In the USA, 40% (2021: 45%) of the risk was retained within the Group.

Excess of loss reinsurance

The Group also purchases excess of loss reinsurance to provide protection against large claims and reviews this cover annually. The excess of loss cover remained similar to prior years with cover starting at £10 million. Rates increased within the context of increasing market rates as a result of higher inflation. The household insurance book excess of loss reinsurance also saw an increase in rates, for the same relative level of cover.

Profit commission

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

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

Principal Risks and Uncertainties

The Group's 2022 Annual Report will contain an analysis of the Principal Risks and Uncertainties identified by the Group's Enterprise Risk Management Framework, along with the impacts of those risks and actions taken to mitigate them.

Disclaimer on forward-looking statements

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

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

Creating Sustainable Value for our Stakeholders

Admiral's purpose framework translates our purpose into action and shows how we plan on living by our purpose statement – including what that statement means to not only our people but our company, our business, and our society. Our sustainability approach builds on our purpose framework and targets four key areas – Customers, People, Business, and Society – with defined ambitions for each of these:

- People: Be one of the best places to work in the world
- Customer: Provide great customer experiences
- Business: Build successful businesses with operational resilience
- Society: Make a difference through a positive impact on society

Materiality assessment

In order to capture and address the ESG issues that matter most to our business and stakeholders we ran a materiality assessment in 2021. The outcome of the materiality assessment currently drives our sustainability approach as well as other key business initiatives and decisions. We acknowledge that these rankings will likely change over time and we will look to conduct further materiality assessments in the future.

For further detail on the methodology behind our materiality assessment please see Admiral's 2022 Sustainability Report

You can read more in our Section 172 statement (starting on **page 112**) to see how these priorities feed into our strategy and reinforce our purpose

Our purpose is embedded into the purpose framework

Our purpose

Great customer experiences
Provide great customer experiences

A great place to work
Be one of the best places to work in the world

Positive impact on society
Make a difference through a positive impact on society

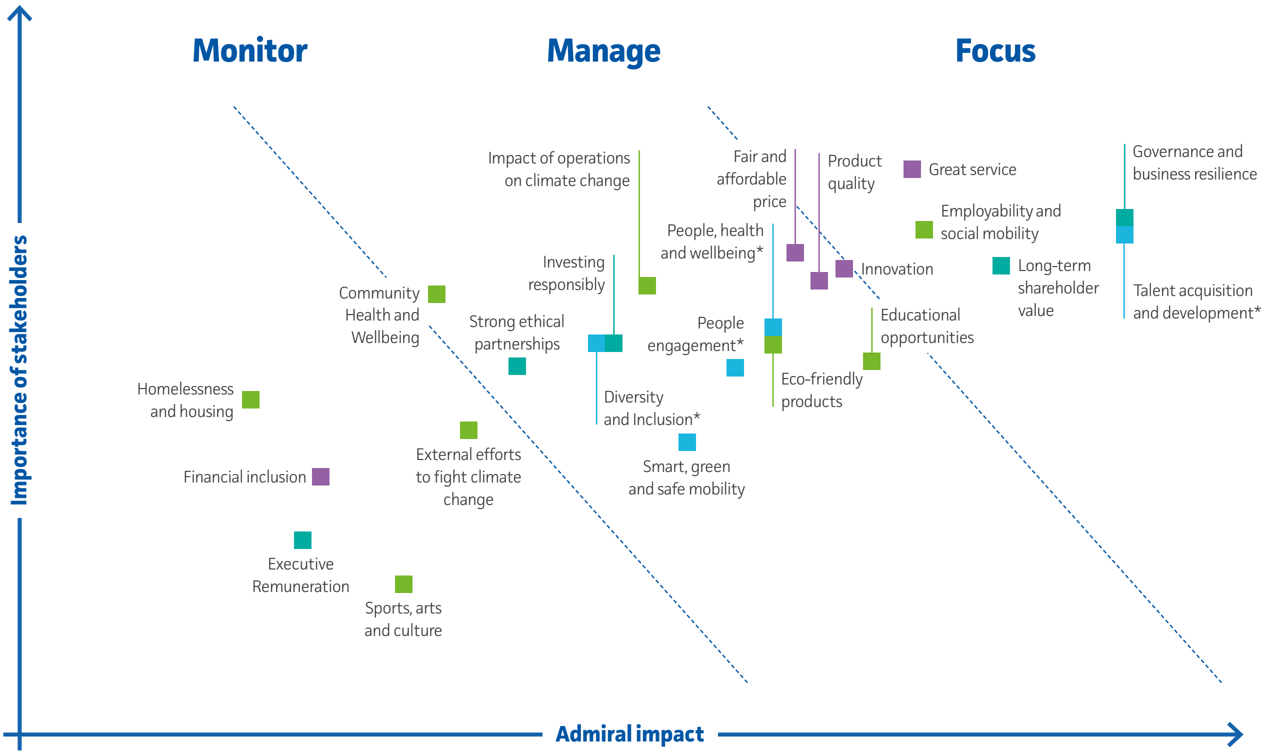
Successful business
Build successful businesses with operational resilience

Our results revealed the following priorities:

Focus Area	Stakeholder	Our impact
Risk governance and business resilience	Business	Read more on **page 114**
Talent Acquisition & Development	People	Read more on **page 77**
Great Service	Customer	Read more on **page 74**
Educational Opportunities	Society	Read more on **page 87**
Long-term shareholder value	Business	Read more on **page 85**
Product Quality	Customer	Read more on **page 74**
Eco-friendly products	Business/Society	Read more on **page 91**
Impact of operations on climate change	Society	Read more on **page 87**
Employability and social mobility	Society	Read more on **page 87**
Diversity & Inclusion	People	Read more on **page 80**

Materiality matrix

Aggregated across all survey responses, workshops, management discussions and SWG feedback



Stakeholder key

People* | Customer | Society (Community and Environment) | Business

* Actively monitored and maintained as part of our culture

"The outcome of the materiality assessment currently drives our sustainability approach as well as other key business initiatives and decisions."

Creating Sustainable Value for our Stakeholders
continued

Admiral's alignment with the United Nations' Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of 17 global goals developed by the United Nations, which define global priorities and aspirations for 2030. The goals aim to address major societal and environmental concerns. The most relevant goals where we believe Admiral contributes are listed for each of our stakeholders below.

Customers

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8: Decent Work and Economic Growth

Target (8.2): Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.

Target (8.3): Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage growth of micro-, small- and medium-sized enterprises, including through access to financial services.

11 SUSTAINABLE CITIES AND COMMUNITIES

Goal 11: Sustainable Cities and Communities

Target (11.2): Provide access to safe, affordable, accessible, and sustainable transport systems for all.

Admiral's contribution

- Transfer core strengths from UK Motor business into new ventures, such as Admiral Money and Pioneer
- Leverage historical data and experience to test and learn in new markets and develop products which support economic development
- Provide insurance cover to both fully electric and hybrid vehicles
- Telematics offering both incentivises and supports safer driving practices for our customers

People

3 GOOD HEALTH AND WELL-BEING

Goal 3: Good Health and Wellbeing

Target (3.4): Promote mental health and wellbeing.

4 QUALITY EDUCATION

Goal 4: Quality Education

Target (4.4): Increase the number of youths and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.

5 GENDER EQUALITY

Goal 5: Gender Equality

Target (5.5): Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life.

Admiral's contribution

- Ranked Best Big Company for Wellbeing in the UK in recognition of our employee support initiatives
- Long standing graduate trainee programme
- Fully gender balanced Group Board[30]
- Launched an international mentoring programme, Get Discovered, to develop and empower high potential women across the organisation

30 As of 31 December 2022

Society

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8: Decent Work and Economic Growth

Target (8.6): Substantially reduce the proportion of youth not in employment, education or training.

10 REDUCED INEQUALITIES

Goal 10: Reduced Inequalities

Target (10.2): Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

13 CLIMATE ACTION

Goal 13: Climate Action

Target (13.3): Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Admiral's contribution

- Our Community Strategy 'Together for Better' is – committed to transforming futures in our local communities
- Established partnerships with Generation to help people obtain access to life-changing careers.
- Committed to net zero emissions by 2040 and cutting emissions in half by 2030
- Launched climate positive employee engagement programme to educate and enable colleagues to support our net zero commitments
- Celebrated Black History Month to reflect on the diverse histories of people of African and Caribbean descent

Business

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Responsible Consumption and Production

Target (12.6): Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.

Admiral's contribution

- Actively engaged with ESG rating providers and integrated feedback into our sustainability disclosure
- Reporting against the Sustainability Accounting Standards Board (SASB) standards
- Aligned disclosure with all recommendations under the Task Force on Climate-Related Financial Disclosure (TCFD) framework
- Received external verification of carbon emissions data and aiming to set Science-Based Targets

Creating Sustainable Value for our Stakeholders
continued

To see the Group Governance Structure, and all Board Committees please turn to **page 126**

Sustainability Governance

Group Board: The Admiral Group Board is responsible for promoting the long-term sustainable success of the Group and is its principal decision-making forum. It is the principal governing body for sustainability-related issues and takes ownership of sustainability and climate-related topics and associated stakeholder engagement. The Board approves our Environment, Social and Governance (ESG) ambitions which can have a material impact on Admiral. Milena Mondini, Group CEO, is the appointed Sustainability representative on the Group Board.

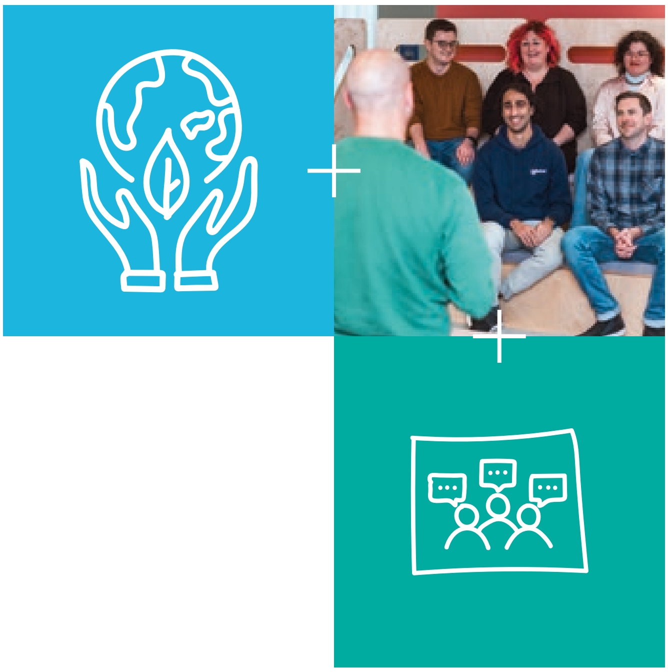
Board Committees: The Board has delegated authority to several permanent Committees that deal with sustainability related matters where relevant and matters in accordance with written Terms of Reference. The principal Committees of the Board – Audit, Remuneration, Group Risk and Nomination and Governance play an important role in the Group's sustainability related decision-making processes. For example, the Group Risk committee oversees the management of climate-related risk and ensures appropriate oversight is in place.

Sustainability Working Group: A Sustainability Working Group was established in 2020 to help identify, monitor and facilitate the implementation of sustainability ambitions across Group operations. The working group supports the Group Board and Admiral's executive leadership team to ensure adequate oversight is in place around sustainability-related decision-making. This includes monitoring the latest market developments around ESG, supporting subsidiary entities with their sustainability commitments, and sharing best practice ESG management.

In 2021, sustainability champions were appointed from across the business to own the ESG ambitions disclosed in this report. Each champion reports progress against these ambitions directly to the Sustainability Working Group.

Climate Change Steering Group: Given the impact of climate change and the increased focus the area has received in recent years, a subcommittee dedicated to climate change was created in 2021. The Climate Change Steering group reports directly to the Sustainability Working Group.

Forums & Ministries: Several internal forums and Ministries exist across the business to uphold the pillars of our culture and monitor areas related to sustainability such as employee diversity, happiness and wellbeing. For example, the Diversity and Inclusion forum consists of six working groups and drives Diversity and Inclusion initiatives across the Group. Several ministries such as the ministry of fun and the ministry of health organise regular events to keep colleagues happy and engaged.



2022 ESG rating

MSCI ESG RATINGS AA

MSCI

MSCI ESG rating assessment[31]

- 2022: AA
- 2021: A

CDP DISCLOSURE INSIGHT ACTION

CDP

CDP Climate Score[31]

- 2022: D
- 2021: C

SUSTAINALYTICS a Morningstar company

Sustainalytics

Sustainalytics ESG Risk Rating[32]

- 2022: 21.0
- 2021: 22.3
- 21st percentile subindustry ranking (2021: 8th)

ISS ESG

ISS ESG

ISS ESG performance

- 2022: C-
- 2021: C-
- 4th Industry decile rank (2021: 4th)[33]

DOW JONES

Dow Jones

Dow Jones Sustainability Index

- 2022: 48/100[34]
- 2021: 37/100

Tortoise

Tortoise

Tortoise Responsibility100 index

- 2022: 63rd out of 100
- 2021: 21st out of 100

31 The use by Admiral Group of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Admiral Group by MSCI. MSCI services and data re the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI

31 Members of the Sustainability Working Group are reviewing the drivers behind our lower CDP score in 2022 and putting in place a plan of action to improve performance going forwards

32 Copyright ©2022 Sustainalytics. All rights reserved. This report contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers

33 A decile rank of 1 indicates high relative performance versus a decile rank of 10 which indicates poor relative performance

34 Improved result (a higher mark indicates stronger performance against the Dow Jones Sustainability Index scoring requirements)

Creating Sustainable Value for our Stakeholders
continued

Our Customers

Why they matter to us strategically, and how they influence the operation of the business

Customers are at the heart of our business, and everything that we do. As a customer-centric organisation, we seek to provide more people with the opportunity to access good financial services products. The needs of our customers shape the products we deliver, and their feedback and expectations feed into the design of our channels and platforms.

In 2022, we assessed our customer-centric strategy and operational culture to ensure that the business was well aligned with best practice recommendations. Our assessment provides confidence that we have effective practices and monitoring in place to support excellent customer service, as well as significant resources dedicated to training customer facing employees across the business.

What matters to our customers, and encourages them to maintain a relationship with Admiral

Considering several influences, including the latest regulatory guidance, we believe that key factors that are important to our customers include:

- Great service
- Fair, affordable pricing
- Good quality products
- Accessible products and channels
- A resilient business

How we engage to confirm what matters to our customers

There are opportunities for us to communicate and engage with our customers, and vice versa, throughout the different points in the customer life cycle. Some of these mechanisms include:

- Discussions with our; customer service teams, new business and renewals teams, our claims teams, and our complaints teams
- Online customer portals
- Live chats with agents
- Social media
- Admiral App messages
- Customer feedback (comment forms, surveys, SMS)
- Customer focus groups
- Perception studies

Frequently reviewing the engagement mechanisms across our customer experiences, particularly throughout digital journeys, allows us to understand what is most important to our customers and helps us to continually refine and improve our service.

Board oversight, training, and escalation

The Board continues to receive updates from Management on the treatment of existing customers and the various processes that are designed to ensure fair outcomes throughout the customer journey. Customer satisfaction levels and employee feedback is fed into Board discussions which ultimately shapes strategic decision making, including plans related to digital investment and future diversification. The Board also receives annual feedback on the Conduct Risk framework through the Group Risk Committee.

During 2022, the Board also spent significant time reviewing several actions that were implemented in 2021 in response to the FCA's pricing remedies, including but not limited to;

- Ensuring that renewing home and motor insurance consumers are quoted prices that are no more than they would be quoted as a new customer through the same channel
- Make it simpler for customers to stop automatic renewals if they wish to do so
- Ensuring that we deliver fair value on all insurance products
- Updating and enhancing the model used to estimate the savings arising from the whiplash reforms, introduced by the UK government on May 31, 2021

- Preparing and enhancing operations in anticipation of the new Consumer Principle from the FCA, that requires firms to act to deliver good outcomes for all retail customers
- Approval of the Consumer Duty Implementation plan
- Appointment of an Independent Director as Consumer Duty Champion during Q3[35]

The Board also received updates on (i) the progress to deliver the technology and digital strategies, which have a direct impact on the improvements made to customer journeys, and (ii) information security and cyber risk, including crisis management, both from a customer and reputational impact perspective.

What value do we create for our customers?

In 2022, Admiral delivered numerous changes impacting customers for the better. Some examples of the value delivered to our customers include:

- Improved Claims System for UK Motor Customers (NEO)
  + Read more on **page 29**
- We added our Multicar proposition to PCW platforms
  + Read more on **page 76**
- We supported UK and French Household customers impacted by floods
  + Read more on **page 9**
- We launched a new loans product, ConTe Prestiti, in Italy in Q3
  + Read more on **page 150**
- We launched Admiral Pet
  + Read more on **page 32**

Increased focus on Net Promoter Score (NPS)

We commit to providing excellent and efficient customer service, and to improving our offerings with customer feedback. We use NPS to measure and drive performance across the Group.

Although NPS was already a key metric for Admiral, the opportunity was taken during 2022 to increase measurement of NPS, whilst aligning business leaders and delivering company-wide training on the importance of recording and tracking scores.

Continued delivery of fair and affordably priced products

During 2022, Admiral has continued to offer fair and affordable pricing, and we continued to evolve our understanding of customers' needs to aid product design (e.g., Admiral Essentials, and flexible short-term cover provided by Veygo).

What are the risks and opportunities that could affect the relationship and, therefore, Admiral's success?

Ahead of 2022, Admiral recognised that the implementation of the FCA's pricing remedies would affect general insurance customers on a market-wide basis, and subsequently anticipated the changes required before the regulation came into force in Q1. As the year developed, the Board also started to prepare for the FCA 'Consumer Duty' ('The Duty') regulation, and to plan for further enhancements to business practices. As part of the process, the Board recognised the need to embed a customer-centric culture at all levels, to support adapting processes and procedures 'to do the right thing.'

Whilst the Board and Management were confident that the existing Admiral culture was well aligned to support this objective, in 2022 the Board asked the business to develop a series of high-level principles for employees to anchor their day-to-day actions to, when dealing with customers.

Careful consideration was given to ensure that an appropriate 'tone from the top' was agreed upon, both at Admiral Group Board and EUI Board.[36]

The Executive management team and the Board continued to observe progress of strategy in anticipation of implementation throughout the year.

Admiral also continues to explore opportunities to provide customers with additional, innovative products. In 2022, our international businesses continued to grow, and launched additional products to help more people look after their future.

Further information is located on **pages 28 to 30** of the Strategic Report

How we monitor the impact of our actions and the strength of our relationship

The following metrics are some of the main tools we use to assess the impact of our actions and the strength of our relationship with our customers:

- Net Promotor Scores (NPS) scores
- Customer satisfaction scores
- Complaint rates
- Feedback and insight relating to products and services from all customer-facing teams
- Policy acquisition and renewal rates
- Activity levels on the MyAccount Portal
- Call volumes, and call answer rates
- Ombudsman feedback
- Social media

35 A subsidiary NED of EUI Limited, the entity considered as 'The Firm' by the FCA Regulatory Authority

36 EUI Limited is a fully owned subsidiary of Admiral Group Plc. EUI Limited is an insurance intermediary with employees across the UK, India, and Canada

Creating Sustainable Value for our Stakeholders continued

Our sustainability ambition:
We strive to provide great customer experiences

Simple and clear communication

We aim to create simple insurance products which are easily understood and accessible to all. In 2022, we continued to strengthen our digital services. For example, we've rolled out a new self-install telematics device that customers can link to their Admiral app. Through it, customers can easily access feedback on their driving behaviour and see how they can improve. This encourages safer driving on our roads which benefits everyone, and for customers it improves the customer experience and helps bring their premiums down.

Responsible sales

We comply with all relevant regulatory requirements and actively review our practices to ensure all processes and systems operate in line with relevant policies. Notable in 2022 was the introduction of the General Insurance Pricing Practices (GIPP) in the UK. The new pricing rules require that renewing Motor and Home insurance buyers are quoted prices that do not exceed what they would have paid as a new customer. Admiral regularly communicated with the FCA and the ABI throughout the consultation and implementation period and successfully transitioned its pricing practices at the start of the year.

Additionally, new Consumer Duty regulation was finalised in 2022 and will come into force in July 2023. To prepare, Admiral has put in place the necessary framework to continue to ensure we deliver valued products and services for customers in terms of pricing, transparency, and support. We are confident that we create value for customers through the products and services we sell. We also consistently review our activities through a Consumer Duty lens and will continue to enhance our monitoring, governance, and management information (MI) requirements in 2023.

Satisfied customers

We regularly measure customer satisfaction across several key benchmarks, allowing us to stay close to customers' needs and understand areas where our service fails to meet expectations. With emphasis on creating a more seamless experience, customers that speak to us via webchat can now experience an effortless secure card payment method with the use of Semafone. The new tool opens a channel for customers to transact and engage with us, improving the customer journey. The use of Semafone also supports those in our vulnerable customer base who may struggle to give card payment information over the phone; having this function on Webchat allows customers to ask for support instantly.

Fair and transparent claims outcomes

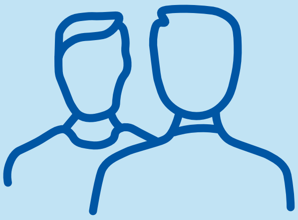
As an insurer, we are committed to providing appropriate claims practices that deliver fair and just outcomes for customers in a timely manner. Over the last three years, significant work has been put in to develop our new claims system: Guidewire Claims Centre (GWCC). The new system provides more transparent and efficient customer experience; it offers better data insight and gives customers more choice and flexibility on how they interact with Admiral. GWCC was originally introduced into our Household Claims function in 2021 and then successfully rolled out to Motor Claims in 2022.

Launch of MultiCar on price comparison

We made our MultiCar product proposition available via the price comparison channel for the first time this year. We believe this is an exciting opportunity to grow our popular MultiCover offering as it allows us to give customers a MultiCover price much earlier in their shopping journey. Admiral is the first of any insurance company to offer this in the UK.

The idea to launch MultiCover online came from one of our internal innovate competitions where colleagues across the business pitch ideas to senior management and make a proposal on how it could work for our customers. The idea was so successful it was picked up by a project team and subsequently put into practice. We are currently trialling MultiCar on Confused.com and will continue to monitor progress into 2023. This will give us the chance to understand our customer needs and behaviours and if successful we will look to test on other price comparison sites and with other products – watch this space!

Our People



Why our people matter to us strategically and how they influence the operation of the business

We believe that people who like what they do, do it better. We strive to do better every day because we like what we do, and we want to help more people to look after their future. This attitude enables our test-and-learn culture, supports operational excellence, fosters happier and more productive employees, and ultimately shapes better outcomes for our customers and other stakeholders.

What matters to our people, and encourages them to maintain a relationship with Admiral

Our people want a friendly, fun, and productive workplace where they are engaged, and where their views are valued and considered. Hybrid working and health and wellbeing continue to be key priorities for all businesses around the Group.

We consider the priorities of our people to be:

- Talent acquisition and development, with fair and equal opportunities available to all
- Reward and recognition, including long-term shareholder value (inc. the employee share scheme)
- Health and wellbeing, both physically and mentally
- The opportunity to build and maintain a work life balance whilst remining engaged and included by the business
- Flexible and remote working, and freedom to provide inputs into working hours and places of work

How we engage to confirm what matters to our people

Our people are encouraged to engage across multiple channels, virtually and face-to-face. We also engage via:

- 1:1s with managers
- Polls
- Blogs
- Chat Logs
- Colleague surveys
- Employee Consultation Group (ECG) meetings
- Feedback schemes such as 'Ask Milena' and 'Have your say'
- Participation in the Great Place to Work survey
- Exit interviews
- Grievances
- Whistleblowing channels
- Friendly Forums

+ See more on **page 81**

Board oversight, training, and escalation

The Board receives updates on Diversity and Inclusion, people, and culture which all reflect the permanent move to a hybrid working model. The Board also receives updates relating to ECG meetings in the UK and international businesses, Group health and safety and whistleblowing.

The Group CEO and CFO host our Staff General Meeting (SGM) (which allows for questions to be raised to them as representatives of the Board), and host numerous forums with our people. Our employee AGM took place in hybrid form during 2022, and feedback suggested that it was a useful format for management to share information with employees, in a fun and engaging way.

Additionally, our Non-Executive Directors attend ECG meetings on a rotational basis and report back to Board. In 2022, the Board Chair and other Non-Executive Directors made virtual and in-person visits to different business departments and overseas locations.

What value do we create for our people?

- We improved our reward package for employees and responded to the cost-of living crisis
  + Read more on **page 148**
- We launched new Admiral training programmes to ensure and encourage our people to engage with our purpose
  + Read more on **page 79**
- We upgraded our learning and development scheme, launched a new programme, Get Discovered, and made LinkedIn Learning available to all colleagues
  + Read more on **page 81, 165**

Creating Sustainable Value for our Stakeholders
continued

Further information on our Diversity and Inclusion activities can be found on **pages 80, 158**

Further information on our awards can be found on **page 41**

- We extended our health initiatives (men and women's health) and we upgraded our paternity and maternity policies
  + Read more on **page 81**
- We continued to encourage our teams to host team building events, supported by our Ministry of Fun
  + Read more on **page 10**
- We supported Purple Light Up – a global movement that celebrates and draws attention to the economic contribution of the 386 million disabled employees around the world
  + Read more below

Diversity and Inclusion

Admiral provides a working environment in which Diversity and Inclusion is embraced, and promotes a comprehensive Diversity and Inclusion approach across the Group.

Our Diversity and Inclusion strategy supports our ability to attract, engage, develop, and retain diverse talent. Employee led working groups include:

- **Gender Equality** – This group is tasked with raising awareness on issues surrounding gender; and to continue to support staff and promote an inclusive culture
- **Ethnicity and Culture** – This group supports us becoming a more ethnically diverse and inclusive company through awareness, discussion, and improving the work environment
- **Ty Rainbow LGBTQ+** – This team promote a safe and inclusive environment to support LGBTQ+ staff and customers, as well as providing a social support network
- **Age** – This group focus on understanding the needs of our employees including issues and needs of people at work in various age ranges from 16–30, 30–50 and 50+
- **Disability** – This team promote a safe and healthy environment for all our team members, raise awareness, and support inclusion within the community
- **Social Mobility** – This working group aims to ensure that regardless of background, everyone can fulfil their potential and is able to progress their careers

Working groups consist of volunteers across the business from a variety of roles and experience. There are around 60 members in total. Each working group meets every 4–8 weeks.

We check that our culture continues to reflect support for Diversity and Inclusion through several feedback mechanisms, including:

- Feedback from the Employee Consultation Group
- Great Place to Work survey results
- Pulse survey results
- Exit interviews
- An engaging and diverse events calendar

Examples of initiatives that reinforce our culture are:

- Participation and awareness of our '#IBelong' series
- Sponsoring Pride (Headline Sponsors for 22 years)
- Celebrating Black History Month
- Promoting 'Purple Light Up' and celebrating the economic contribution of disabled employees

In 2022, Admiral was placed 26 out of 850 workplaces in Europe as a Diversity Leader, by the Financial Times, as well as being named 3rd Best Workplace for Women in the UK by the Great Place to Work.

Purple Light Up

On December the 3rd, Admiral and businesses around the world celebrated the economic power of disabled people.

For the event, we wanted to open a conversation around disability inclusion in the office and share some of the things we do. Throughout December, we held multiple office and virtual events. Colleagues at Admiral both showcased their lived experiences and shared their perspective, guide dogs for the blind visited our offices, and guests such as Stuart Nixon MBE hosted webinars discussing overcoming adversity.

The events were organised by our Disability Forum which was created to improve awareness, discuss ideas, and implement adjustments to improve the workplace for those living with disabilities.

92%

answered positively to "I believe Admiral Group is a diverse and inclusive employer"

What are the risks and opportunities that could affect the relationship and, therefore, Admiral's success?

Hybrid working provides both risks and opportunities in respect of our people. Whilst we may now be able to reach different pools of talent for critical roles, we pay careful consideration that there could be a risk losing of talent, as geography becomes less of a constraint in a hybrid working world.

The protection of Admiral's unique culture is critical to ensuring that we continue to attract and retain talent.

How we monitor the impact of our actions and the strength of our relationship

As well as monitoring the impact of our actions and the strength of our relationships qualitatively through our engagement mechanisms, we also monitor the following key performance indicators:

- Accolades
- Employee feedback
- Pay gaps
- Health and safety incidents
- Culture Dashboard metrics, including:
  - Satisfaction scores from Great Place to Work survey
  - Diversity targets
  - Training & development (courses completed)
  - Attrition
  - Sickness
  - Recruitment (e.g., applications per vacancy)

More information about how we monitor and assess culture, and talent management can be found on **pages 140 to 143** (for culture) and **page 166** (for talent management)

Our sustainability ambition:
To be one of the best places to work in the world

Our ambition is to be one of the best places to work in the world

To achieve our ambition to be one of the best places to work in the world, we have set the commitment to be in the top 25 Great Places To Work (GPTW) rankings across all of the Group's respective businesses. In 2022, we achieved this target in almost all operations where we are ranked.

2022 Great Place To Work	Ranking
UK	4th
Admiral Canada	4th
ConTe	4th
Admiral Seguros	2nd
L'olivier	7th
Admiral Solutions[38]	35th
Europe	19th

80%
of employees agreed that they understand how their role brings to life Admiral Group's purpose in 2022[37]

Embedding Admiral's purpose

Two years ago, we took the opportunity to reflect on our 'why' – why do we exist as a business and what is our purpose as an organisation. Following hundreds of hours of listening to employees and conducting multiple employee workshops, we outlined a new Group purpose statement. In 2022, we have increased colleague's exposure to our purpose through training, and decision-making among stakeholder groups. Key successes include:

- Exposure to purpose for every employee via online and offline communications campaigns
- Annual Top 10 competition centred around showcasing our purpose in the everyday
- Development of a purpose-led communities and sustainability approach
- The launch of a UK course about our purpose
- Shareholder communications about purpose in our annual and half-year results

37 Staff pulse survey result.
38 Performance versus other entities is impacted by the much larger pool of companies included in India.

Creating Sustainable Value for our Stakeholders continued

A diverse and inclusive business

We firmly believe that to create a successful working environment, companies must embrace Diversity and Inclusion (D&I) across all levels of the business. In Admiral, a Diversity and Inclusion Forum, made up of over 200 employees, is in place to drive all our D&I initiatives. The forum consists of six working groups which consider and implement ways we can better support a diverse working environment. To drive the conversation at the highest level, Cristina Nestares, CEO of UK Insurance is the appointed D&I executive sponsor.

In 2022, colleagues have had access to monthly newsletters and all line managers underwent mandatory D&I training. Our international entities completed a maturity assessment which considered multiple elements of D&I. This helped identify our strengths but also areas for improvement. People Services (PS) managers and D&I sponsors met regularly to share progress, ideas, and express concerns. New local working groups were introduced in Spain, Italy, and the US, with a focus on making positive changes in their respective entities too. Through these initiatives we are seeing a transition in the business from a position of awareness, into wider engagement and consolidation.

Disabled employees

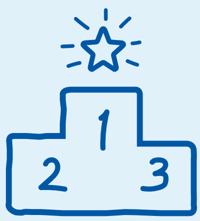
Admiral Group's UK businesses are Disability Confident Employers. This means they are recognised as going the extra mile to make sure disabled people get a fair chance, full and fair consideration to applications for employment made by those with disabilities, having regard to their particular aptitudes and abilities. Admiral has a Disability Forum to help promote inclusivity in the Group for those with a disability. There is also a Workplace Support Team to provide support for those with physical Diversity partnerships and signatory commitments disabilities, neurodiversity and short-term mental health problems. Training sessions to help better employees understand those with neurodiversity are also available. The Admiral Group will support any employee who is disabled or has a life-threatening illness and help them to contribute to the Group as long as their health allows. Managers in the Group are sensitive to health concerns and special needs and will not knowingly allow any employee with a disabling or life-threatening illness to suffer from discrimination at work. The Group also provides employees with access to the Employee Assistance Programme Care First confidential helpline which offers advice and support on a range of health issues.

£3,600

in Admiral shares received by around 10,000 employees each year

92%

answered positively to "I believe Admiral Group is a diverse and inclusive employer"



Health and wellness across our operations

At Admiral we have been committed since day one to providing a work environment where people feel comfortable to be themselves and receive the right level of support. The Board receives updates on health and safety throughout the year and the Employee Consultation Group (ECG) gives employees a platform to share their views. Within Admiral all People Services (PS) executives and the Wellbeing & Workplace support team are certified Mental Health First Aiders. We also offer access to mindfulness courses, healthy eating and living webinars, and guest speakers talking on a range of topics such as anxiety and emotional resilience.

In 2022, we launched a new mental health and wellbeing strategy to help educate and enable our colleagues. As part of our strategy, we ran events such as Women's and Men's Health months focused on driving awareness and understanding of various health issues. We also launched a Wellbeing Representatives Network which encourages face-to-face communication, and gives assistance to those who may be struggling.

People Learning and Development

The Learning & Development (L&D) department is Admiral's central training hub and offers support, learning opportunities and career advice to all employees. In 2022, the L&D department launched a new internal Leadership Planning and Skills Development hub. The hub provides guidance, support, and skills development opportunities for employees within Admiral. In it, colleagues can build their own personal learning plan which they can then tailor to their specific development needs. The hub links to a range of internal and external development courses and programmes with additional resources in the pipeline to be built. At current we have over 17,000 courses, as well as access to LinkedIn Learning for all colleagues. In 2022, we've also deepened our understanding of where talent pools may or may not exist across our global operations and strengthened processes to identify potential talent. To that end, internal communities have been created in targeted business areas to enhance our development networks and develop Admiral's employer value proposition.

Recruiting the right people

Our recruitment programs are designed to align with strategic business needs. In 2022, in line with Admiral 2.0 Group strategy, emphasis was placed on recruiting for Data and Analytics (D&A) roles. Strategies have been put in place to identify where we need to develop or recruit talent, these strategies take into account variables such as, attrition, time to hire, and the demand for skills. Community working groups were then established to design better ways to attract and retain D&A talent.

To keep candidates engaged throughout the recruitment process, changes were also made to our onboarding platform. The platform was updated with all the opportunities Admiral offers in terms of benefits, learning and development, health and wellbeing, and our culture. In addition, a hiring manager portal has been created which provides a centralised place for hiring managers to view their job vacancies, see applications, anonymised CVs, and provide feedback to candidates. These changes are expected to streamline the recruitment process, and in turn improve the overall recruitment journey.

Engaging and communicating with our employees

Our culture is built on an environment where employees feel that they are part of a wider collective, and that their contribution plays a vital role in our continued success. The Admiral Employee Consultation Group, or ECG for short, was implemented in 2019 and gives employees a voice at the highest level of the organisation. Each department in the business has an assigned ECG representative, voted for by the employees, to listen to employees' views and share with the Board and senior managers where they believe Admiral is doing well or needs to improve. In 2022, topics discussed included developments around Smart Working, health and wellbeing, and further conversations on the Group's remuneration practices. No topics are considered 'off-limits' and employees are encouraged to share their opinions to ensure transparent and fair conversations can occur.

Employee Reward

We recognise the previous few years have been challenging for employees mentally, physically, and financially. As recognition of the dedication our employees have showed and to address the challenges faced due to the cost-of-living crises, we committed to giving employees extra payments in the year. We also operate our employee share scheme which sees around 10,000 employees receiving an award worth up to £3,600 in Admiral shares each year.

A wide range of non-salary benefits covering all employees are also available. This includes support for medical appointments, buy-a-book schemes, company support for dependent care through cooperation with local childcare facilities, a cycle-to-work scheme, and a wide variety of leave opportunities such as: Maternity/Paternity leave, Dependent Care leave, Career break leave, Compassionate leave, and Charity leave.

Creating Sustainable Value for our Stakeholders continued

Our Business: Partners and Suppliers

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Why they matter to us strategically and how they influence the operation of the business

Our partners and suppliers are considered strategically important to us either because (i) the supplier is a material outsourcer (ii) the supplier or partner is integral to achieving future strategic goals, (iii) there are particularly preferential rates or terms in place, or (iv) another factor which makes the relationship hard to replicate or replace.

Our strategic partners and suppliers comprise a mix of financial partners, reinsurance partners, IT hosting, distribution and claims management and claims services partners. Therefore, it is crucial that the Group fosters these relationships effectively to mitigate the associated risks in the supply chain.

What matters to our partners and suppliers, and encourages them to maintain a relationship with Admiral

The matters of most importance to our partners and suppliers are:

- Strong ethical partnerships and fair treatment
- Receiving great service and engagement through our supplier sourcing, and supplier management
- Timely payment practices
- Governance of managing risk
- Business resilience

How we engage to confirm what matters to our partners and suppliers

To ensure strong third-party engagement, there are dedicated processes around the Group to govern end-to-end relationships. Key parties have internal relationship managers responsible for ongoing dialogue, for example with co- and reinsurance partners, and strategic partners.

To monitor and support the governance of procurement, a software application is used to provide tender management, contract management, supplier management and due diligence under a single platform. This information is reported to the Admiral Risk Management Committee monthly and helps inform our engagement with our suppliers.

The Group's dedicated Regulatory Relationship teams maintain channels of communication with the FCA and PRA in the UK, and all our international regulated intermediaries and insurers.

Board oversight, training, and escalation

The Board receives updates on:

- All proportional risk-sharing agreements, including co-insurance and reinsurance contracts
- Matters relating to partnerships and opportunities
- Relationships with key partners and procurement, including our payment policies and practices
- Regulatory, technological and consumer trends
- Modern slavery risks in the supply chain

The Board takes all updates into account when considering the long-term consequences of its strategies and business plan. The CFO provides updates on the activities related to the renewal of the Group's co-insurance, reinsurance and quota share contracts, including maintaining the ongoing strategic relationship with Munich Re.

What value is created by us for them?

As part of the tender process, each supplier completes an extensive due diligence questionnaire to ensure they comply with Group standards. Our procurement team also manages contract renewal, including an updated due diligence assessment and commercial negotiation.

The selection of suppliers must follow a documented evaluation process, considering at a minimum the tender submission, the business requirements, the due diligence carried out, commercial and contractual terms.

Read more on **pages 6, 32 and 36**

Managing relationships with our partners and suppliers in this way enables us to maintain business resilience and therefore reduce risk, ensures that there is a consistent process and that they are treated fairly and paid promptly.

- We launched Pet partnership with veterinarians across the country
  + Read more on **page 32**
- We partnered with an Insurtech to help customers mitigate leaks in UK Home
  + Read more on **page 3**
- Admiral Pioneer funded investment in Wagonex
  + Read more on **page 36**

What are the risks and opportunities that could affect the relationships and, therefore, Admiral's success?

Partner and supplier risk refers to the degree of risk to the business arising from the potential loss of the supplier or partner, the contract, the criticality of the service, the size of the supply market and the complexity to move or switch suppliers. At Admiral, each supplier is given a risk score based on these matters, which is regularly reported to the Risk Management Committee, as outlined above.

Some risks in respect of partners and suppliers arise from hosting critical services in the cloud. Whilst the migration to the cloud has many operational and commercial advantages, the reliance on cloud hosting providers such as Microsoft Azure and Google Cloud Platform means that outages affecting those providers could have a significant impact on core operations and present a business interruption risk. The one-to-many nature of cloud services means that Admiral is usually required to sign up to cloud suppliers' terms and conditions that limit liability for potential business losses arising from service outages. However, this is an industry-wide risk and one that is generally mitigated by: (i) carrying out appropriate due diligence on suppliers to ensure they have effective resiliency; (ii) not over relying on a single cloud hosting provider; and (iii) maintaining appropriate insurance cover to protect the group against business interruption caused by third party outages.

With the general exception of cloud suppliers, we also continue to ensure that all suppliers sign up to our terms and conditions that are reviewed and updated in line with regulatory standards. For cloud suppliers who require us to sign up to their terms and conditions, we require suppliers to include a set of contractual requirements called the "Cloud Minimum Standards".

There were opportunities to improve the way we manage our partner and supplier relationship risks in 2022. Some of the opportunities included reviewing our procurement framework applicable to the Group, building additional capabilities to monitor, rate and improve ESG performance of partners and suppliers, and enhanced supplier risk controls to meet the FCA's operational resilience requirements.

How we monitor the impact of our actions and the strength of our relationship

- Successful renewal of risk-sharing agreements and contracts
- Engagement with co-insurance and reinsurance partners
- Feedback from strategic suppliers and partners
- Compliance and audit activities
- Efficiency/savings and decreased risk in procurement activities
- Supplier performance against agreed service levels

Creating Sustainable Value for our Stakeholders
continued

Our sustainability ambition:
To build successful businesses with operational resilience

Sustainable procurement practices

Admiral has embedded sustainable business practices across all the procurement engagements that it conducts. During any tender process, potential suppliers are asked to complete a due diligence questionnaire which includes questions related to societal and environmental factors such as financial crime, data protection, modern slavery, and environmental accreditation. Suppliers are then assigned a risk score based on these criteria. Risk levels are managed throughout the supplier process and where suppliers have poor credentials, they are disqualified. That said, we recognise that more can be done in terms of promoting sustainable procurement practices. We are currently working towards improving technology and automation solutions to make the Group procurement function more efficient. This will ensure that we can continue to effectively assess our supply chain and appropriately consider any rising modern slavery and environmental risks in the future.

Partnership with Pure Storage

Admiral partnered with Pure Storage in 2019, to improve our on-premise data storage within our data centres.

In 2022 the project was completed. Pure storage helped us improve our performance across all our core databases, almost doubling the speed of our real-time analytics and emergency rate changes made at short notice in response to such things as inclement weather. Pure technology has also helped us to reduce the size of our data centre and its carbon footprint by a factor of four – keeping the business on track to reach our net zero target by 2040.

Chris Bevan, Head of Platform Services, had the following to say – "With Pure Storage, rate change calculations are 98% faster, giving customers the best prices and improving our chance of listing in the top 10 on aggregation sites".

We are committed to achieving our net zero target by

2040

Our Business: Shareholders

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Why they matter to us strategically and how they influence the operation of the business

Shareholder engagement fosters understanding of Admiral's strategy and investment case. It allows us to explain the business and strategic decisions and rationale whilst providing opportunities for shareholders to comment and challenge business priorities.

What matters to our shareholders and encourages them to maintain a relationship with Admiral

Our stakeholders deem that the key areas of importance related to our shareholders include:

- The financial performance of the business, including products and services that are fit for purpose and provide solid financial returns
- Business strategy and viability of long-term success
- Our approach to climate change and the environment
- We also recognise the growing importance of ESG factors in investment decision making

How we engage to confirm what matters to our shareholders

The Group engages regularly with shareholders through frequent and open dialogue. Our Investor Relations calendar consists of various activities including but not limited to:

- Results announcements and presentations
- Annual Report
- Roadshows (in person where possible, and remotely)
- Conferences
- Analyst and Investor phone calls/ presentations
- 1:1 and group meetings
- IFRS 17 analyst training session
- On-site investor visits
- Annual General Meeting
- Staff General Meetings
- Corporate Governance shareholder meetings (with Chair and Senior Independent Directors)

In 2022, we also further improved communication through enhanced disclosures and engaging with indices to improve index ratings.

Board oversight, training, and escalation

The Board receives regular updates on the activities of the Investor Relations team, as well as on meetings held between Board members and/or management and investors. The Board also receives investor feedback (post roadshows/results/conferences) and uses it to shape its approach to corporate governance, ensuring that any issues or concerns raised are considered and addressed. The Board also receives regular updates on the key elements of ESG.

What value is created by us for them?

- Clarity and insight into operations
- Sharing timely updates in line with best practice
- Transparency, so that analysts and shareholders have confidence in the value of the stock/can price fairly
- Assurance of management intentions/strategy
- Confidence that external views will be shared/ discussed with the management team
- In 2022, we held an IFRS 17 event to help investors better understand the impact of the changing accountancy rules
- Across the year, we engaged with third-party agencies to provide feedback on our sustainability reporting and made efforts to improve disclosure
  + Read more on **page 91**
- Our Chair and Senior Independent Directors held a series of corporate governance meetings with our largest shareholders
- In 2022, we ran through a succession plan, to secure our new Chair

Creating Sustainable Value for our Stakeholders
continued

What are the risks and opportunities that could affect the relationship and, therefore, Admiral's success?

Our principal risks and uncertainties section outlines the risks and opportunities that could impact our strategic objectives and affect shareholder's views of the business.

No new principal risks and uncertainties were identified throughout 2022, and the principal risks and uncertainties that could impact Admiral's relationship with shareholders have remained stable over the same period.

How we monitor the impact of our actions and the strength of our relationship

- Broker feedback
- Analyst feedback
- Shareholder feedback
- Investor Relations material
- Feedback from proxy advisory firms
- AGM voting results
- ESG indices
- Investor meetings
- Roadshow feedback
- Rating agency reports

Our website contains all Investor Relations material and AGM Voting Results.

To see how we link risks to our pillars of strategy, please turn to **page 114**

To see our principal risks and uncertainties, please turn to **page 114**

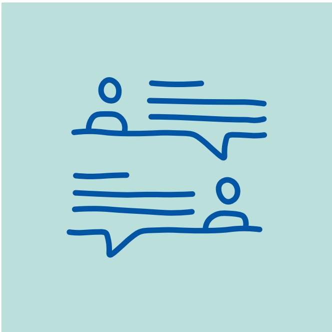
Our key financial and non-financial highlights are on **page 4**

Details of how we engage with ESG indices can be found on **page 73**

Our sustainability ambition:
We seek to build successful businesses with operational resilience

Regular shareholder engagement

Admiral's management team actively engages with the Group's shareholders to promote open and transparent dialogue. Issues discussed generally relate to the Group's financial performance, product and service updates, and the long-term strategy of the Group. These engagements provide current and potential investors with insights into Admiral's strategy and are a means by which we receive feedback.
The Investor Relations Team oversees engagement with the Group's shareholders and provides regular updates to the Group Board. The team also organises meetings between Board members and/or management and investors, including conferences, one to one management meetings, and annual Corporate Governance meetings with our Board Chair. In 2022, there continued to be a mix of meetings held in person and online with the Group able to continue its regular shareholder engagement.



Our Society: Communities

Why they matter to us strategically and how they influence the operation of the business

Giving back to our communities is an integral part of our company culture. Our people play a key role in how we engage with our communities, and we work collectively to drive long-term change both inside and outside of the Group.

As a large employer across several countries, we believe it is our responsibility to provide employment opportunities for those in the local areas whilst training and developing our people. We are committed to promoting and recognising diversity both within Admiral, and in the communities in which we operate.

What matters to them and encourages them to maintain a relationship with Admiral

The material issues for our communities generally relate to support and ongoing dialogue, financial and resource-based contributions, and consistency and integrity relating to our promises.

We recognize the following focus areas as being the most important to our communities:

- Employability
- Social mobility
- Educational opportunities
- Financial inclusion
- Sports, arts, and culture

How we engage to confirm what matters to our communities

Our employees drive our community engagement as they are involved in nominating and choosing which initiatives we support. A culture of giving and a sense of responsibility for the community is shared across the whole Group.

We engage in several ways, including:

- Colleague volunteering, particularly our 'Impact Hours' scheme
- Charity initiatives
- Partnerships with recruitment bodies
- Partnerships with educational bodies
- Sponsorship of various community events
- Fundraising
- Funding projects through our Community Fund
- Funding projects through our Ministry of Giving programme

Board oversight, training, and escalation

The Board receives updates on the key community initiatives across the Group and provides direction on how we can continue to make a long-lasting, positive impact. In 2022, the Board also approved our new Community Outreach programme. Please turn to page 89 to read more.

What value is created by us for them?

- We launched the Global Emergency fund
  + Read more on **page 90**
- We encouraged all of our employees to 'Give a Day'* with our long standing volunteering scheme
  + Read more on **page 89**
- We sponsored FinTech Wales Foundry Accelerator programme
  + Read more on **page 15**
- We supported over 200 organisations and donated over £140k in 2022, via our Community Fund
  + Read more on **page 88**
- We developed and streamlined our existing Community Outreach programme
  + Read more on **page 150**

* Rebranded to 'Impact Hours' in 2022

Creating Sustainable Value for our Stakeholders continued

Local support

We recognise that there are organisations that do great work and are very closely aligned to many of our Group sustainability goals. Examples of organisations that we support locally include bodies that champion social mobility and employability, support educational opportunities, promote health and wellbeing, provide help for the homeless and support sport, and promote art and culture within various communities. Therefore, during 2022, we made 'super donations' to support local organisations that work in these areas.

Partnership with Jesus College

In 2022, we entered the second year of our three-year partnership with the University of Oxford's Jesus College on their Welsh access initiative. Our support enables our Access and Outreach team to develop new access activities, enhance existing programmes and reach more academically gifted young people in the country, who are currently under-represented at Oxford and other leading universities in the UK. This work will include outreach partnerships with several Welsh primary and secondary schools, careers and interviews advice workshops for secondary students and bring additional support to the College's prestigious Seren Summer School programme and the University of Oxford's "Oxford Cymru" consortium.

What are the risks and opportunities that could affect the relationship and, therefore, Admiral's success?

Admiral is known for being a generous partner of community charity initiatives and engaging with our communities provides us opportunities to give back and actively contribute to society. Over the last 12 months, the Community Strategy has been revised, and focus areas include impact hours, which contribute to teambuilding and colleagues building networks in and outside of the business. The Community Strategy has evolved into having a purpose/ goal that aims to help as many people into jobs as possible. The more focused approach potentially means that the scope of the community projects is narrower. Relationship management with existing charity partners will need to be managed to reflect our generous/ positive contributions, communicate our streamlined approach and protect our reputation. You can read more about this on the next page.

How we monitor the impact of our actions and the strength of our relationship

- Feedback from charities, recruitment, and educational bodies
- Feedback from employees
- Community feedback
- Dialogue with organisations
- Feedback from the Welsh Government
- Media Coverage
- Social Media

Over £140k

in 2022, via our Community Fund

Our sustainability ambition:
We strive to have a positive impact on society

Our Community Strategy

Admiral has always cared about our impact on the community, and has been involved in many initiatives to invest in our communities in areas where we think we can make a difference, but that also are meaningful to our colleagues. In 2021, we built on this approach to re-define and add more focus to our Community Strategy, launching our 'Together for Better' approach – our commitment to transforming futures in our local community. Grounded by our Group Purpose, Together for Better is underpinned by three strategic pillars:

- Community
- Colleagues
- Careers

This approach will focus primarily on the employment market and getting more people into work.
To support our strategy, we are working with local and global partners to reduce labour skills gaps and help disadvantaged groups into more sustainable employment. One of our most significant partnerships is with Generation, a non-profit organisation striving to transform the education system into an employment system. Initially, we will pilot programmes in India and Italy. Generation Italy will support 80–100 participants in tech programmes and Generation India will support 550–600 participants in programmes across the technology, service & sales, and healthcare sectors.

Our longstanding Community and Match Fund have also been incorporated into our wider Community Strategy. For context, through the Community Fund scheme colleagues can apply for a grant to help organisations, community groups and clubs that either they or their direct family are involved in. In 2022, we supported over 200 organisations, spending £142K, with the majority of the spend going towards sports and arts clubs. Additionally, if a colleague has raised money for a charity or organisation, they can apply for match funding where the business matches what they raise. We provided a total of £59K to over 70 charities and organisations in 2022.

Impact Hours

Alongside our work to support people into sustainable work, we have long-standing initiatives in place such as Impact Hours (previously Give-A-Day) where our employees can take the equivalent of two working days away to volunteer in their local communities.
In 2022, to maximise the effect and use of our Impact Hours, we have encouraged and helped business areas to plan bespoke volunteering initiatives. We have also improved the tracking of volunteer hours and ensured each of our selected charitable partners can provide volunteer opportunities. Since the re-launch of our volunteer programme, we have noticed a significant increase in teams using their team-building time to volunteer and make positive change in their communities.

"I participated in an 'Impact Hours' litter pick in Bute Park with my whole team. We had valuable team bonding in a largely virtual team. Doing charity work never felt so 'Admiral' singing Tom Jones and reminiscing over past lives in the contact centre, all while performing an invaluable service to the community in Cardiff."

Cellan Lloyd
Group Compliance

Creating Sustainable Value for our Stakeholders continued

Global Emergency Fund

Admiral's Global Emergency Fund was set up in 2022 and is dedicated to making fast donations to people and organisations who need it most around the world. Organisations supported in 2022 include the Welsh Refugee Council, where our donation has supported their employability programme and helped a total of 150 refugees secure employment in Wales. We have also donated to the British Red Cross to aid their Pakistan Flood appeal, helping over 3,500 people by providing warm clothing during the winter months. In response to the Hurricane Fiona in Canada, $150,000 was donated to charities helping those affected. Much of this was led by our employees who worked tirelessly to support communities across Halifax and other badly affected areas, such as Nova Scotia.

A few of our Together for Better partnerships

CODE FIRST GIRLS

Edgemony

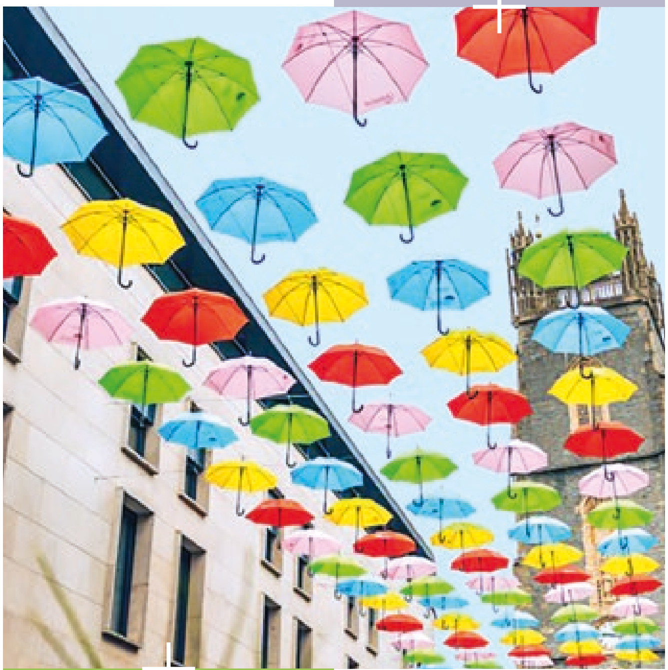
Norte Joven PUENTE AL FUTURO

seed Leading Social Interventions

Generation

Over £140K

donated via our Community Fund



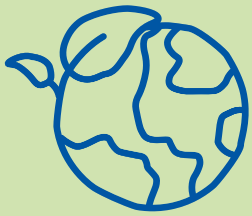
Over £50K

donated to over 70 charities and organisations through our Match Fund

Over 200

charities supported through our Community Fund

Our Society: Environment



Why it matters to us strategically and how it influences the operation of the business

At Admiral, we care deeply about our employees, our customers, and the impact we make on the world.

Admiral is mindful that it is increasingly important to demonstrate responsible business behaviour with regards to the environment, not just because all our stakeholders demand it, but because it is the right thing to do:

- Our people want to know that they work for a company which is playing its part in tackling the climate emergency
- Our customers want to know that we are not only looking after their property and possessions, but that we're looking after their future
- Our shareholders and regulators want to know that we are a company which is robust to the challenges and open to the opportunities that tackling the climate emergency will present
- We strive to reduce our environmental impact, including our carbon footprint, and encourage responsible behaviour in our people, customers, and other stakeholders

How we engage to increase awareness and to confirm what matters

Colleague-directed activities include:

- Regular updates from the Green Team, an internal working group set up to look at green initiatives to minimise the impact of climate change
- Internal promotion of Green Week and Earth Day
- Engagement with colleagues at employee forums and via CEO updates
- Various recycling initiatives across our offices
- Quarterly meetings of our Climate Steering Group
- Presentations from Group Strategic Risk at CMAD (Senior Managers Strategy Sessions)

Board oversight, training, and escalation

The Board regularly receives updates on climate and ESG-related topics, as well as our Responsible Investment Policy, and provides feedback and topics for consideration. During the year, a briefing session was also held on the Task Force on Climate-Related Financial Disclosures (TCFD) for the Audit Committee and the Group Risk Committee to provide clarity on the requirements and their respective responsibilities.

Further details on this can be found on **page 97**

What value is created by us for the environment?

- We enhanced our Climate positive employee engagement programme
  + Read more on **page 99**
- We invested in reforestation investments (Stump Up For Trees and Size of Wales)
  + Read more on **page 94**
- In 2022, we made progress towards our net zero targets
  + Read more on **page 93**
- During the year, we installed electric vehicle charging points in our offices
  + Read more on **page 94**
- We became fully carbon neutral for the third year running
  + Read more on **page 95**

Creating Sustainable Value for our Stakeholders continued

We recognise that environmental disclosures are increasingly requested by investors, shareholders, customers, and other stakeholders. For 2022, Admiral made disclosures consistent with the Taskforce on Climate related Disclosures (TCFDs) and against the Streamlined Energy and Carbon Reporting Framework. (SECR).

Please turn to **page 97** to read more about TCFD, and **page 95** for SECR

What are the risks and opportunities that could affect Admiral's impact on the environment and, therefore, Admiral's success?

The current focus is on climate change, both the impact of a changing climate on us, as well as our impact on climate change.

The former is viewed through the lens of transition risks (risks arising from a transition to a low carbon economy), physical risks (risks arising from a changing climate), and liability risks (risks arising from people or businesses seeking compensation for losses they may have suffered from climate change), in the short, medium, and long-term.

More information is included in the 'strategy' section of the TCFD disclosure on **pages 97 to 111**

While the current focus is on carbon footprint, and plans for footprint reduction, in the future, there is likely to be an increasing focus on biodiversity and other aspects of environmental degradation/ regeneration.

How we monitor the impact of our actions

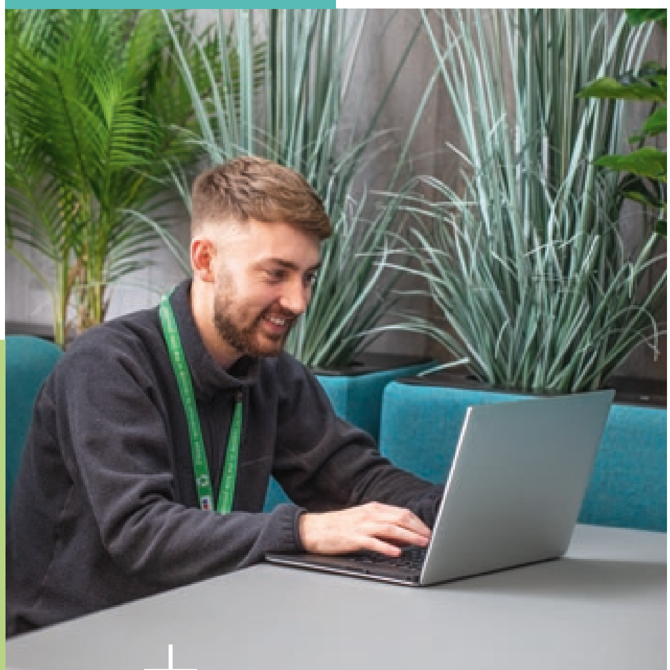
To monitor the impact of our actions we report energy and carbon emissions in line with SECR to make carbon reporting more transparent and to aid the goal of achieving a carbon net zero target.

We also align our reporting with the TCFD's published recommendations concerning governance, risk management, strategy, metrics, and targets.

Read more on **page 97**

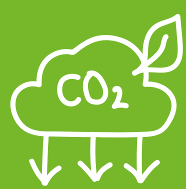
We are committed to achieving net zero in directly controlled operational emissions by

2030



We are committed to achieving net zero greenhouse gas emissions by

2040



Our sustainability ambition:
We strive to have a positive impact on society

Committed to Net Zero by 2040

Admiral Group has formally committed to achieving net zero greenhouse gas emissions by 2040 at the latest, across all three scopes of emissions, and to cut these emissions in half by 2030. A commitment was also made to achieving net zero in operational emissions by 2030. Alongside this, we are working hard to help our customers make greener and smarter choices by becoming a market leading underwriter of electric vehicles and making sure customers can access product features which reduce or offset their carbon emissions.

See **page 101** for further detail on net zero definition

Progress against our net zero commitments

Our primary efforts in 2022 were dedicated towards verifying the group's scope 1–3 carbon emissions. To date, the measurement and verification of scope 1 and 2 emissions has been completed, and the focus is now on estimating accurate scope 3 emissions (investments and supply chain), using finance data. In parallel to verifying scope 1–3 emissions, we have started work to establish Science-Based Target (SBT)-aligned pathways; with the plan to submit these to the SBTi for approval in 2023. To support us on this, a three-year programme of work has been agreed and initiated with Carbon Intelligence. Once SBTs have been set and approved, a credible transition plan can be devised and implemented. This plan will ensure that Admiral meets its intermediate 2030 targets as well as its long-term ambition to be a net-zero business by 2040.

Employee engagement on climate change

An employee engagement programme – Climate Positive – was launched in 2022. The programme aims to raise awareness of climate change, as well as the Group's response, to promote action, and to encourage ongoing employee involvement. Climate-related content was published in local languages across a variety of channels and formats, and a training course was released that contributes towards continuous professional development. Employees were also encouraged to volunteer to become Climate Positive allies, tasked with raising awareness of climate change with peers and sharing key messages.

Sustainable equipment use

Following the transition to hybrid working and the need for all employees to use laptops away from the office, much of the equipment employees used before the pandemic was no longer needed.

A decommission project was launched across our seven sites in South Wales to remove all unnecessary assets from our offices. Over the course of this project, 16,853 pieces of equipment consisting of desktops, laptops, and monitors were re-sold and recycled, saving approximately 83,729 tonnes worth of equipment from going to landfill. By working with environmentally conscious suppliers, we avoided 5,026 tonnes of CO_2 and 1,621 tonnes of fossil fuel emissions going into the atmosphere, as well as 10,103 litres of H_2O being used.

16,853

pieces of equipment re-sold or recycled

Creating Sustainable Value for our Stakeholders continued

Read more about the positive impact our products have on society in the 2022 Sustainability Report

Responsible Products

Over the past few years, we have developed, redesigned, and expanded our product proposition to make sure we adapt to changes in our society and the environment.

The number of electric vehicles (EV) on cover continued to grow strongly in 2022, and is up by over 60% year on year. Times Top for EVs, (a measure of how competitive our pricing is) is positive, and loss ratios for electric vehicles are in line with levels exhibited by petrol and diesel vehicles. In addition, Kooalys, a small new venture we launched in France, supports enterprises in their eco-transition towards green vehicle fleets. Through Kooalys, we are gaining a better understanding into changes in mobility and the transition towards commercial electric vehicle usage. Combined, our approach means we stay close to developing trends and continue to test-and-learn new opportunities.

Responsible Investments

Admiral's investment strategy targets Net Zero[39] by 2040 with the aim of achieving real economic carbon emission reductions.

We have a responsible investment policy which includes a commitment not to invest in coal and oil sands – in line with the 2015 United Nations Paris Agreement. To reach our Net Zero targets we will focus our investments into firms with Science-Based Targets (SBT) and into financial instruments which focus on providing climate solutions, such as green bonds. We use external data from a third-party (MSCI ESG Research) to support our approach. This data is integrated into the Group's wider investment decision-making process and ensures an appropriate level of ESG management is in place. Minimum average ESG scoring requirements are also used and we actively engage with asset managers where any risks are identified.

Support for green initiatives

In 2022, we supported climate action initiatives by purchasing carbon offsets and donating to reforestation projects in both Wales and abroad. During the year, we offset 3,454 tonnes of carbon emissions via our partnership with United Purpose, purchasing credits through their gold standard carbon scheme.

We donated to Stump Up For Trees (SUFT), a community-based charity focused on broadleaf woodland creation and enhancing the natural biodiversity and ecology of the environment in the Brecon Beacons area of south-east Wales. Our donation will see 1,125 trees planted over the next 12 years, with the trees estimated to continue to remove carbon from the environment for up to 100 years. As well as SUFT, we also support the charity Size of Wales. Our funding helps to protect against deforestation through planting and monitoring 37,000 trees via the Bore Forest Project in Kenya. Our support also contributes to the local community.

A

Admiral's investment portfolio weighted average ESG score has an MSCI A rating

37,000

trees planted via the Bore Forest Project in Kenya

39 Defined by average carbon intensity across eligible investments. Where eligible includes all assets outlined in the Net Zero Investment Framework which is endorsed by the UN's Race to Zero

Streamlined Energy and Carbon Reporting (SECR)

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). During the reporting period January 2022 to December 2022, our measured Scope 1 and 2 emissions (location-based) totalled 3,429 tCO_2e. This comprised:

	FY2021			**FY2022**		
	UK	Rest of World	Total	**UK**	**Rest of World**	**Total**
Scope 1	1,839	196	2,035	**598**	**27**	**625**
Scope 2 – location-based	1,768	1,272	3,039	**1,549**	**1,254**	**2,803**
Scope 2 – market-based	25	1,332	1,357	**41**	**1,320**	**1,361**
Total Scope 1 & 2 (Location-Based)	3,607	1,467	5,074	**2,147**	**1,281**	**3,429**
Total Scope 1 & 2 (market-based)	1,865	1,527	3,392	**639**	**1,347**	**1,986**
Scope 1 & 2 intensity per FTE (location-based)	0.5	0.4	0.5	**0.3**	**0.4**	**0.3**
Scope 3	437	619	1,057	**315**	**675**	**990**

In accordance with SECR calculations, the tCO_2e 2021 data shown for Scope 1, 2 and 3 is estimated and unverified. In addition, the 2021 has been restated following a review by Carbon Intelligence due to an update in the reporting methodology. For verified tCO_2e data, please refer to TCFD table on page 108.

Overall, our Scope 1 and 2 emissions have decreased by 32% against last year. This was largely due to improved control in our Building Management Systems in our largest locations and closure of some sites. We purchase 63% of our electricity from renewable sources, meaning our Scope 1 and 2 market based emissions were 1,986 tCO_2e, a decrease of 41% from last year.

The impact of COVID has resulted in working from home becoming "business as usual", with the offices being kept within statutory and regulatory compliance requirements, has naturally resulted in a reduction of utility usage and driven a floor space reduction which has increased the energy/utility savings. The building management within the UK sites Newport, Cardiff and Swansea is controlled by Building Management Systems (BMS). These UK sites are being actively monitored for performance optimisation and time schedule efficiency. The requirement to introduce greater amounts of fresh air into the buildings, which is achieved via the BMS system, has resulted in a marginal increase in utility consumption.

Scope 1 and 2 emissions (location-based) totalled

3,429 tCO_2e

Our Scope 1 and 2 emissions have decreased by

32%

Streamlined Energy and Carbon Reporting (SECR) continued

During this period, we have taken the opportunity to engage with specialist consultants to review the building operation and explore decarbonisation measures such as the removal of natural gas in Cardiff and the sourcing of alternative solutions. Equipment/plant modernisation is also being planned for the next financial period/year which includes the upgrade of the BMS system in Cardiff and replacement or upgrading of air-condition plant for more efficient solutions.

We continue to engage our staff in energy efficiency campaigns and to explore the use of emerging technology, such as the district heating mains being introduced in Cardiff. We have also engaged with consultants to review our options with regards to emerging technologies and fossil fuel alternatives in all our sites.

Our Scope 3 emissions are comprised of business travel, Fuel and Energy-Related Activities not included in Scope 1 or Scope 2 (FERA), waste and water. Our measured Scope 3 emissions totalled 990 tCO_2e, a decrease of 6% from last year due to fewer estimations and closure of some sites.

During the year, our total fuel and electricity consumption totalled 15,216,000 kWh, of which 71% was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the operational control approach, which includes all our operations and sites. The GHG sources that constituted our operational boundary for the year are:

Scope 1:
- Natural gas combustion
- Diesel Vehicle combustion

Scope 2:
- Purchased electricity – standard
- Purchased electricity – renewable

Scope 3:
- FERA
- Waste
- Water
- Business Travel

Where data is missing, values have been estimated using extrapolation of available data or data from the previous year as a proxy. However, in comparison to previous years, more raw data was available and therefore, estimations make up less than 3% of Admiral Group's total emissions. The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

	FY2021			**FY2022**		
Energy consumption (kWh)	UK	Rest of World	Total	**UK**	**Rest of World**	**Total**
Electricity	8,325,000	4,606,000	12,931,000	**7,297,000**	**4,982,000**	**12,279,000**
Fuels*1	5,033,000	530,000	5,562,000	**2,904,000**	**32,000**	**2,937,000**

*1 Natural gas and transportation fuels (petrol and diesel)

Task Force on Climate-related Financial Disclosures (TCFD)

In 2019, Admiral began to report in line with the Task Force on Climate-related Financial Disclosures (TCFD), in order to provide better transparency around the ways in which climate change will impact the Group now and in the future.

Since then, the Group has increased its disclosure to further align reporting with the TCFD's published recommendations, considering all-sector and sector-specific guidance, as well as emerging best practice.

Recognising Admiral's part in tackling climate change, in 2021 the Group made a commitment to reach net zero across all emissions by 2040, and net zero in operational emissions by 2030. Since then, as discussed in the "metrics and targets" pillar, the Group has made progress in reducing its emissions. In 2023 Admiral intends to submit Science-Based Targets for validation, with the intention of securing verified targets by the end of 2023, supporting its overarching commitments.

Admiral Group has also continued to address the challenges of climate change in a number of other ways, including completing Carbon Disclosure Project (CDP) disclosure, producing a Sustainable Accounting Standards Board report, and continuing its membership of the Institutional Investors Group on Climate Change.

On the following pages Admiral has made disclosures consistent with 9 out of 11 of the TCFD's recommendations and recommended disclosures. At present, Admiral has not made disclosures consistent with all the TCFD's recommendations and recommended disclosures within Strategy (b) as, given the large uncertainty around the likelihood and severity of climate-related issues, they do not serve as an explicit input into the financial planning process, and therefore the impact on financial performance and financial position has not been explicitly assessed. Work will be undertaken during 2023 to consider how Admiral Group can better recognise the potential impacts in its financial planning and accounting activities, to ensure consistency with all recommended disclosures in future climate reporting. Admiral has also not set or disclosed clear targets consistent with the cross-industry, climate-related metrics as required by the recommended disclosures within Metrics and Targets (c). During 2023, Admiral intends to submit Science-Based Targets for validation, which will include further consideration of cross-industry, climate-related targets as per Metrics and Targets (c), to ensure consistency with all recommended disclosures in future climate reporting. Further discussion and information are included in the relevant sections of the report, and are signposted as such.

Compliance with LR 9.8.6R

Admiral Group plc has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. Disclosures can be found on the following pages:

Pillar	Disclosure	Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	Read more on **page 98-99**
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Read more on **pages 100–106**
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks b. Describe the organization's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Read more on **pages 106–107**
Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Read more on **pages 108–111**

Further relevant disclosures are signposted within the TCFD disclosure.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Governance

Board and Board committees

The Admiral Group Board, which is responsible for promoting the long-term, sustainable success of the Group, has ultimate oversight of climate change-related risks and opportunities. It is responsible for understanding the Group's relationship to climate change – its impact on the environment, as well as the impact of a changing climate on the Group – and considering this in the context of the Group's strategy and risk management (including policies), in setting the businesses' performance objectives, and monitoring performance. Climate change risks and disclosures are reviewed and discussed at Group Board and at several Group Board committees, as recurring agenda items, including the Group Risk Committee (GRC) and Investment Committee. The Admiral Group Board approves the Group ORSA Report, which includes the consideration of climate-related risks and opportunities alongside examination of the Group's strategy and business plans, as well as the forward-looking risk and capital assessment of the plan and associated stresses. The Group Board will consider climate-related issues in relation to major capital expenditures, acquisitions, divestitures, and major plans of action (where these occur) by reference to the Group's strategic ambition, which is aligned with the risks and opportunities arising from a changing climate.

Whilst the Group Board maintains ultimate accountability, the GRC has primary oversight responsibility for climate change risk, as it has delegated authority from the Group Board for overseeing risk management activities. It advises the Group Board on Admiral's principal risks and uncertainties (PR&Us), as well as on emerging risks, and reviews the Group's management of these risks. Climate change risks are embedded within the BAU risk management approach, which is discussed within the Group Risk Committee section of the Corporate Governance disclosure (see page 178), and any developments of note are reported within the Consolidated Risk Report (CRR). In addition, dedicated agenda items at GRC allow a full update of climate-related activities to be considered, including progress towards goals and targets (e.g., by comparing reductions in operational GHG emissions versus stated targets). Climate change considerations are also reported within the annual ORSA Report, which is reviewed by the GRC prior to Board approval.

During 2022 the Board and GRC each received one formal update on climate-related work ongoing around the Group, including progress towards goals and targets, initiatives aligned to three focus areas (operations and supply chain, investments, and products and services), an update on regulatory developments, as well as information regarding Climate Positive, discussed in the focus box on page 99. The Investment Committee had four updates. The EUI and AECS Boards also received updates during the year. In addition, Boards and committees received multiple additional updates as part of other presentations (e.g., the Group ORSA Report, which presented the output of the risk assessment and scenario analysis) or discussions on ESG and sustainability topics. In future, entity Boards and executive management teams will take more direct responsibility for managing climate-related risks and exploiting any opportunities.

Management and management committees

Various senior management from across the Group have different responsibilities relating to climate change-related issues, and sit on appropriate fora, such as the Sustainability Working Group (SWG) and the Climate Steering Group. The reporting which occurs at each forum allows management to be informed about and to monitor climate-related issues.

The Group CEO is the appointed sustainability representative for the Group Board, which includes climate change risk within its remit. The SWG reports directly to the Group CEO.

The Group CRO has designated SMCR responsibilities in relation to climate change and is a member of the Climate Steering Group.

The Group CFO is responsible for investments, which includes responsible investment and climate change considerations. The CFO is a member of the Climate Steering Group.

The Group CEO, Group CRO, and Group CFO, along with the EUI CEO, comprise an executive committee which is appraised of, and provides guidance on, climate-related initiatives across the three focus areas of operations and supply chain, investments, and products and services, as required.

The SWG was established in 2020, reporting directly to the Group CEO, and provides updates to the Group Board. It provides oversight and challenge to the Climate Steering Group, which was established in 2021 to provide guidance on the overall programme of climate-related work, and to ensure a joined-up approach across all Group functions and Group entities.

Keith Davies, Group CRO and SMF accountable for climate change, and Geraint Jones, Group CFO, sit on the Climate Steering Group, which is also attended by representatives from businesses around the Group, and by representatives from Risk, Facilities, Investments, Procurement, and Investor Relations. It meets quarterly and is chaired by the Group Strategic Risk Lead, a member of the Group Risk team.

On a day-to-day basis the Group Risk team is responsible for the assessment of climate-related risks and opportunities. The output of this work is included in the CRR, where applicable, the ORSA Report, and other regular and ad hoc reports and papers that are shared with the appropriate committees. Group Risk is responsible for drafting and presenting climate-related updates to the Boards and committees shown in page 178, and it also coordinates climate-related work across the Group, encompassing representatives from the three focus areas. It informs management of climate-related issues via the working groups and management meetings also shown in page 178.

Climate Positive

A Group-wide staff engagement programme – Climate Positive – was launched in April 2022. The initial programme lasted six months and aimed to raise awareness of climate change, the Group's response to the challenge, to promote action, and to encourage ongoing staff involvement. Content was published in local languages across a variety of channels and formats, and a training course titled "What is the Climate Emergency?" was released that contributes towards continuous professional development. Staff have also been encouraged to volunteer to become Climate Positive allies, tasked with raising awareness of climate change with peers and sharing key messages. In future, Climate Positive will continue to share news with staff, as well as provide a way for staff to help Admiral shape its response to the challenges posed by climate change.

Read more about our Sustainability Working Group on **page 72**

Read more about our Climate Steering Group on **page 72**

Read more about Board leadership and company purpose on **page 137**

Read more about the Group Risk Committee on **page 178**

Climate-related governance

Working groups	Management meetings	Board Committees	Boards
Sustainability Working Group	Investment Committee	Group Risk Committee	Admiral Group Board
Climate Steering Group	Executive Committee	Group Audit Committee	Entity Board(s)

Task Force on Climate-related Financial Disclosures (TCFD) continued

Strategy

In 2020 Admiral articulated its purpose as being to "help more people look after their future. Always striving for better, together." As a result, consideration of the company's impact on the environment and on people's futures is integral to Admiral's purpose and, therefore, Admiral has set ambitious net zero targets.

Read more about our purpose-led approach on **pages 2 to 5**

When considering the impacts from climate change, Admiral recognises that there are two components (double materiality): its impact on the environment, most clearly quantified via greenhouse gas emissions, but also via waste production and water usage; and the impact of a changing climate on the Group, on its revenues, costs, and via other non-financial risks, quantified via scenario analysis. Admiral's approach to reducing its impact on the environment is most clearly seen through its net zero commitments, while the impact of a changing climate on the Group is captured via risk assessment and scenario analysis, which are taken into account when considering the business diversification and motor evolution pillars of the Group strategy.

Climate risk is typically disaggregated into transition, physical and liability risks. Transition risks arise from a move towards a low carbon economy, while physical risks arise from climatic changes. They are inversely correlated: physical risks can be mitigated by an aggressive shift to a low carbon economy, increasing transition risk; aiming for a low level of transition risk will increase physical risk. Liability risks come from people or businesses seeking compensation for losses they may have suffered from the physical or transition risks outlined above.

While there is the possibility that climate change will introduce new types of risk to the Group, not currently captured within the risk universe, the working hypothesis is that it will primarily impact the Group's existing PR&Us. The process undertaken to determine which risks and opportunities could have a material financial impact on the Group is described in the "risk management" pillar.

Admiral has defined the following time horizons for climate-related risks and opportunities: short- (0–5 years); medium- (5–10 years); and long-term (10+ years). This is shown graphically in Figure 1. The short-term time horizon coincides with the business planning horizon, and the medium- and long-term time horizons coincide with the expected useful life of buildings infrastructure (depending on the nature of the infrastructure). While both transition risks and physical risks are beginning to crystalise, the worst

Figure 1 Time horizons for climate-related risks and opportunities

Short-term: 0–5 years

Detailed five year financial projections are produced as part of the business planning process, using robust assumptions based on current Group structure and business mix.

Medium-term: 5–10 years

Strategic investments are being made now in order that they provide a material contribution to Group results in the medium-term. Results are inherently subject to more uncetainty, as customer demands, consumer behaviour, and the external operating environment are all subject to change, not least from the impact from climate change.

Long-term: 10+ years

Beyond ten years it is possible that the Group will look considerably different to the way in which it does today, and will potentially be operating within a much-changed environment. There is significant uncertainty over long-term projections.

effects from changing weather and climatic patterns may materialise in the medium- and long-term if a smooth transition to a low carbon economy is not achieved. Liability risks are highly uncertain, in scope and in outcome – the first cases are currently being brought against oil, gas and energy companies – therefore timing is less certain.

Climate-related efforts are aligned to three focus areas – operations and supply chain, investments, and products and services – each of which are potentially exposed to the three components of climate change risk. This is because climate-related risks may impact all of Admiral's business lines, operations, and investments, and may also impact reinsurance arrangements. While there are risks from delayed action, there are also opportunities from seriously considering the challenges, including the potential to accelerate the Group's transformation, to build resilience, to drive innovation in core insurance products, and to gain competitive advantage in new and existing markets. Being a "green" company could help attract and retain talent.

To date, climate considerations have not impacted the Group's approach to acquisitions and divestments (other than that any potential M&A activity should align with the Group's overall strategy, which considers the impact from climate change) and have had no impact on access to capital. Climate-related issues have not impacted Admiral's investment in R&D.

Three key climate-related risk drivers which may affect Admiral are shown in Figure 2. They are a transition from petrol and diesel vehicles to electric vehicles, a secular reduction in private vehicle use, and an increased incidence and severity of weather events. The impact by timeframe, assuming current action/mitigation, of each key risk driver is shown against the PR&Us expected to be primarily affected, where:

- A moderate/minor impact relates to a non-significant impact on revenue or profit
- A significant impact relates to a potential impact on revenue or profit which far exceeds normal month-to-month variance
- A major impact relates to a potential impact on revenue or profit in excess of typical annual variance
- A critical/catastrophic impact relates to a potential impact on revenue or profit generally seen no more than once in every twenty years, or which could ultimately jeopardise business survivability

The potential impact is assessed qualitatively using SME input and is cross-checked versus the scenario outputs. At present, given the large uncertainty around the likelihood and severity of climate-related issues, they do not serve as a formal input into the financial planning process, and the impact on financial performance and financial position is not formally assessed. Work will be undertaken during 2023 to consider how Admiral Group can better recognise the potential impacts in its financial planning and accounting activities.

Admiral is a global financial services company, operating in the UK, Italy, Spain, France, Gibraltar and the US, and has offices in Canada and India, which primarily offers personal insurance lines and personal loans. The most material businesses, currently, are the UK insurance businesses. In future, however, it is expected that the bottom-line contribution from non-UK and non-insurance lines of business will become more material. The current priority is to focus on the potential impact of climate change on the UK insurance lines of business in the short-term, due to materiality, as can be seen in the approach to scenario analysis. As Admiral develops its knowledge and understanding, and builds capabilities and expertise, more focus will be given to the potential impacts on non-UK and non-insurance lines of business in the medium- and long-term, including the quantification of applicable risks.

The current energy crisis has confirmed the appropriateness of Admiral's net zero strategy, in particular the need to reduce its operational energy use as far as possible and as quickly as practicable, and to diversify from fossil fuel sources before permanent removal is considered for any residual emissions. Admiral remains committed to using 100% renewable electricity wherever it is available.

Read more about our strategy on **pages 28 to 37**

Net zero

Admiral follows the Oxford Principles for Net Zero Aligned Carbon Offsetting (the "Oxford Principles") definition of net zero, whereby net zero means substantially reducing emissions and balancing any residual emissions with removals on an ongoing basis. The four principles are:

1. Cut emissions, use high quality offsets, and regularly revise offsetting strategy as best practice evolves
2. Shift to carbon removal offsetting
3. Shift to long-lived storage
4. Support the development of net zero aligned offsetting

Task Force on Climate-related Financial Disclosures (TCFD) continued

Figure 2 Key climate-related risk drivers which may impact Admiral Group

Climate-related risk	TCFD category	PR&Us primarily affected	Description	Short-term 0–5 years	Medium-term 5–10 years	Long-term 10+ years
Transition from petrol and diesel vehicles to EVs	Transition: policy and legal, technology, market, reputation	Reserving risk in UK and International insurance	· Changing distribution of risk from new technologies (e.g., will EVs be slower and safer, or silent, more dangerous, and prone to battery fires?) · Introduction of new types of risk which have not been encountered before (e.g., petrol cars do not have battery fires) · Reduction or elimination of some claims-types (e.g., wrong fuel claims) · Unanticipated claims inflation from replacing 'brown' technology with 'green'; old 'brown' technology may become more expensive to repair			
		Erosion of competitive advantage in UK car insurance	· A move away from petrol and diesel vehicles to alternative fuel vehicles, reducing competitive advantage from pricing expertise, stressing supply chain (including repairer network) and increasing LR · New entrants taking market share as petrol and diesel vehicles are replaced by EVs · EV OEMs offering bundled products and services, changing customer acquisition channel			
Secular reduction in private vehicle use	Transition: policy and legal, technology, market, reputation	Reserving risk in UK and international insurance	· Changing distribution of risk from emerging technologies (e.g., will a greater proportion of more vulnerable road users, from e-scooters etc. lead to more BI and CSI claims?)			
		Erosion of competitive advantage in UK car insurance	· A move away from private vehicles to active and public transport or car sharing, thus reducing the overall size of Admiral's primary market			
Increased incidence and severity of weather events	Physical: acute, chronic	Reserving risk in UK and international insurance	· Change to incidence, extent, location, and clustering of both chronic (high frequency) and acute (high impact) weather and climate-related drivers of insurance claims, potentially differing by geography (e.g., south-eastern US versus UK versus Europe), and affecting the UK household LOB, in particular, due to materiality			
		Premium risk and catastrophe risk	· Average annual losses from weather events will likely be higher under future scenarios with higher carbon emissions, in particular affecting the UK household LOB, due to materiality · Increasing uncertainty about trends in past data and the degree of confidence that can be placed in projections			
		Reduced availability of co-insurance/ reinsurance	· Increase in the cost and importance of reinsurance protection · Increased concentration risk, putting pressure on reinsurance · Reinsurance structures impacted if more events hit reinsurance layers · Possible changes to terms and conditions			
		Failure of geographic and/or product expansion	· Profitability and/or viability of household, motor, or new product underwriting may be compromised			
		Operational risk	· Increased risk of office closures and/or damage · Increased levels of health and safety risk during specific weather events · Increased data risk or reduced availability of core systems (depending on the location of information-related infrastructure) · Suppliers may be exposed to similar risks			

Figure 3 Key climate-related opportunities for Admiral Group

Climate-related opportunity	TCFD category	Description	Short-term 0–5 years	Medium-term 5–10 years	Long-term 10+ years
Customer switching from petrol and diesel vehicles to EVs and other alternative fuels	Products and services: ability to diversify business activities, shift in consumer preferences	• Increased revenue through demand for lower emissions products, including the potential for new ancillary products and/or value added services (e.g., EV home charger cover) • Increased competitive advantage from capitalising on early pricing learnings, enhanced supply chain management (including repairer network), creating a LR advantage to competitors • Reduction or elimination of some claims-types (e.g., wrong fuel claims)			

Impact: Negligible/Minor Moderate Major Transformative

Operations and supply chain

Admiral's operations are exposed to physical and transition risks. Climate change may increase the frequency and severity of weather events, as well as causing longer-term changes in weather patterns, which could directly impact staff, offices, infrastructure, and the broader operations. Admiral may also be exposed to increased capital and operating expenditures, due to legal or regulatory requirements designed to reduce greenhouse gas emissions, or due to increasing climate-related expectations from shareholders, customers, staff, or other stakeholders.

Admiral has taken steps over a number of years to reduce its environmental impact, including initiatives related to energy, water, paper, and waste. Consequently, the verified operational carbon footprint[40] is low, and is offset via the purchase of Gold Standard carbon credits. In 2021, Admiral worked with an external party, Arup Group, to baseline its property and facilities infrastructure in order to understand possible carbon footprint improvements. The identified strategic initiatives are generally medium-term commitments, such as mechanical and electrical (M&E) changes to plant and building management systems, which focus on more considerate use of utilities, water, and waste, improving controls of the main M&E plant and associated systems, and end-of-life replacement of M&E plant and machinery where a significant carbon reduction can be achieved. The accuracy of data produced throughout the property portfolio has also been improved. It should be noted that Admiral's purpose-built Tŷ Admiral building complies with BREEAM excellent standards and has photovoltaics/solar panels fitted which provide energy directly back into the grid, one example of a climate change mitigation activity. There are also opportunities based around city centre heating proposals and geothermal technology in some major cities, though these are medium- to long-term in nature. Tactical opportunities for carbon footprint reduction have already been captured, including property downsizing to reflect office attendance habits in a post-Covid business environment. Further detail on progress towards the ambition to be net zero across operational emissions by 2030 is given in the "metrics and targets" pillar.

Admiral's supply chain partners will also, to a greater or lesser extent, be exposed to the same risks from climate change as the Group is. During 2022 Admiral has enhanced its due diligence question set to allow it to capture and assess what its supply chain is doing to support sustainability ambitions. The change to the questionnaire allows Admiral to dynamically tailor questions based on a supplier's response, allowing Admiral to risk assess the response. If a supplier's response demonstrates no policies or procedures, Admiral issues an environmental assessment to the supplier to capture further information, and internal contract owners are expected to develop remediation plans with the supplier, to work towards ahead of receipt of the next annual due diligence questionnaire.

Environmental impact of IT hardware refresh programme

Admiral has undertaken a refresh programme of IT hardware and, as part of the refresh programme, appointed a supplier to securely dispose of existing assets with a focus on the environmental impact of disposal.

Almost 84 tonnes of equipment were processed, including over 16,000 desktop displays, and laptop computers. 7% of the devices were recycled and 93% were reused, representing an estimated 5,000 tCO_2e in avoided emissions and over 10m litres of water use avoided.

40 For 2020 and 2021 verification was performed by Carbon Intelligence, across scope 1 (emissions arising from the combustion of natural gas), scope 2 (emissions arising from purchased electricity), and scope 3 (emissions arising from waste generated in operations, business travel, and water supply and treatment) to a standard limited assurance. For this level of assurance, Carbon Intelligence provides a limited assurance statement asserting that there is no evidence that an emissions report is not materially correct (a materiality threshold of 5% at the gross organisational level has been applied for this exercise). The verification assessment was undertaken against World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (for scope 1 and 2) and against World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) (for scope 3)

Task Force on Climate-related Financial Disclosures (TCFD) continued

The introduction of supply chain risk controls in Admiral's contract management system has allowed it to better assess the procurement category of environmental risk. The embedding of supply chain risk controls is ongoing, but it allows for increased visibility at the early stages of sourcing and ongoing discussion with the supply chain.

Investments

Climate change may impact the Group's investment portfolio via a number of mechanisms. Some of Admiral's investments will be exposed to physical risks, as changing climatic conditions impact businesses, disrupt supply chains, and cause assets to lose value prematurely. Other investments will be exposed to transition risks, as the move to a low carbon future causes products, services, and entire business models to become less attractive or, indeed, obsolete. Some investments may also be exposed to liability risks. Effects may be company-specific, sector-specific, or may have an impact on the broader economy and macro environment, for example via reduced economic growth, higher unemployment, or changes in inflation. The main consideration is whether these risks expose Admiral to default or spread widening over the holding horizon, which on average is approximately three years. While climate change poses a risk to the Group's investments, the transition to a low carbon economy should also present investment opportunities – Admiral has already invested in renewable energy infrastructure, green bonds, and other corporate bonds with credible transition plans.

To mitigate these risks, ESG considerations have been embedded into the investment approach, and Admiral is following the Institutional Investors Group on Climate Change (IIGCC) Net Zero Framework to help guide the decarbonisation of the portfolio. Admiral is also increasing its investment in climate solutions, with investments in green bonds and renewable energy infrastructure, and has targets to grow the number of counterparties which have a credible plan to align emissions with a 2°C pathway, for example via Science-Based Targets. Admiral Group's four largest bond mandates, which account for approximately 37% of all investments, have requirements for fund managers to reduce the average carbon intensity of the portfolio by 25% by 2025, versus a year-end 2020 baseline, in line with the Group's overall net zero target. This covers nearly all the assets which require net zero targets under the Science-Based Targets initiative and the Net Zero Framework from the IIGCC, the balance largely being invested in cash, money market funds, and government bonds. In addition, the mandates exclude coal and tar sands (based on a 10% revenue threshold) and ensure that all energy and mining sectors are either Paris-aligned or are subject to engagement or stewardship activities. By 2025 the portfolios also aim to have 5% green bonds, 35% of the portfolio with Paris-aligned commitments, and a temperature score under 3.5°C.

Read more about seeding, launching, and scaling new businesses at Admiral Pioneer on **page 36**

Read more about our environment on **pages 13, 38 and 91 to 94**

Carbon removal offsetting

According to the Oxford Principles "most offsets available today are emission reductions, which are necessary but not sufficient to achieve net zero in the long run. Carbon removals scrub carbon directly from the atmosphere." However, consideration must still be given to how carbon is stored, and for how long.

Over several years Admiral has pursued steps to reduce its operational emissions, for example through efficiency improvements, by purchasing electricity in the UK from 100% renewable sources (since 2015), and by installing solar panels on the Cardiff office. Since 2019 Admiral has offset its remaining operational emissions (scope 1, 2 and partial scope 3) via the purchase of Gold Standard carbon offsets. Admiral does not consider these purchases to be "emissions reductions", rather, following the Oxford Principles, they are considered "offsets". In addition, Admiral supports high-quality forestation projects which provide carbon sequestration, in Wales and abroad, via charities Stump Up for Trees and Size of Wales.

Scenario testing

While qualitative assessments of the impact from climate change are useful, it is also important to quantify the impact where possible. Stress and scenario testing is conducted as part of the annual ORSA process to understand the robustness of the Group's business model and strategy to the impact of various risks. In addition to the standard ORSA scenarios, two climate change scenarios were performed this year, scenarios from the Network for Greening the Financial System (NGFS)[41] and EIOPA's 2022 climate change scenario. This builds on Admiral's first exploratory exercise in modelling climate change scenarios in the 2021 ORSA, which was based on the BoE's Climate Biennial Exploratory Scenario (CBES).

The two scenarios examined are "disorderly – delayed transition" and "hot house world – current policies". Note that these externally designed scenarios are examined using their relevant and applicable components for calibration based on Admiral's exposure. Their calibration has been modified and adapted based on Admiral's materiality, to understand the associated implications on assets and on liabilities from transition risk (car book) and physical risk (primarily household book). As with the other ORSA stress and scenario tests, the period modelled is 2022-2024 – the current focus is on short-term impact, as inherent uncertainty as well as developing approaches to assessment mean there is less confidence in medium-term and long-term impacts. As modelling capabilities are further developed, there will be increasing focus on medium- and long-term assessments.

The NGFS "disorderly – delayed transition" scenario assumes that the implementation of policies needed to drive the transition to net zero is delayed until 2030, and is then more sudden and disorderly, resulting in material short-term macroeconomic disruption. Under this scenario, global warming is limited to an increase of 1.8°C by 2050. This scenario has been applied to Admiral by exploring the transition risks from climate change relating to the transition of the UK motor book from petrol/diesel vehicles to EVs, affecting the profitability of the business. The key assumptions underlying this scenario are mispricing of EV risks by 15% and some additional fire and large losses related to EVs.

The NGFS "hot house world – current policies" scenario assumes that no action is taken on climate change so that global temperature levels continue to increase, reaching in excess of 3°C above pre-industrial levels by 2050. This scenario has been interpreted as resulting in increased incidents of extreme weather events, impacting the UK household, car, and van books. Specifically, it has been assumed that a UK catastrophe inland flood event occurs each year. For both scenarios it is assumed that excess of loss reinsurance recoveries would operate.

The scenarios performed highlight the developing nature of climate scenario modelling, and give comfort that the Group's business model and strategy should remain resilient to potential climate-related impacts. The conclusions of scenario analysis are that climate change presents a strategic risk to Admiral over the long-term and may require management and mitigation in the short- and medium-term. The risks presented by a transition to a low-carbon economy are potentially significant in the short-term, assuming no mitigating activities. However, Admiral's strategy focuses on initiatives which should mitigate this risk, and therefore is it considered that Admiral's activities are aligned to a well-below 2°C world. In such as transition scenario, the strategic focus will be to accelerate the motor evolution and business diversification pillars of the Group's strategy. Physical risks may have the greatest potential impact on the Group's household insurance business in the long-term – in such a hot house world the focus will be on ensuring robustness of the core business via pricing discipline and appropriate reserving.

The scenario modelling results are highly reliant on a range of assumptions, some of which are considered very unlikely to materialise. Management and mitigating actions (e.g., annual repricing of insurance policies, greater or different use of reinsurance, changes to asset allocation in the investment portfolio) are also not considered. The output of this scenario analysis has been used in discussions about future strategic direction, including the relative attractiveness of different products and markets.

41 NGFS Scenarios Portal, Data & Resources, NGFS

Task Force on Climate-related Financial Disclosures (TCFD) continued

Products and services

The effects of climate change will be felt across all lines of business, by all products and services, and will play a part in deciding what future business opportunities to pursue. The effects will require a response across the value chain, from pricing to underwriting, and from claims management to product design.

The most obvious impact from climate change will be the physical risk to the household lines of business. Climate change is causing sea levels to rise and is also causing more frequent and heavier rainfall, increasing the risk of flooding. Changes in weather patterns may also increase the incidence and severity of storm and freeze events, as well as hailstorms and subsidence. Together these indicate that an increase in the volume and value of household claims is likely. Physical risks may also cause operational issues: in February three storms – Dudley, Eunice, and Franklin – hit the UK in quick succession, causing a large increase in the number of new claims, however a surge plan was executed which saw the wider business help with FNOL communications which allowed household staff to focus on vulnerable customers.

Read more about Electric Vehicle trends on **page 94**

Since launching the UK household business in 2012, Admiral has sought to control its exposure to flood risk by developing an understanding of the risk at a granular geographical level, which has been coupled with a conservative appetite for underwriting such risk. By participating in the Flood Re scheme Admiral can underwrite properties which are outside of its acceptable flood criteria by ceding the flood risk to Flood Re, while still offering customers protection via underwriting all other perils. Risk modelling is continually updated and improved, while perils-based pricing allows for interrogation of specific concentrations of risks.

Physical risks may also impact the motor insurance books, for example via increasing frequency of hail events, or via increasing severity of US hurricane seasons affecting the US business.

Admiral is also exposed to transition risk, most clearly via the motor insurance books. Any move to reduce aggregate greenhouse gas emissions could see a concerted move away from traditional models of transport reliant on private petrol and diesel vehicles, to a model of integrated and active transport, reliant on electric and alternatively fuelled vehicles, both privately owned and shared, and public transport. Indeed, sales of new petrol and diesel vehicles will be banned in the UK from 2030. The loans business may also be affected in the longer-term as reducing demand for petrol and diesel vehicles may see residual values fall, a risk factor to which Admiral is exposed via PCP loans. There might, however, be an offsetting increase in demand for loans to fund EV purchases or to fund "green" home improvements.

Aligned to the third pillar of the Group's strategy, "evolution of motor", Admiral has a strong electric vehicle offering, which will help counteract the expected long-term decline in the number of petrol and diesel vehicles on the road. The offering, which is continuously being developed and expanded, is discussed further on page 94. In order to realise the opportunities of the Group's second strategic pillar – "diversification" – Admiral launched Pioneer to explore and invest in new ventures and emerging consumer needs. This will help counteract any long-term move away from private vehicle ownership, including private electric vehicles, to more integrated transport solutions. Pioneer is discussed further on page 36. Taken together, these areas of work will help support Admiral in the transition to a low-carbon economy.

Risk management

Emerging Risks are identified, assessed, and managed via an internally developed framework, fully integrated into the ERMF, which evaluates the potential impact to Admiral via existing PR&Us or via new risks. This methodology has been extended, utilising external support, to individually assess the potential impact of climate-related risk drivers – transition, physical and liability risks – across three distinct timeframes (0–5 years, 5–10 years, and 10+ years).

Identification

There is no one definitive source for climate change risks: different geographical regions, different industries, and different companies will have differing expectations of the impacts that they will face in the future. Therefore, Admiral Group's identification of the way that climate change risks may impact the business, and any resulting opportunities, follows a multi-stage process which attempts to incorporate internal viewpoints and forecasts (e.g., from departmental expertise, insight from working groups, committees, and boards) with those from external sources, both insurance-specific and more broadly.

Read more about Principal Risks And Uncertainties on **pages 114 to 121**

The assessment is performed at the level of transition, physical and liability risks, however microeconomic and macroeconomic transmissions channels – the causal chains linking climate risk drivers to the operational and financial risks faced (as per the Bank for International Settlements) – specifically applicable to each business line are also considered. This allows the potential impact from climate change on all current and potential future lines of business, on operations and investments, as well as opportunities, to be identified. Existing and emerging regulatory requirements related to climate change are considered.

Assessment approach

Read more about Emerging Risks on **page 121**

Given the highly uncertain nature of climate change risks – the transmission mechanism of the risks, the magnitude of their impact, the certainty of their impact, the effect of their impact, and the timing of that impact – they do not sit naturally in standard risk measurement and management processes. Instead, a hybrid approach, which comprises both qualitative and quantitative approaches, must be utilised.

Climate change risks, and any resulting opportunities, are initially evaluated qualitatively. A risk matrix approach is employed, whereby the potential impact of the risk (scored between minor and catastrophic) is considered alongside the likelihood of impact (scored between rare and almost certain) in the short-, medium- and long-term. Where appropriate a quantitative approach to analysis and evaluation is also taken, informed by the qualitative assessment: several scenarios were included as part of the stress and scenario testing section of the Group's ORSA submission.

Key risks and opportunities are discussed above in the "strategy" pillar.

Management and mitigation

Admiral uses industry-standard flood and catastrophe models to understand its underlying risk and hence what amount of risk is accepted, what amount of risk is mitigated, and the reinsurance protection deemed appropriate for risk transfer. Admiral's approach to pricing is the key tool for managing/mitigating climate-related risks but, given its commercial sensitivity, the approach is not disclosed.

As the assessment methodology is based on the existing Emerging Risk assessment methodology, integration into the ERMF is straightforward. Therefore, climate change risks and opportunities are reported to the GRC via the CRR, and annually as part of the Group's ORSA Report submission. They are also reported on to the Group Board, management committees, and to subsidiary Boards and committees. This monitoring and reporting ensures that the highest level of company management is aware of the risks and opportunities, can account for them in future business planning and strategy setting, and can devise management actions to mitigate their effects or to capture any resulting opportunities.

As described in above, the key risks faced by Admiral are not currently assessed to be severe or critical/ catastrophic. The primary approaches for risk mitigation are: execution of strategy for mitigation of transition risks; and disciplined pricing, assessment of impact by peril, and regular assessment of the reserving approach as mitigation for physical risks. Extensive use of co-insurance and reinsurance is the primary approach for transfer of physical risks.

The Regulatory Compliance team, part of Group Compliance, monitors and reviews publications and pronouncements from various regulators, supervisors, and transnational bodies, including but not limited to the FCA, the PRA, the Bank of England, and EIOPA. Summaries are distributed to relevant stakeholders as and when material is published, a monthly round-up is distributed more broadly across the Group, and a representative from the Regulatory Compliance team is a member of the Climate Steering Group.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Metrics and targets

Read more about Our Society – Environment on **page 91**

Good progress has been made in 2022 regarding the collection, verification, and reporting of data, for example by focusing on own collection of data rather than relying on landlords, automating data collection where possible, and working closely with fund managers.

Metrics relevant to operations, investments, and products and services are discussed and/or disclosed in the following sections, however numerical values which may be considered commercially sensitive are not included. Metrics for tracking opportunities are largely the same as metrics for tracking risks as, for example, the risks and opportunities from a move to EVs come from the success or failure in capturing profitable business in this developing market. Other cross-industry climate-related metrics which are not disclosed are not considered to be material and/or relevant. For example, the amount and extent of business activities vulnerable to transition risks or to physical risks is not considered to be material or relevant, given that most of Admiral's business is based on short-term (typically annual) agreements, and does not tie in exposure to the medium- or long-term effects of climate change.

Note that verification of Admiral's scope 3 emissions is near finalised, and then work will begin to set Science-Based Targets, which will complement the Group's overall net zero ambitions, for example by providing short-term GHG emissions reductions targets. It is intended to submit Science-Based Targets for verification in 2023. Climate-related metrics have not yet been integrated into remuneration policy, however work to address this is being considered and is linked to the setting of Science-Based Targets. Admiral does not make use of an internal carbon price.

Operations

Admiral recognises that its operations are contributing to climate change, and the Group take its responsibility for reducing this impact seriously. Therefore, as discussed above, Admiral has pursued steps to reduce its operational emissions and, since the baseline year of 2019, has offset its remaining scope 1, 2 and partial scope 3 emissions[42]. However, Admiral also recognises that offsetting emissions is not enough, and therefore is working hard to reduce the absolute level of its operational emissions: in 2021 the Group's scope 1, 2 and partial scope 3 emissions, as verified by Carbon Intelligence, were 2,434 tCO_2e, an improvement of 30% versus 2020 and 47% versus 2019[43]. Scope 1 and 2 emissions have reduced due to building closures and considerate building use
(e.g., reduction in utilities use), though scope 1 emissions increased in 2021 as compared to 2020 due to increased gas usage, due to colder weather, and two refrigerant leaks, related to air conditioning systems. Scope 3 emissions reductions are largely related to a decrease in business travel.

Table 1 Verified[45] Group greenhouse gas emissions (ton CO_2e)

Scope	2021	2020	2019
Scope 1	1,149	1,121	1,364
Scope 2 (market-based)	1,189	1,798	1,262[44]
Scope 3 (partial)	96	535	1,945
Total	**2,434**	**3,454**	**4,572**
YoY reduction (scope 1 and 2)	–20%	+11%	
YoY reduction (scope 1, 2 and partial scope 3)	–30%	–24%	

42 As per Greenhouse Gas Protocol definitions, scope 1 emissions are direct emissions from owned or controlled sources (natural gas, fugitives, company cars), scope 2 emissions are indirect emissions from the generation of purchased energy. Limited scope 3 emissions cover business travel, water, waste, and distribution losses for purchased electricity. Verification for this limited scope was decided upon as these are the emissions more directly in Admiral's control

43 Note that 2019 carbon footprint was verified by Carbon Trust.

44 Note that scope 2 emissions increased in 2020 (versus 2019) due to more accurate data capture from non-UK entities. 2019 relied more heavily on estimation for non-UK entities

45 2021 and 2020 data has been verified by Carbon Intelligence; 2019 data has been verified by Carbon Trust

GHG emissions are quantified in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and are discussed further in the SECR section of the annual report on page 95. Unverified emissions data, including for 2022, as well as a description of the methodology used to estimate metrics if data is missing, is also included.

Admiral is a financial services company, and therefore it has a low operational footprint when compared to its complete carbon footprint, including the supply chain and investment portfolio. This is even more likely to be the case given the efforts made over the past decade to improve the efficiency of its buildings and to reduce its energy consumption. This is why, in order to make a meaningful difference in the global effort to tackle climate change, it is important to include all emissions in the Group's net zero ambitions, including all scope 3 emissions.

Admiral Group has formally committed to ambitious net zero targets, committing to achieving net zero greenhouse gas emissions by 2040 at the latest, across all three scopes of emissions, and to cut these emissions in half by 2030. A commitment was also made to achieving net zero in operational emissions by 2030.

There is a high level of alignment between Admiral Group's announced targets and the ABI's climate change roadmap, published in July 2021: intermediate targets of a 50% reduction in emissions by 2030 are aligned, both cover all scopes of emissions, however Admiral is targeting net zero by 2040, ten years ahead of the ABI's roadmap.

Further operational metrics are discussed in the Streamlined Energy and Carbon Reporting disclosure, found on pages 95 to 96.

Investments

As a financial services company, the majority of Admiral's emissions are likely to be category 15 emissions (part of scope 3) from the investment portfolio. Therefore, when the Group set its ambitious net zero targets, it was imperative to include these emissions in the emissions reduction targets. Admiral has therefore committed to achieving a reduction in investment-related greenhouse gas emissions of 25% by 2025, and of 50% by 2030, reaching net zero greenhouse gas emissions by 2040 at the latest – aligned to the overall target.

To ensure that these targets are met, Admiral has developed an investment proposal to align its corporate bond mandates to the Paris Agreement, following the Net Zero Investment Framework, which is a practical blueprint for achieving net zero emissions by 2050, and which has been endorsed by the UN's Race to Zero campaign. The proposal has several features including reducing emissions through time and increasing investment in climate solutions. There will not be blanket divestment rules, but instead Admiral's investment managers are expected to be engaging with companies which could, as last resort, possibly lead to divestment and reinvestment in less carbon-intensive names through time.

Several challenges should be noted: sourcing reliable and consistent data; avoiding unintentional consequences such as high concentration in certain sectors or investments; and reliably determining the expected risk and return impact of such a strategy. However, in order to guide and review progress towards overall targets, a number of metrics are tracked, some of which are shown in Table 2. Investment metrics are calculated by identifying in-scope non-cash assets and applying MSCI ESG data on a per security basis. Various metrics are subsequently calculated at a whole portfolio level.

Read more about SECR disclosure on **pages 95–96**

Table 2 Climate-related investment metrics

Metric	2022	2021
Weighted average carbon intensity	**69 tCO_2e/$m sales[46]**	71 tCO_2e/$m sales[47]
Investment in holdings with confirmed SBTs	**£485m**	£422m
% Allocated to coal and oil sands	**0%**	0%
Investment in Green bonds	**£100m**	£74m

46 55% portfolio coverage. 61 tCO_2e/$m sales for benchmark. Note that portfolio coverage has dropped as compared to 2021 (see footnote 47) due to an increasing allocation to non-covered assets such as government bonds and private debt

47 67% portfolio coverage. 83 tCO_2e/$m sales for benchmark

Task Force on Climate-related Financial Disclosures (TCFD) continued

Read more about Electric Vehicle trends on **page 94**

Products and services

As discussed above, the effects of climate change may impact all of Admiral's business lines. Physical risks, which may be managed via risk selection and reinsurance protection, might be more prominent in Admiral's household businesses. Transition risks may be felt more keenly in the motor businesses, though the "diversification" pillar of the Group's strategy is designed to mitigate this impact, in particular the creation of Pioneer in 2020 to focus on new business opportunities.

Physical risks

Admiral is exposed to both acute and chronic physical risks, however in the short- to medium-term the most impactful risk is likely to be increasingly severe and frequent windstorms, floods, and freeze events.

To mitigate and manage these risks Admiral takes a flexible and proactive approach to risk selection and pricing, ensuring that written business is within risk appetite, and that projected loss ratios and combined ratios lead to profitability over the cycle.

As a UK insurer, Admiral takes part in the Flood Re scheme, which is designed to allow insurers to offer more affordable insurance for homes built before 2009 in areas most at risk of flooding. The volume and value of policies ceded to Flood Re is monitored on an ongoing basis.

Admiral also utilises quota share reinsurance arrangements extensively, including both catastrophe and aggregate cover for household lines. These are in place to provide protection against an accumulation of claims associated with a weather catastrophe event.

Admiral tracks a number of climate-related metrics, such as modelled burn cost per peril and number and value of weather-event-related claims, in order to assess its exposure to climate-related risks however, in the main, these would be considered to be commercially sensitive. Admiral is able to disclose the metrics shown in Table 3, as per the Sustainability Accounting Standards Board standard.

Transition risks

The move away from petrol and diesel vehicles is the most obvious transition risk faced by the Group, and is one which presents a strategic challenge to us. Considerable efforts have been made to mitigate the risk of a transition to electric vehicles (EVs) and alternatively fuelled vehicles (AFVs), both via new and existing businesses, which have invested in developing and testing new products and product features to meet developing customer requirements.

The transition to a low carbon economy may see an erosion of Admiral's traditional competitive advantages in pricing and claims handling, as petrol and diesel cars are replaced with EVs and AFVs. Conversely, this transition could present an opportunity for Admiral to build competitive advantages in these areas. Admiral monitors market-wide metrics, which are reported on monthly in management packs and discussed at relevant fora, such as the proportion of new vehicle registrations which are EVs or AFVs, as well as internal metrics capturing the attractiveness and competitiveness of the EV proposition, the claims experience, and the customer experience more broadly (e.g., Times Top, market share, loss ratio – all of which would be considered commercially sensitive). This is done to ensure that the Group is developing adequate capabilities in these new technologies.

Admiral's purpose is to "help more people look after their future. Always striving for better, together." By developing products and services which not only help mitigate the worst effects of climate change, but also help support a transition to a low carbon future, Admiral is doing just that.

Table 3 Physical risk metrics

Description	Metric
Probable Maximum Loss (PML) of insured products from weather related natural catastrophes	· Admiral utilises various methods and evaluations to make underwriting and reinsurance decisions that manage the Group's exposure to catastrophic events. Across the Group's insurance book, the main weather-related risks exist in relation to Admiral's UK Household book, as well as the US Motor book · Admiral's Household excess of loss reinsurance provides catastrophe cover with a limit that is considerably higher than the estimated 1-in-200 loss. As of January 2023, this was estimated to be £470–510 million from floods and storms for the UK Household Insurance business. Admiral's excess of loss deductible is £50 million, and the 70% quota share leads to a net event loss of £15 million · In relation to Admiral's UK Car Insurance business, the 1-in-200 estimated possible loss as of December 2022 was £90–115 million. Admiral currently has £80 million of cover from the motor excess of loss reinsurance and a further £5 million from the property excess of loss reinsurance. Therefore, after the £12 million deductible, Admiral is covered up to a £97 million single event · In relation to the US Motor Insurance business, the 1-in-200 estimated possible loss as of August 2022 was $17–20 million. The US business has $21.5 million of cover from the Motor excess of loss reinsurance. Therefore, after the $3.5 million deductible, the US business is covered up to a $25 million single event
Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Admiral Group does not separately identify losses by modelled and non-modelled catastrophes. However, the table below provides some details on the weather-related losses following natural catastrophes in relation to the UK Household book, which represents the main weather-related risk from across the Group's operations. The table covers property catastrophe losses above £5.0m across 2018–2022.

Period	Perils	Paid (£m)	Incurred (£m)
2018	Freeze, flood, and storm	10.4	10.4
2019	Flood and storm	0	0
2020	Flood and storm	0	0
2021	Flood and storm	5.3	5.0–6.0
2022	Freeze, flood, and storm	8.0	20.0–30.0

Read more about Our Society – Environment on **page 91**

Section 172 Statement

The Board of Directors confirms that during the year under review, it has acted to promote the long- term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long-term
(b) the interests of the Company's employees
(c) the need to foster the Company's business relationships with suppliers, customers, and others
(d) the impact of the Company's operations on the community and the environment
(e) the desirability of the Company maintaining a reputation for high standards of business conduct.
(f) the need to act fairly between members of the Company

During 2022, the Board reviewed and reaffirmed that of the six stakeholder groups, (customers, people, suppliers and partners, shareholders, community, and the environment), each continued to be strategically important to the long-term success of the Group's operations, the stakeholders maintain unchanged from the group wide stakeholder materiality exercise as detailed in the 2021 Annual Report. As part of the 2022 review, the Board considered the current approach to corporate governance and engagement in relation to the interests of each of its stakeholders.

In preparation for the review, discussions were held with the internal relationship owners within Admiral Group, on our key information feeds, existing engagement methods, feedback processes and the activities and plans for the year.

A Board agenda planner set out the matters to be considered by the Board during the year, and this was subsequently reviewed and updated at each Board meeting in 2022.

Board papers during the year were accompanied by a separate document outlining which stakeholders could be affected or impacted by the paper, along with an explanation of how stakeholder interests had been considered prior to the raising of the matter at the Board meeting. The accompanying papers also shared the likely consequence of any Board decision on each stakeholder group identified, and how the impact on stakeholders could be monitored.

Examples of how stakeholder engagement and section 172(1) matters have influenced Board discussion and decision making during the year can be found in the principal/ non-routine/ significant decisions in 2022 on pages 148 to 152.

The below table sets out where key disclosures in respect of each of the section 172(1) matters can be found:

S.172 factor	Relevant disclosure	Page
Consequences of decisions in the long term	Principal decisions	148 to 152
	Board appointments	130 to 135
	Board activity during the year	138–139
	Different stakeholder sections	68–94
In the interests of employees	Principal decisions	148 to 152
	Employee stakeholder section including employment engagement, communication	77 to 81
	Employee Consultation Group	145–147
	Non-Financial Information Statement	113
	Diversity	78–80
	Hybrid Working	28, 78, 93, 129 and 142
The need to foster business relationships with suppliers, customers, and others	Principal decisions	148 to 153
	Stakeholder sections	68–94
	Consumer Duty	75, 75, 119
The impact of the Company's operations on the community and environment	Principal decisions	148 to 153
	Stakeholder sections	68 to 94
	TCFD disclosures	97 to 111
	Sustainability	38–39
Maintaining a reputation for high standards of business conduct	Principal decisions	148 to 152
	Awards	79
	Stakeholder sections	68 to 94
	Culture	10, 70, 77–81
	Group Minimum Standards	178
	Diversity & inclusion	78, 80, 159–160
	Health and Wellness	81
	Conduct risk	120
	Whistleblowing	144
	Chief Executive statement	20–23
Fairness between members	Principal decisions	148 to 152

Non-Financial Information Statement

Group policies

The below policies can be located here on our website www.admiralgroup.co.uk

General Standards of Conduct	Our General Standards of Conduct outline the conduct standards that all colleagues must adhere to regardless of their role.
Health and Safety	Our Health and Safety Policy outlines our commitment to ensuring the health and safety of staff and anyone affected by our business activities, and our commitment to providing a safe environment for those attending our premises.
Diversity and Dignity at Work	Our Equality, Diversity and Dignity at Work Policy outlines that Admiral is committed to ensuring that any type of discrimination is not accepted. This policy outlines the standards of behaviour that are expected from all members of employees, to ensure that everyone at Admiral is treated with dignity and respect. This policy explains that all managers should be alert to potential discrimination and harassment and actively prevent them from occurring, communicate this policy to all employees, and be responsive and supportive to anyone who makes a complaint.
Procurement and Outsourcing	Our Group Procurement and Outsourcing Policy confirms that all employees who engage in procurement activity are expected to enhance and protect the standing of the business, maintain the highest standard of integrity in all business relationships, promote the eradication of unethical business practices, and ensure full compliance with laws and regulations.
Anti-Bribery	Our Anti-Bribery Policy strictly prohibits the solicitation or acceptance of any bribe, to or from any person or company, by an individual employee, Board member, agent or other person or body on Admiral's behalf, in order to gain any commercial, contractual, or regulatory advantage for Admiral in an unethical way or to gain any personal advantage for the individual or anyone connected with the individual.
Gifts and Gratuities	Our Gifts and Gratuities Policy recognises that sometimes customers, suppliers or business associates offer gifts or gratuities to staff and confirms that all such gifts must be made and received openly and fairly.
Whistleblowing	Our Whistleblowing Policy encourages and enables employees to raise any concerns they have about serious malpractice or wrongdoing. The policy is designed to ensure that an employee can raise their concerns without fear of victimisation, subsequent discrimination, disadvantage, or dismissal. This policy details internal and external reporting lines for any employee concerns.
Financial Crime	Our Financial Crime Policy ensures that robust systems and controls are in place to detect, prevent and deter financial crime across the Group and ensures we remain compliant with applicable laws and regulations in our operational jurisdictions. All areas of financial crime are captured by this policy, including money laundering, market abuse & insider trading, sanctions regime, modern slavery, tax evasion and Bribery & Corruption.
Modern Slavery	Our Anti-Slavery, Exploitation and Human Trafficking Policy confirms Admiral's zero tolerance approach to modern slavery, outlines our ongoing commitment to eliminating unethical working practices, and provides guidance to employees on reporting any problems identified at work or in the community. We release an annual Modern Slavery Statement in line with the Modern Slavery Act 2015.
Tax	Our Tax Strategy Policy documents our approach to taxation. The policy confirms that the Group's primary objective is to be compliant with all tax legislation requirements in all the territories in which we operate.

The non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed within this section by means of cross reference, to indicate where they are located within the strategic narrative and to avoid duplication.

Our business

Sustainability

Climate disclosure

Governance

Principal Risks and Uncertainties

The Board, with support from the Group Risk Committee and the Group Risk function, undertakes a regular and robust assessment of the principal and emerging risks facing the Group alongside engaging with the management team on the Group Strategy. These risks have been summarised as those which would threaten its business model, future performance, liquidity and solvency.

The table overleaf sets out the principal risks which Admiral has identified through its Enterprise Risk Management Framework (ERMF). The impact of those risks and actions taken to mitigate them are explained below. This section also includes a description of Admiral's approach to identify, manage and govern emerging risks.

Risk Appetite: The Admiral Group risk strategy contains strategic risk statements for the relevant risks which help deliver the Group's business objectives. The Group risk appetite is owned and approved by the Admiral Group Board. The responsibility for the Group risk appetite is delegated to the Group Risk Committee which reviews all components prior to Board approval and monitors the performance of the business against the approved Group risk appetite through the consolidated risk report.

Identification of risks

Principal risks (A–K)

Insurance Risk:

- **A** Reserving risk in the UK and international insurance
- **B** Premium risk and catastrophe risk
- **C** Reduced availability of co-insurance and reinsurance arrangements
- **D** Potential diminution of other revenue

Group Risk:

- **E** Erosion of competitive advantage in UK car insurance
- **F** Failure of geographic and/or product expansion
- **G** Reliance on UK price comparison distribution channel

Credit Risk:

- **H** Credit risk

Market Risk:

- **I** Market risk

Operational Risk:

- **J** Legal and regulatory risk
- **K** Operational risk

Unsurprisingly, given external events, the risk profile of the Group has changed since 2021. Operational risk has reduced, as the Group becomes more familiar with operating in the post-Covid-19 business environment, however many other PR&U are trending up, driven by unprecedented levels of inflation, supply chain challenges, and economic and market turmoil. This trend of increasing risk is anticipated to continue into 2023 due to continued uncertainty.

Principal risks and uncertainties reflect the main risks faced by the company in achieving its strategic objectives. Our strategic objectives have been listed below with the links to our strategy noted against each principal risk and uncertainty (for more information on the strategy refer to pages 28–37. Alongside these three pillars there are two supporting strategies covering the customer and the Group culture which are central to everything the Group does.

- **1** Admiral 2.0: Increase speed of delivery on customer needs, continuing to upgrade UW capabilities and operational excellence.
- **2** Business Diversification: Increase customer engagement and business resilience, enriching our proposition beyond motor.
- **3** Motor Evolution: Evolve our proposition for changes in mobility.

Insurance Risk

A Reserving risk in the UK and international insurance

Possible impact on our strategic initiatives

1 2

Risk

Admiral is exposed to reserving risk through its underwriting of motor, household and other insurance policies. Claims reserves in the Financial Statements may prove inadequate to cover the ultimate cost of claims which are by nature uncertain.

This is a particular risk for motor insurance liabilities, where the amount payable for bodily injury claims (particularly large claims) can change significantly during the lifetime of the claim as a result of external risks such as changes in Ogden rates (expected in 2024), impacts of increased levels of Periodical Payment Orders (PPOs) and claims inflation.

Impact

During this period, increased uncertainty in forecasting both the level and duration of the impact of higher inflation rates on claims reserves may lead to adverse run-off and higher claims costs than projected.

PPO claims are capital intensive owing to increased uncertainty of the cost of significant claims over a longer term.

Mitigating Factors

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

Best estimate reserves are estimated both internally and externally by independent actuaries.

For very large claims Admiral purchases excess of loss reinsurance, which mitigates a portion of the loss.

Regular reviews of both settled and potential PPO cases are undertaken by the Claims and Actuarial teams, with independent actuarial analysis provided as part of the external reserving process.

Admiral's investment strategy is the result of a structured, disciplined and transparent investment process. Long-dated inflation linked assets are held to partly hedge the risks associated with PPO claims.

B Premium risk and catastrophe risk

Possible impact on our strategic initiatives

1 2 3

Risk

The Group is exposed to the risk that inappropriate premiums are charged for its insurance products leading to either insufficient premiums to cover claims cost or uncompetitive rates leading to reduced business volumes. This risk is increased during periods of high inflation leading to greater market uncertainty.

The risk of increased claim costs and/or reduced business volumes could be driven by potential economic , social, environmental, regulatory or political change such as the Russia-Ukraine conflict, impacting supply chains or new entrants to the market.

Admiral is exposed to the risk of higher losses than anticipated due to the occurrence of manmade catastrophes or natural weather events, potentially increased in frequency and severity due to climate change.

Acute physical climate risks include changes in the frequency of both large catastrophe events and severe weather events, where trends are difficult to identify, and which have large claims costs associated with them.

Impact

Higher claims costs, reduced business volumes and/or higher loss ratios, resulting in reduced profits or underwriting losses.

A large flood or windstorm, causing extensive property damage (both motor and household) to a significant proportion of the portfolio, could lead to a larger than anticipated total claims cost.

Mitigating Factors

There are a number of aspects which contribute to Admiral's strong UK underwriting results, including:

- Experienced and focused senior management and teams in key business areas including pricing and claims management
- Highly data-driven and analytical approach to the regular monitoring of claims and underwriting performance
- Capability to identify and resolve underperformance promptly through changes to key performance drivers, particularly pricing
- Continuous appraisal of and investment in employees, systems and processes
- Monitoring the impact arising from climate change risks, covering both physical and transitional risks, as well as other Emerging Risks which may impact premium or catastrophe drivers

Admiral purchases excess of loss reinsurance, which is designed to mitigate the impact of very large individual or catastrophe event claims.

Principal Risks and Uncertainties continued

C Reduced availability of co-insurance and reinsurance arrangements

Possible impact on our strategic initiatives

1 2 3

Risk

Admiral uses proportional co-insurance and reinsurance across its insurance businesses to reduce its own capital needs (and to increase the return on the capital it does hold) and to mitigate the cost and risk of establishing new operations. There is a risk that support will not be available or that it will be available at an uneconomical price in the future if the results and/or future prospects of either the UK businesses or (more realistically) one or more of the less well-established operations are not satisfactory to the co- and/or reinsurers.

Climate change could lead to system-level shifts in conditions in the natural environment. A higher frequency and severity of extreme weather events, as well as increased chronic physical risks, could increase the cost of reinsurance protection for insurers. Climate change could impact reinsurance structures if more events are hitting reinsurance layers, potentially leading to changes in terms and conditions or premiums.

Impact

A potential need to raise additional capital to support an increased underwriting share. Return on capital might reduce compared to current levels.

Mitigating Factors

Admiral mitigates the risk to its reinsurance arrangements by ensuring that it has a diverse range of financially secure partners.

Admiral continues to enjoy a long-term relationship with a number of different reinsurers, some of which are amongst the world's largest.

These long-term arrangements are in place throughout the UK and International businesses.

D Potential diminution of other revenue

Possible impact on our strategic initiatives

1 2 3

Risk

Admiral earns other revenue from a portfolio of products and services in addition to the core insurance products. The level of this revenue could diminish due to: political, regulatory, legal, social/customer behaviour, strategic, market or economic changes.

Impact

Lower profits from business operations and lower return on capital.

Mitigating Factors

Admiral continuously assesses the value to its customer of the products it offers and makes changes to ensure the products continue to meet customer needs and offer good value.

Admiral seeks to minimise reliance on any single source by earning revenue from a range of products. This would mitigate the impact of regulatory or market changes, or changes in consumer behaviour, which might affect a particular product or income stream.

Admiral works closely with its regulators and other key industry bodies to understand potential developments.

Group Risk

E Erosion of competitive advantage in UK car insurance

Possible impact on our strategic initiatives

1 2 3

Risk

Admiral typically maintains a significant combined ratio advantage over the UK market. This advantage and/or the level of underwriting profit (and associated profit commission) could be eroded. This risk could be exacerbated by: unfavourable loss or expense ratio results, irrational competitor pricing, new technologies used within the insurance market and/or regulatory market intervention. It may arise from new or existing competitors, or outcomes from legal or regulatory change such as the FCA's pricing practices.

Impact

A worse UK car Insurance result and lower return on capital employed.

A sustained and uncorrected erosion of competitive advantage could affect the ability of Admiral to maintain its reinsurance arrangements, which might in turn require Admiral to hold more capital.

Mitigating Factors

Admiral's focus remains on the wide range of factors that contribute to Admiral's combined ratio outperformance of the UK Motor market. Some are set out earlier in the Strategic Report, but other factors include:

- A track record of innovation and ability to react quickly to market conditions and developments
- A focus on maintaining a low-cost infrastructure and efficient acquisition costs
- An experienced and focused management team
- A robust pricing discipline to ensure prudent behaviour to try and protect our competitive advantage
- A strong Admiral brand and customer orientated culture to attract and retain customers

F Failure of geographic and/or product expansion

Possible impact on our strategic initiatives

1 2 3

Risk

In line with the Group's diversification strategy, Admiral continues to develop its other UK insurance businesses, non-insurance businesses such as Admiral Money, and its international businesses. Admiral Pioneer is the vehicle for the development and launching of new products and services, other than those already covered by existing established Group businesses.

One or more of the operations could fail to become a sustainable, profitable long-term business.

Product expansion into new areas could lead to unprofitable business, could increase regulatory risk, and may introduce new risks into the Group.

Growth in developing businesses could exceed the scale of infrastructure of the operation.

Impact

Higher than planned losses (and potentially closure costs) and distraction of key management.

A collective failure of these businesses would threaten Admiral's objective to diversify its earnings by expanding into new markets and products, though any single failure of product or geography is likely to be tolerable.

The UK car business, which continues to perform strongly, is largely unaffected by this risk.

Mitigating Factors

Admiral's approach to expansion and product development remains conservative, applying the test-and-learn philosophy that has proven successful for previous operations. International insurance businesses have generally executed cautious launch strategies and are usually backed by proportional reinsurance support which provides substantial mitigation against start-up losses in the early years.

The Directors are mindful of management stretch and regularly assess the suitability of the infrastructure and management structure in place for Admiral's new UK and international operations, alongside oversight and challenge from appropriate boards and committees.

The Group has established a sufficiently large and diverse portfolio in order to mitigate the risk of failure of individual new operations.

Principal Risks and Uncertainties
continued

G Reliance on UK comparison distribution channel

Possible impact on our strategic initiatives

1 2 3

Risk
Admiral is dependent on the four main UK comparison websites as an important source of new business and growth. Growth in this distribution channel could slow, cease or reverse, or Admiral could lose one or more of the websites as a source of customers.

Impact
A potentially material reduction in UK insurance new business volumes, in particular for UK Motor.

However, a more competitive market might benefit the insurance businesses through lower acquisition costs.

Mitigating Factors
Admiral contributes materially to the revenues of all four major UK comparison businesses, and has a strong brand presence, and therefore it is not considered probable that a material source of new business would be lost.

Admiral continues to grow its MultiCover and MultiCar products which promotes retention. It also has a direct offering to new and existing customers, with continuing investment made to improve its online/digital offering.

Credit Risk

H Credit risk

Possible impact on our strategic initiatives

1 2

Risk
Admiral is primarily exposed to credit risk in the form of: (a) reinsurance counterparty credit risk; or (b) banking counterparty credit risk or (c) credit risk of investments. One or more counterparties could suffer significant losses leading to a credit default, while a downgrade of investments could erode the value.

Admiral Money exposes the Group to credit risk in relation to customer defaults on its unsecured personal loan and car finance business.

Impact
The impact of a major credit event could be losses and reduced capital, dependent on its nature and severity.

Admiral would also need to ensure that it continues to have sufficient liquid assets to meet its claims and other liabilities as they fell due.

Increased defaults could impact future profitably and lending capabilities.

Mitigating Factors
Admiral only conducts business with reinsurers of appropriate financial strength. In addition, major reinsurance contracts are operated on a funds withheld basis, which substantially reduces credit risk, as Admiral holds the cash received as collateral.

Admiral continuously monitors the credit quality of our counterparties within Board approved limits, adjusting its credit rules and pricing accordingly.

Credit risk of investments is managed through diversification and appointing high-quality third-party asset managers. Limits on counterparties and certain credit ratings ensure that credit risk is managed within risk appetite, and produces a high quality credit portfolio. The Group invests in a range of liquidity funds which hold a wide range of short duration, high quality securities, and in fixed income funds holding primarily investment grade assets. Cash balances and deposits are placed only with highly rated counterparties. Most long-term investments are held in Government bonds to further mitigate the exposure to credit risk.

Admiral considers counterparty exposure frequently and in significant detail, and has in place appropriate triggers and limits to mitigate exposure to individual investment counterparties.

Admiral Money's credit risk appetite is set to ensure that the risk taken is commensurate to the expected returns whilst also considering customer affordability. Admiral Money continuously monitors its criteria for new business and the performance of its portfolio.

Market Risk

I Market risk

Possible impact on our strategic initiatives

1

Risk

Market risk arises as a result of movement in interest rates, credit spreads and foreign exchange rates.

Impact

Market volatility (notably significant changes in risk free interest rates or material increases in credit spreads) can adversely impact the value of the Group's assets. The Group's solvency can also be adversely impacted due to an increased regulatory valuation of claims liabilities, in particular in relation to longer-dated potential PPO claims.

Continued growth of the Group's businesses outside the UK has altered the exposure to net assets and liabilities in currencies other than pounds sterling, increasing the Group's exposure to Euros and Dollars in particular.

Mitigating Factors

The investment strategy focuses on preservation of the amount invested, low volatility of returns and strong liquidity. The majority of the portfolio is invested in high quality fixed income and other debt securities, and money market funds and other similar funds in order to achieve these objectives. To note Admiral does not invest in commercial property.

The Group's mitigation for interest rate risk resulting from long duration PPO liabilities includes reinsurance cover and a continuing focus on investment strategies.

This includes asset/liability matching, consideration of hedging options for these liabilities, including of certain risks associated with PPO claims.

Relative to the size of the Group, exposure to non-sterling currency remains relatively small.

Operational Risk

J Legal and regulatory risk

Possible impact on our strategic initiatives

1 2 3

Risk

Legal and regulatory risk may arise where Admiral fails to fully comply with legal or regulatory requirements and/or changes in an accurate, timely manner. Examples include compliance with the FCA's new Consumer Duty. This risk may also arise where previous industry and/or Admiral regulatory or legal compliance standards are revisited with negative consequences, applied retrospectively, for the industry and/or the Group. As Admiral operates globally, across business lines and products, it is exposed to a number of differing legal jurisdictions and regulators.

Failing to meet increasing expectations from regulators, legislators, and shareholders around climate change and the environment could potentially lead to exposure to legal and regulatory risk. In the longer term, the impact from not meeting increasing expectations could be serious.

Impact

Exposure to regulatory intervention, censure and/or enforcement action through fines and other sanctions.

Mitigating Factors

Ongoing monitoring of the Group's compliance with current and proposed requirements and interaction with regulators by Executive Management and the Board.

Assurance is gained through external reviews and benchmarking exercises ensuring Admiral is compliant with legal and regulatory requirements.

Strong project governance is a key control in managing regulatory change.

Principal Risks and Uncertainties
continued

K Operational risk

Possible impact on our strategic initiatives

1 2 3

Risk

Operational risk arises within all areas of the business. The principal categories of operational risk for Admiral are: conduct risk; physical security risk; technology risk; information security/cyber risk; business continuity and operational resilience; process risk; change risk; people risk; data governance risk; and, outsourcing and procurement risk.

Impact

Potential customer detriment and/or potential regulatory censure/enforcement and/or reputational damage as a result of Admiral's action or inaction.

Admiral being unable to service its customers or making poor business decisions due to lack of system availability, data integrity and/or data confidentiality.

The risk of reductions in earnings and/or value, through financial or reputational loss, from inadequate or failed internal and outsourced projects, processes and systems, or from people related, hybrid working or external events.

Risk to Admiral occurs through the losses that could materialise if the internal control framework managing business processes fails.

Mitigating Factors

Admiral operates a three lines of defence model, and internal controls are in place and are monitored to mitigate risks. The control framework is regularly reviewed, and the internal audit function has an agreed cycle of testing of the adequacy and effectiveness of controls. Specific operational risks are mitigated by:

- Monitoring, managing and reporting on customer outcomes in order to mitigate customer detriment
- Regular Executive Management and Board review of the effectiveness of the Group's IT capability
- Continuing investment in Information Security in order to mitigate Information Security risks, including evolving Cyber risk. Including the embedding of improved KRI's for Cyber/Information Security risks
- Staffing a major incident team within IT which is tasked with maintaining system availability, with business continuity and disaster recovery plans in place which are regularly tested, alongside completion of an operational resilience work stream
- Backing up data to allow for its recovery in the event of corruption
- Employing enhanced project governance and oversight of new systems implementations, with external specialist review and assurance where required
- Attracting, retaining and motivating quality employees to deliver superior customer service and to achieve business objectives
- Employing targeted recruitment and identifying potential leaders through internal development, talent management and retention processes for the purposes of succession planning
- An ongoing commitment to Diversity and Inclusion.
- Monitoring outsourced and offshore activities through ongoing supplier relationship and performance management, and with regular due diligence reviews
- Strategic reviews are periodically undertaken to align procurement and outsourcing arrangements with our wider business strategy and also in response to ongoing macroeconomic challenges

Admiral also purchases a range of insurance covers to mitigate the impact of a number of other operational risks.

Emerging risks

The management of emerging risks is a key element of Admiral's strategic risk management, and emerging risks and opportunities continued to be reviewed throughout 2022.

Admiral Group identifies and monitors emerging risks, issues which may be potentially significant, but may not be fully foreseen, assessed or allowed for in insurance terms and conditions, pricing, reserving or capital setting, or strategic and business decisions. By their very nature, emerging risks are many and varied, with a high degree of uncertainty around the likelihood of occurrence, severity and/or timing. The broad analysis of a wide range of emerging risks and opportunities may lead to a change in strategy, management behaviour, ways of working or risk management and in turn, to a stronger and more robust business which better delivers on its commitments to customers, employees, and other stakeholders.

Emerging risks are identified via horizon scanning. This involves an extensive literature review, consultations with internal working groups, and interviews with internal stakeholders, subject matter experts, and external specialists. Emerging risks are assessed using an internally-developed framework, which includes qualitative and quantitative analysis to grade each emerging risk on a scale designed to be comparable across entities and compatible with management of operationalised risks. Evaluation of the potential impact to Admiral includes consideration of how the risk may interact with existing Principal Risks and Uncertainties (PR&Us), as well as any new risks that could arise. It also covers the precautionary deployment of management actions and mitigating controls.

Admiral's Emerging Risk Radar captures an assessment of potential impact and time to crystallisation for emerging risks. It categorises each risk into four broad risk segments: (a) social, political & economic, (b) legal & regulatory, (c) technology and (d) environmental. Plotting emerging risks in this way can shed light on the macro trends with common drivers and effects.

Reporting on emerging risks and opportunities is provided to the GRC and relevant Boards, is incorporated into the Group ORSA Report, and is discussed with the senior management and entity risk teams.

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three-year period, having referenced the Group's Own Risk and Solvency Assessment (ORSA), risk strategy, risk appetite, principal risks and uncertainties, key risk drivers, and ongoing risk management activities. As per provision 31, Admiral considers three years to be a period of assessment over which it has a reasonable degree of confidence. Although the Group reviews financial projections that extend beyond the three-year time horizon covering the years up to 2027, Admiral considers that there is an inherent risk and uncertainty in projecting beyond this three-year period, as the degree of certainty in the impact of internal and external developments reduces greatly due to the nature of Admiral's primary business (one-year insurance policies). However, these financial projections contain no information which would cause different conclusions to be reached over the long-term viability of the Group.

At least annually, the Group produces an ORSA report, which is the main source of evidence used by the Board to assess viability. The ORSA report sets out a detailed consideration of the principal risks and uncertainties facing the Group and considers current and projected levels of solvency and liquidity over a 12-month to three-year period.

In addition to the three-year period of assessment supported by the ORSA, the Board utilises other relevant reporting, some of which is longer term in nature. Notably these include five-year financial projections reviewed twice a year, three-year solvency projections reviewed at least twice a year, and a one-year financial budget for the forthcoming 12 months approved on an annual basis.

Quantitative and qualitative assessments of risks are performed as part of the ORSA process, assessing these risks over the three-year capital planning time horizon. This forward-looking approach reflects the alignment of the financial and business planning process and the solvency assessment, referred to within Admiral as the capital plan. This makes sure that Admiral is appropriately capitalised at a fixed point in time as well as over the future planning time horizon, given Admiral's principal risks and uncertainties and a plausible range of potential stressed conditions. The capital plan is a key consideration for Group and Subsidiary Boards in assessing and approving the business strategy, business / financial plan and key business decisions.

The quantitative assessment considers how the regulatory capital requirements, economic capital needs, own funds and solvency position of the Group are projected to change over the three-year horizon, with a requirement to maintain a solvency ratio above the approved capital risk appetite buffer throughout the projection.

The assessment includes a series of sensitivity, stress and scenario tests (S&STs) and reverse stress tests (RSTs) that are examined and quantified to understand the potential impact on the Group's solvency, liquidity and profitability, as part of the ORSA process. In addition to these Group tests, there are also entity-specific scenarios, considered of lower materiality to the Group, that are performed by each subsidiary insurance entity as part of their ORSA processes.

The results of the stress tests form part of the process to set the Group's capital risk appetite, which seeks to hold a buffer on top of the Group's regulatory capital requirement that is sufficient to protect its regulatory capital position against a range of significant but plausible potential shocks and stresses.

Key strategic decisions, including the setting of dividend payments, consider the solvency impact against the Board-approved capital risk appetite of 130%, which is a key criterion for the Board in assessing viability. Refer to the Strategic Report (page 64) for information on sensitivities to the reported 2022 solvency ratio position.

To assess the robustness of the Group to the impact of various risks, 15 S&STs and two RSTs have been quantified to understand the potential impact on the Group's solvency ratio. In 2022 a range of scenarios have been performed from the capital planning process along with scenarios related to PRA's IST 2022 natural catastrophe and cyber / operational risk scenarios, and insurance, market risk and inflation stresses.

The results indicate that for most of the stresses, Admiral has sufficient capital to withstand the extreme scenarios. The 130% buffer is breached for two scenarios (extreme inflation and macroeconomic shock) although the solvency ratios still lie comfortably above the 100% minimum solvency ratio. For these scenarios Admiral also has several management actions that it could call on to alleviate capital pressures and improve the solvency ratio to bring it above the 130% buffer. A third exception is an extreme RST, combining severe and extreme insurance (reserve/premium) and market risk scenario combinations. In the absence of management actions this would result in a breach of the 100% minimum solvency ratio but, as is the intention of the RST, it is considered to be an extremely remote outcome, being well excess of a 1-in-200-year event.

Risk management is an essential part of Admiral's operations, and successful risk taking is key to the Group achieving its business objectives. Risk management is therefore a key consideration when setting the Group's strategy, managing performance, and rewarding success. The current risks that are faced by the Group are captured in the Risk Universe, with the most notable risks captured in the Group's principal risks and uncertainties (page 114)[48]. In addition to these principal risks and uncertainties, the Group also considers a range of emerging risks that could impact the Group to varying degrees in the future, but which are not yet fully understood, including those related to climate change (page 121).

The Admiral Group Risk Strategy is considered and approved by the Board. The strategy is directly linked to the business plan and seeks to ensure that all risks are managed effectively to allow the Group to meet its strategic aims (pages 28–37). Supporting this is the Admiral Group Risk Management Policy, which sets out Admiral's approach to risk management, as well as the governance of risk management across the Group. This approach ensures that there is appropriate oversight of the Group's risk profile, and that the Group remains within risk appetite in all its operations.

While each of Admiral's principal risks and uncertainties could have potentially impacted the Group's performance, during 2022 the following key risk drivers were seen to be of notable importance: Covid-19, changing economic outlook, technology, cyber and operational resilience, geopolitical instability, and climate change.

Changing Economic Outlook: Admiral has reviewed and continues to monitor 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, surging energy prices and the pressures on individual household finances leading to a "cost of living crisis" in many countries. Some of the current trends in risks most impacted by the changing economic outlook are highlighted below:

- Premium Risk and Catastrophe Risk: Global uncertainties, supply chain pressures and increasing vehicle repair and replacement costs have all contributed to claims inflation. Similarly, labour shortages and cost of living concerns will contribute to wage inflation impacting large bodily injury claims. In most insurance markets, motor claims frequency has increased but is still noticeably below pre pandemic levels. 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 continues to maintain a prudent reserving approach to claims
- Credit Risk: The increase in cost of living may lead to an increased number of customers being unable to meet their loan repayments or insurance premiums. The EUI processes for payment holidays to direct debit payers was established during the Covid-19 lockdowns and remains in place for financially vulnerable customers. Within Admiral Money, affordability assessments for new loans have been adjusted to ensure that customers are resilient to ongoing inflation. The loans portfolio has been stress tested and the results indicate a strong portfolio within risk appetite
- Reserve Risk: The Group has a prudent approach to reserving, which helps to minimise the impact of inflation and help build strong, resilient businesses for the long-term. Provision has been made for the impact of inflation on unsettled Bodily Injury (BI) claims, for which cost of care is the primary driver of cost, ensuring that reserves capture excess inflation, for all heads of damage, but particularly for wage inflation over the average time it takes for BI claims to settle. This continues to be reviewed, with best-estimates of these impacts being reflected in the reserves recognised as at the balance sheet date
- Operational Risk: During 2022, GRC have continued to review the impacts and level of operational risk as focus turned to adapting to the "post-Covid-19 business environment". The labour market remains difficult with strong competition to attract candidates at all levels. The trial and introduction of flexible working conditions, increased staff retention risks in the UK, the potential erosion of the competitive advantage of Admiral's culture and the return to more "normalised" driving patterns have all been considered in their impact on both operational performance and customer outcome risks. The GRC received reports of actions such as a reduction in working hours for UK staff and an increase in holiday allowance being implemented to address some of these impacts. Monitoring and reporting is in place on the impact of attraction and retention levels as well as levels of sickness and absences, following the improvements made to the staff benefits package

48 Please also see note 6 to the financial statements which sets out the Group's objectives, policies and procedures for managing financial assets and liabilities

Viability Statement continued

Covid-19: Group committees have continued to monitor the ongoing impact of Covid-19 and challenge Admiral's response, including oversight of the return to the office, in line with all applicable local and national guidance. Throughout the pandemic the GRC sought to ensure appropriate action was taken to manage the impact to Admiral's principal risks and uncertainties: prioritising staff health and safety, maintenance of the strong Admiral culture, Admiral's ability to continue to provide high quality customer service and financial resilience.

- Key actions undertaken by the GRC in this regard include review and challenge of potential impacts to Admiral Group's solvency and liquidity including financial stress testing and updates on Covid-19 related regulatory interactions

Geopolitical Instability: The Russian invasion of Ukraine and an escalation of geopolitical tensions led to a review of potential exposure across the Group's PR&Us. From a solvency perspective the impact has been assessed as immaterial at this time, and monitoring of geopolitical tensions is ongoing.

- Market Risk: The initial investment spread shock was of brief duration and there was very limited indirect exposure across the investment portfolio. Market risks are reviewed by the investments team and asset managers to ensure Admiral is adequately positioned in this rapidly changing environment
- Insurance Risk: The risk of reduced availability of co-insurance/reinsurance arrangements remains heightened due to tensions between Russia-Ukraine and an anticipated Ogden change in 2024, however monitoring is being undertaken to adequately react to any scenario

Cyber and Operational Resilience: Admiral's continual focus on data, technology, and digital has driven increasing adoption of cloud technologies.

- Increased monitoring of Technology and Information Security Risks commenced during 2022 through additional KRIs and regular standing reports and updates from the Group Technology and Information Security Risk Team. Updates on cyber crisis planning were provided to committees and monitoring will continue on progress and response planning activities
- The cyber security programme in the European insurance businesses continues to make progress in reducing their information security risk, in line with the Group's Cyber Security Framework. In the UK, an Operational Resilience programme was completed at the end of March 2022 in line with regulatory requirements. Work will continue specifically focussed upon the identified Important Business Services

Climate change: Admiral remains committed to recognising and understanding the threats and opportunities posed by climate change to the Group, as well as to mitigate 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 existing and emerging regulatory and disclosure requirements
- Researching climate-change trends and assessing the risks and opportunities arising from climate change
- Incorporating climate-related risk drivers into business-as-usual risk management, such as enhancing Admiral's climate scenario testing capabilities
- Continuing efforts to further reduce the Group's carbon footprint

Admiral Group's strategy linked to climate change is discussed in more detail in the Task Force on Climate-Related Financial Disclosures disclosure (page 97).

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, for the period up to and including December 2025.

Strategic Report Approval

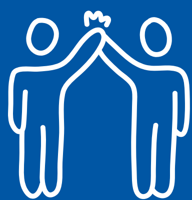
The strategic Report is approved for issue by the Board of Directors, and signed on behalf of the Board:

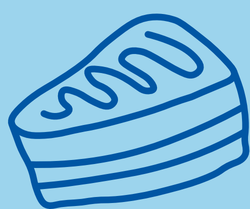
Milena Mondini de Focatiis
Group Chief Executive Officer
7th of March 2023

Corporate Governance

Contents

Adding value. Delivering difference. For our communities





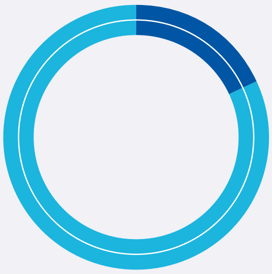
Governance at a glance

Total Board Director skills

11 Finance
10 Risk
8 Insurance
11 Executive/Strategic Leadership
5 Marketing/Retail
8 M&A
10 City
8 International
8 Tech/Digital/Data
8 Operations
6 Entrepreneurial
3 Loans
7 Small / Medium Enterprise
11 Remuneration/People
7 ESG/Sustainability

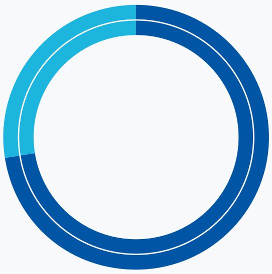
Find further detail on **page 130**

Executive/Non-Executive Directors



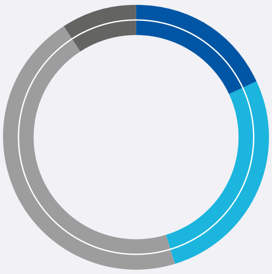
2 Executive
9 Non-executive

Total Board Independence



8 Independent
3 Non-Independent

Age diversity



40s 18.2%
50s 27.2%
60s 45.5%
70s 9.1%

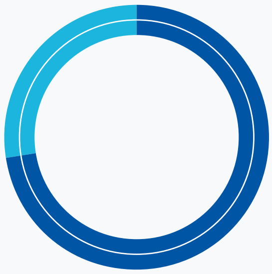
"This year's external evaluation found that this is a strong Board that is reflective and supportive of the Admiral culture."

Annette Court
Group Chair of the Nomination and Governance Committee

"Admiral is only one of 5 FTSE100 companies where each of the board positions of Chair, SID and CEO are held by women."

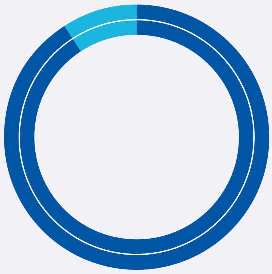
Annette Court
Group Chair of the Nomination and Governance Committee

Board Nationality



8 British
3 Non-British

Board Ethnicity

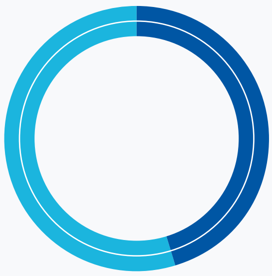


10 White British or other White (including minority white groups)
1 Asian /Asian British

"The Board remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge."

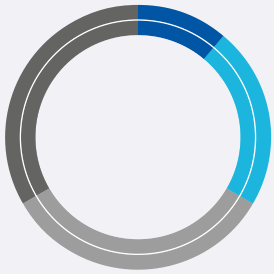
Annette Court
Group Chair of the Nomination and Governance Committee

Board gender diversity



5 Men
6 Women

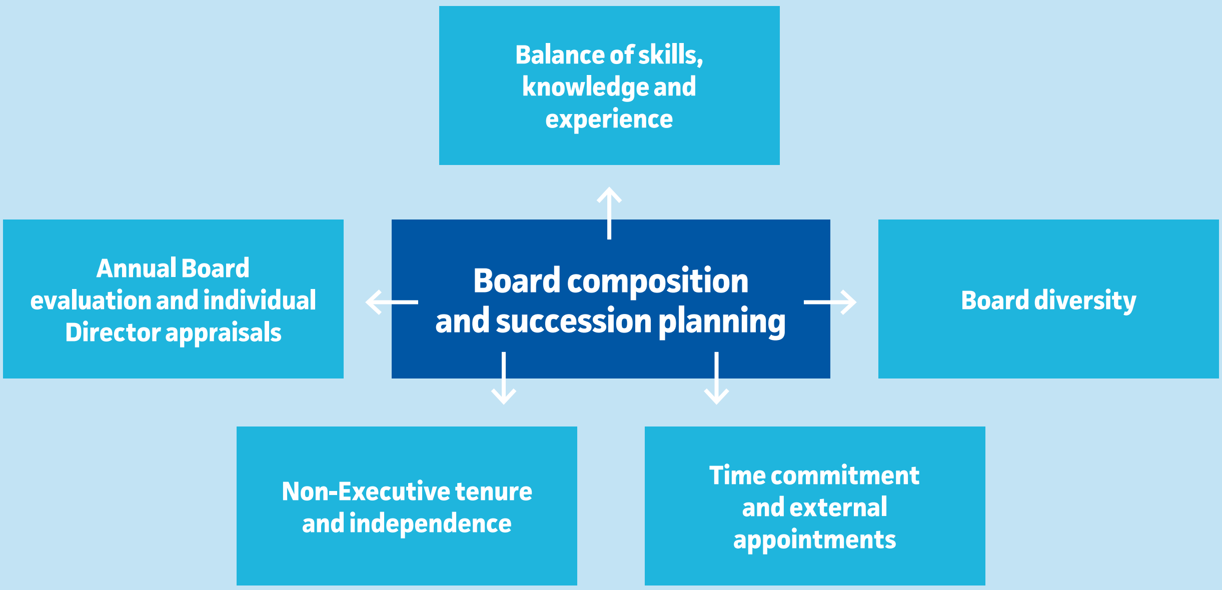
Non-Executive Director tenure



>9 years
6-9 years
3-6 years
<3 years

Annette Court **10y 9m**
Jean Park* **8y 11m**
Justine Roberts **6y 6m**
Andy Crossley **4y 10m**
Mike Brierley **4y 3m**
Karen Green **4y 0m**
JP Rangaswarmi **2y 8m**
Evelyn Bourke **1y 8m**
Bill Roberts **1y 6m**

* Jean Park stepped down from the Board in January 2023



Introduction to Governance

"With the background of an uncertain world, Admiral remains focused on building our strengths."

Annette Court
Group Chair of the Nomination and Governance Committee

Introduction from the Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present the Group's Governance Report for the financial year ended 31 December 2022. This report sets out our approach to effective corporate governance and outlines key areas of focus of the board and its activities undertaken during the year as we continue to drive long-term value for all our stakeholders.

Backdrop

With the background of a world coming out of a pandemic, moving to a world of hybrid working with uncertainty and very high claims inflation alongside a cost-of-living crisis, Admiral remains focused on building on our strengths: a strong workplace culture, diversity and inclusion, succession planning and climate change reporting. The Board continues to keep abreast of the changing corporate governance landscape (such as the BEIS audit and corporate governance reforms) and is committed to ensuring that it provides effective leadership by ensuing that good governance principles and practices are adhered to across the Group.

Board changes and succession planning

In January 2022 the Board approved that Bill Roberts was appointed as a member of Nomination and Governance Committee. Due to Jean Park's temporary leave of absence which was effective from February 2022, upon the recommendation of the Committee, the Board approved that Justine Roberts be appointed as the Interim Senior Independent Director ("SID") and Andy Crossley be appointed as the Interim Group Risk Committee Chair with effect from February 2022 and Karen Green was appointed as a member of the Risk Committee on 1 June 2022. Justine played an important role in 2022 in leading the Chair succession process as my extended tenure as Board Chair comes to an end at the AGM in April 2023. Jean Park retired from the Board in January 2023 and, in her place, the Board approved the appointment of Justine Roberts as permanent SID and as a permanent member of the Remuneration Committee. Refer to the report of the Nomination and Governance Committee for further information.

Further details of the respective selection processes are set out on **pages 159 to 170**

Further details on our succession planning is set out on **page 128**

Further details on our explanations in respect of non-compliance with Provisions 19 of the Code are on **page 136**

Purpose, Culture and the impact of COVID-19

As reported in our 2020 annual report, the Board approved a revised Group purpose statement in January 2021. The Board is cognisant that it has the ultimate responsibility for ensuring that Admiral has an appropriate company culture that aligns with the Group purpose and considers its impact on all of its stakeholders. Culture continues to be a topic closely monitored by management and the Board, following the workforce spending an extended time working from home following the pandemic. The Board received updates during the year on the proposals to introduce a more permanent hybrid working model across the Group and how this might impact Admiral's culture. Further information on the Group's purpose and how its culture is monitored and assessed by the Board is outlined on pages 72 to 78 of the Strategic Report and pages 148 to 152 of this report, respectively.

For further detail see Our Customers section pages 74 to 76

Stakeholder engagement

During the year, the Board revisited its Stakeholder Map and reaffirmed the key stakeholder groups, as well as the various mechanisms used to engage and communicate with each. Consideration was also given to how Admiral stakeholders' views were taken into account in decision making in accordance with the Board's duties under s.172 of the Companies Act 2006. Information on how the Directors discharge this duty, as well as an update on the work of the Employee Consultation Groups (ECGs), is contained within the stakeholder sections on page 145 of the Governance report.

ESG

The Board increased its oversight of environmental, social and governance factors in 2022, with climate change, and diversity and inclusion being areas of increasing focus. Not only did the Board receive multiple updates on progress to increase disclosures on ESG matters, but the Audit and Risk Committees also increased their respective oversight of the Taskforce for Climate-related Financial Disclosures (TCFD) and SASB disclosures. The Remuneration Committee also considered proposals during the year to link ESG metrics to reward. Further information on TCFD and climate change can be found on page 97.

The Nomination and Governance Committee and the Board considered updates on diversity and inclusion during the year, including revised targets to demonstrate Admiral's commitment to continue to be a diverse and inclusive employer. Further information about the Board's oversight of diversity and inclusion at Admiral is included in the Nomination and Committee Report on page 158 and pages 78 and 80 of the Strategic Report.

Read more in our Nomination committee report on **page 158**

Board effectiveness

At the end of the year, the Board and all of its Committees were evaluated externally by Bvalco Ltd on their own performance to ensure that they continued to operate effectively and to provide an opportunity to make any improvements in 2023. The outcome of the review also fed into the Board's objectives which were set for 2023. A summary of the outcome of the externally facilitated Board evaluation including information on the Board's objectives are on pages 169–170.

Annette Court
Group Chair

7 March 2023

Board of Directors

Our diverse Board has a breadth of skills and experience of adding value and delivering difference.

Board skills matrix

- Finance
- Insurance
- Marketing/Retail
- City
- Technology/Digital/Data
- Entrepreneurial
- Remuneration/People
- Risk
- Executive/Strategic Leadership
- M&A
- International
- Operations
- Loans
- ESG/Sustainability

Committee Membership

- Audit Committee member
- Remuneration Committee member
- Group Risk Committee member
- Nomination and Governance Committee member
- C Committee Chair
- Senior Independent Director

Annette Court

Chair

Current appointments

- Non-Executive Director, Chair of the Remuneration Committee and member of the Audit and Risk Committee at Sage Group Plc
- Chair of WH Smith Plc
- Member of Streetgames.org Business Advisory Board
- Business Mentor

Background and experience

CEO of Europe General Insurance for Zurich Financial Services and a member of the Group Executive Committee from 2007–2010. Former CEO of Direct Line Group (formerly RBS Insurance) and member of the RBS Group Executive Management Committee. Previously a member on the Board of the Association of British Insurers (ABI).

Appointed

Appointed to the Board on 23 March 2012, appointed to Chair on 26 April 2017 with service ending 27 April 2023.

Contributions and reasons for appointment

As Chair, Annette effectively leads the Board, and is responsible for setting its agenda and monitoring its effectiveness. Annette demonstrates significant commitment to the role and with a background in financial services and technology, and expertise in mentoring leaders, she contributes both strategically and practically to all areas of Board related decision making. Annette is also Chair of the Nomination and Governance Committee a role she devotes herself to fully and contributes effectively offering challenge and guidance.

Annette was appointed as Board Chair in April 2017, having spent 5 years as a Non-Executive Director of the Board. Annette reached her nine-year tenure as Non-Executive Director on the Board in March 2021. Annette will not be seeking re-election at the April AGM and she will be stepping down from her role as Chair.

Skills

Milena Mondini de Focatiis
Chief Executive Officer

Current appointments
- Mentor for A-Road, Growth Capital
- Admiral Insurance Company Limited member (an Admiral Group subsidiary)

Background and experience
Milena joined Admiral in 2007 and was appointed CEO in January 2021. She has been a member of the leadership team throughout her time at Admiral, has extensive experience of the Group's operations and has attended and actively contributed at Board meetings as an observer since 2011. Her previous roles included being Head of UK and European Insurance and CEO of ConTe.it, Admiral's Italian insurance business which she founded in 2008.

Before joining Admiral, Milena worked as a consultant for Bain & Co and Accenture. She holds an MBA from INSEAD and a degree in Telecommunication Engineering from Universitá degli Studi di Napoli Federico II.

Appointed
Appointed to the Board in August 2020 and became CEO on 1 January 2021.

Contributions and reasons for appointment
Milena leads a very strong and experienced management team and is an effective CEO who continues to build an even stronger Admiral for the future.

Skills

Geraint Jones
Chief Financial Officer

Current appointments
- Admiral Financial Services Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance (Gibraltar) Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance Company Limited Board member (an Admiral Group subsidiary)
- Co-opted member of the Finance and Audit Committee of the Wales Millennium Centre

Background and experience
Geraint joined Admiral in 2002 and held several senior finance positions including Head of Finance, before being promoted to Deputy CFO in January 2012 and CFO in August 2014. Geraint is responsible for finance, investments and investor relations. A Fellow of the Institute of Chartered Accountants in England and Wales, Geraint spent the early part of his career as an external auditor at Ernst & Young and KPMG.

Appointed
Appointed in 2014.

Contributions and reasons for appointment
Geraint has worked for Admiral for approaching 20 years and has been Group CFO for nearly 8 years. He has a deep understanding of the Group's businesses and strategy, which, together with his significant financial and accounting experience and broad range of skills and commercial expertise, makes him a valuable contributor both to the Board and the wider Group. Geraint is also able to use his financial and accounting experience to provide insight into the Group's financial reporting and risk management reporting processes.

Skills

Board of Directors
continued

Mike Brierley
Non-Executive Director

Current appointments
- Chair of Admiral Financial Services Limited (Admiral Money) (an Admiral Group subsidiary)
- Non-Executive Director of Alpha Bank London Limited
- Director and Trustee of the Rose Theatre Trust

Background and experience
Mike was CFO of Metro Bank Plc between 2009 and 2018, helping lead the business from start-up to listing on the FTSE. He spent seven years at Capital One Europe in various roles including CFO Europe, CFO UK and Chief Risk Officer Europe. He has also served as CFO for Royal Trust Bank, Financial Controller at Industrial Bank of Japan (London Branch), Director Business Risk at Barclaycard and was co-founder and Deputy Managing Director and CFO of Gentra Limited. Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Appointed
Appointed in 2018.

Contributions and reasons for appointment
Mike brings a depth of knowledge from working at senior levels across multiple financial services sectors, jurisdictions and markets. As a result of his extensive financial and commercial experience, Mike is able to contribute effectively as a non-executive director, and in his role as a member of the Audit and Remuneration Committees. Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting and internal control matters that come before the Audit Committee. Mike demonstrates full commitment to the responsibilities that go with his Board and Committee roles and offers appropriate challenge and guidance in respect of the matters considered in these forums.

Skills

Karen Green
Non-Executive Director

C

Current appointments
- Non-Executive Director, Senior Independent Director and Chair of the Sustainability Committee of Phoenix Group Holdings Plc
- Non-Executive Director and Chair of the Risk Committee of Asta Managing Agency Ltd
- Council Member and Chair of the Investment Committee Lloyd's of London
- Non-Executive Director and Interim Risk and Audit Committee Chair (effective 1 January 2023) of Miller Insurance Services LLP
- Advisor role at Cytora Limited

Background and experience
Karen Green is the former CEO of Aspen UK, comprising the principal UK insurance and reinsurance companies of Aspen Insurance Holdings (2010 to 2017). Other senior Aspen positions included Group Head of Strategy, Corporate Development, Office of the Group CEO and she was a member of the Group Executive Committee for 12 years. Prior to that, she held various corporate finance, M&A and private equity roles at GE Capital Europe and Stonepoint Capital having started her career in investment banking at Baring Brothers and Schroders.

Appointed
Appointed in 2018.

Contributions and reasons for appointment
Karen has substantial financial services experience and has a deep understanding of insurance and reinsurance, having served in senior executive roles in these sectors, including as CEO of an insurance business. Karen also has a strong background in strategic planning and corporate development and the relevant financial and industry expertise to be Chair of the Audit Committee. She demonstrates the commitment required to discharge effectively the responsibilities attached to this role and to challenge management on the Group's financial reporting and risk management processes in particular.

Skills

Justine Roberts, CBE

Non-Executive Director
Interim Senior Independent Director

Current appointments

- CEO & Founder, Mumsnet.com & Gransnet.com
- Non-Executive Director of The Open Data Institute
- Non-Executive Director of Boring Money

Background and experience

Justine founded Mumsnet in 2000 and is responsible for creation, strategic direction and overall leadership. In May 2011, Justine founded Gransnet, a sister site to Mumsnet, for the over-50s. Before that Justine was a freelance football and cricket journalist for the Times and Daily Telegraph, after working for Warbugs and Deutsche Bank as an economist, strategist and head of South African Equities in New York.

Appointed

Appointed in 2016.

Contributions and reasons for appointment

As CEO of the successful Mumsnet and Gransnet brands, Justine has strong digital and customer experience insights that she is able to bring to the Board decision making process. Justine also has a strong background in driving change through digital capabilities and brings a fresh and insightful perspective to the matters for consideration by the Board. Justine is also an effective member of the Nomination and Governance Committee and demonstrates full commitment to the role as well as performing the role of Interim Senior Independent Director.

Skills

Jean Park

C

Non-Executive Director
Senior Independent Director

Current appointments

- (The Company announced on 22 February 2022 that Jean Park, Non-Executive Director, took a temporary medical leave of absence and returned to her role in the second half of 2022)

Background and experience

Jean was Group Chief Risk Officer at the Phoenix Group from 2009 until June 2013, during which time she held responsibility for the Group's relationship with the regulator and founded the Board Risk Committee. Previously, she was Risk Management Director of the Insurance and Investments division of Lloyds TSB and, before that, Head of Compliance and Audit at Scottish Widows. Jean is a Member of the Institute of Chartered Accountants of Scotland.

Appointed

Appointed in 2014.

Contributions and reasons for appointment

Jean is an experienced non-executive board member with extensive understanding of risk management and corporate governance. This knowledge and experience has been acquired through a variety of senior executive and subsequent NED roles with Admiral and other financial services companies and qualifies her for Group Board membership and for her roles as Chair of the Group Risk Committee and Senior Independent Director. Jean continues to demonstrate full commitment to both these roles and, in addition, her membership of the Group Remuneration Committee and Nomination and Governance Committee.

Skills

Board of Directors
continued

Andy Crossley
Non-Executive Director

C

Current appointments
- Chair of EUI Limited (an Admiral Group subsidiary)
- Non-Executive Director, member of Remuneration
- Risk Committee and Chair of Audit Committee at Vitality Health Ltd and Senior Independent Director of Vitality Life Ltd
- Director of Vitality Corporate Services Ltd

Background and experience
Andy was CFO at Domestic & General Group from 2014 to 2017. He spent 14 years at Prudential Plc from 2000 as Director, Group Finance; Group Chief Risk Officer; and CFO and Deputy Chief Executive of Prudential UK. He previously held senior manager roles at Legal & General Group Plc, where he was Group Financial Controller, and Lloyds Bank Plc. Andy is a Fellow of the Institute of Chartered Accountants in England and Wales.

Appointed
Appointed in 2018.

Contributions and reasons for appointment
Andy has held a variety of senior roles relating to financial planning, strategy and risk across UK financial services. He has a wealth of accounting and financial experience and provides progressive insights to the matters that come before the Board. Andy is a valuable contributor to the Board and as a member of the Audit Committee and the Group Risk Committee (of which he is Interim Chair). Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting matters that come before the Audit Committee.

Skills

Jayaprakasa Rangaswami
Non-Executive Director

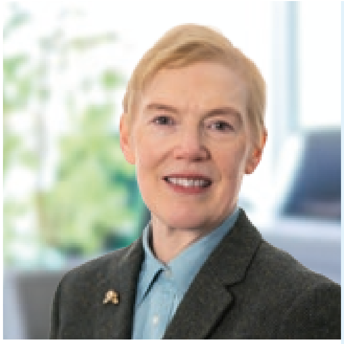
Current appointments
- Non-Executive Director of Allfunds Bank SA
- Non-Executive Director of Allfunds Group Plc
- Non-Executive Director of Daily Mail and General Trust Plc (DMGT) (now delisted)
- Non-Executive Director of National Bank of Greece S.A.
- Non-Executive Director of EMIS Group Plc
- Member, Board of Trustees, Cumberland Lodge
- Member, Board of Trustees, Web Science Trust

Background and experience
Jayaprakasa Rangaswami (JP) has a wealth of large-scale IT operational experience gained through his roles as Chief Information Officer (CIO) with Dresdner Kleinwort (2001 to 2006) and Managing Director/Chief Scientist at BT Group (2006 to 2010). JP has also been Chief Scientist with Salesforce (a US cloud-based software company) (2010 to 2014) and was Chief Data Officer (CDO) and Group Head of Innovation with Deutsche Bank (2015 to 2018). He has operated in financial services for over 10 years and understands the challenges of working in a regulated environment. JP is also a former global CIO of the Year as well as European Innovator of the Year.

Appointed
Appointed 29 April 2020.

Contributions and reasons for appointment
JP brings a wide range of IT skills and digital experience which helps to complement and enhance the existing skills around the Board table. He has operated in financial services for over 10 years and understands the challenges of working in a regulated environment. He is also able to effectively contribute to the Board debate and demonstrates full commitment to the role. JP is also a member of the Group Risk Committee, a role for which he has the relevant experience and capability.

Skills



Evelyn Bourke

Non-Executive Director

C

Current appointments

- Non-Executive Director, Chair of the Audit Committee and member of the Nomination Committee at Marks and Spencer Group Plc
- Non-Executive Director, Chair of the Audit Committee, member of the Risk Committee and Sustainability Committee Bank of Ireland Group Plc
- Non-Executive Director, Senior Independent Director, member of Audit Committee and Risk and Compliance Committee at AJ Bell Plc
- Charity Board Trustee of Ireland Fund for Great Britain

Background and experience

Evelyn was Bupa Group's CFO between 2012 and 2016, before becoming Bupa's Group Chief Executive Officer from 2016 to 2020. Evelyn has held several senior leadership roles during her career including Chief Commercial Officer at Friends Life UK (2011 – 2012), CFO at Friends Provident (2009 – 2010), CFO at Standard Life Assurance (2006 – 2008), and CEO at Chase de Vere (2004).

Appointed

Appointed on 30 April 2021.

Contributions and reasons for appointment

Evelyn brings valuable general management, finance and strategy experience from life and health insurance, internationally. She complements and enhances the range of skills currently on the Board. Evelyn has held several leadership positions in financial services organisations and has the appropriate skills, knowledge and experience to perform her roles as Non-Executive Director and Chair of the Remuneration Committee.

Skills

Bill Roberts

Non-Executive Director

Current appointments

- Advisor at Hi Marley
- Non-Executive Director Elephant Insurance Company, incorporated in Virginia, USA

Background and experience

Bill Roberts has a wealth of insurance, underwriting and marketing experience gained during his time at US insurer, GEICO, which he joined in 1984. Whilst at GEICO, Bill held several Executive appointments, including COO and President and CEO for all GEICO Insurance Companies, a position he held from 2018 until he was promoted to Vice Chair, GEICO Insurance Companies in 2020. Bill held this role until he retired from GEICO in December 2020.

Appointed

Appointed on 11 June 2021.

Contributions and reasons for appointment

Bill brings valuable insurance experience and insight on the US insurance market having held several senior Executive positions with US insurer, GEICO. Bill contributes and challenges effectively on the matters that come before the Board. His extensive US insurance experience and insight is of specific value to the Group's US businesses as they seek to continue to develop and grow. Bill does not currently have any other Executive or Non-Executive Director commitments that would impact the time commitment requirements for his Admiral Non-Executive Director role and member of the Nomination and Governance Committee and has capacity to fulfil the duties and responsibilities for these roles.

Skills

Governance Report

Compliance with the UK Corporate Governance Code

Implementing best practice corporate governance contributes to the successful delivery of strategy and is, therefore, important to the Board. An effective corporate governance framework helps the Board and management to deliver the strategy within the scope of the relevant legal and regulatory landscapes. It ensures, amongst other things, that:

- The Board is composed in an appropriately balanced way which promotes diversity and enables it to operate effectively. Having appropriate divisions of responsibility between Executive and Non-Executive roles provides external challenge to the internal view. Similarly, diversity on the Board and at a senior management level avoids groupthink and offers different perspectives
- The Board and management maintain two-way relationships with the Group's key stakeholders. The Board should act in a way which promotes the success of the Company for the benefit of its shareholders, but it should also have regard to its other key stakeholders when making decisions. It is important that two-way engagement is maintained to enable key stakeholders to provide input to the Group's actions
- The Group has a clear purpose and strategy, and that Admiral's culture aligns to it. Messaging and tone from the top are crucial and should be consistent so that everyone is clear about the goal and, therefore, works towards the same thing
- Remuneration is proportionate and supports long-term success, therefore, generating the right behaviours and outcomes

This year, the Annual Report has been structured to better help the reader cross-reference the following key sections of the UK Corporate Governance Code 2018 (Code), with the explanations of the Company's application of the Code principles and compliance with its provisions falling under the respective sections:

- Board leadership and Company purpose (from page 137)
- Division of responsibilities (from page 153)
- Composition, succession and evaluation (from page 157)
- Audit, risk and internal control (from page 171)

The mechanisms described throughout the Governance Report are intended to demonstrate how the Group's corporate governance framework contributes to the delivery of the strategy.

Provisions:

Statement of Compliance

The Group complied with the provisions of the Code except for provision 19, for which there are explanations below.

Explanations:

Provision 19 of the Code states that 'The chair should not be in post beyond nine years from the date of their first appointment to the board.' Annette Court was appointed as Board Chair in April 2017, having spent five years as a Non-Executive Director of the Board. Annette reached her nine-year tenure as Non-Executive Director on the Board in March 2021. As reported in the Annual Reports for the three prior periods, in 2019, the Board considered and agreed, having consulted shareholders, that she should remain in post as Board Chair for up to three years beyond March 2021, with the expectation that she would serve two years, subject to annual approval by the shareholders. This represents a departure from the Code for the 2022 financial year.

Provision 19 of the Code goes on to state that 'To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment.' A Chair recruitment process began in May 2022 to find a successor for Annette as she intends to step down as Chair of the Board at the AGM in April 2023 and therefore she will not be seeking re-election.

Annette's re-election was supported by shareholders at the previous AGM on 28 April 2022 (93.1% votes in favour) and that her 2022 performance review, led by the SID, concluded that she continued to perform effectively as Board Chair, continued to exercise objective judgement and promoted constructive challenge amongst Board members.

The 2022 Board evaluation also concluded that the Board continued to function well, under the leadership of Annette. In addition, the Board's composition has continued to be refreshed during 2022 with the appointment of the new Chair.

Jean Park assumed the role of SID on 1 January 2022, however due to a temporary medical leave of absence, Justine Robert was appointed the interim SID and, together with the support of the Board commenced the search for a Board Chair successor during 2022.

Board leadership and Company purpose

Compliance with the Code Principles

UK Code Principle	Description	References
Principle A	A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	· Role of the Board on page 154. · Stakeholder sections in the Strategic Report: – Customers on pages 74 to 76 – People on pages 77 to 81 – Partners and suppliers on pages 82 to 84 – Shareholders on pages 85 to 86 – Communities on pages 87 to 90 – Environment on pages 91 to 94 · Board evaluation on page 167
Principle B	The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	· Purpose, values and strategy on pages 6 to 8 and 28 to 37 of the Strategic Report · Monitoring and assessing culture on pages 141 – 142 · Role of the Board on page 154
Principle C	The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	· Going concern in the Directors' Report on page 210 · Role of the Board on page 154 · Board evaluation on page 167 · Internal audit in the Audit Committee Report on page 173 · Risk management and internal control systems in the Risk Committee Report on page 174
Principle D	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	· Stakeholder engagement on pages 74 to 94 · Stakeholder sections in the Strategic Report: – Customers on pages 74 to 76 – People on pages 77 to 81 – Partners and suppliers on pages 82 to 84 – Shareholders on pages 85 to 86 – Communities on pages 87 to 90
Principle E	The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	· Culture on page 140 · Whistleblowing on page 144 · Whistleblowing in the Audit Committee Report on page 177

Governance Report
continued

Meetings and attendance

Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Group to perform their duties. Where Directors are unable to attend meetings, they receive papers for that meeting, giving them the opportunity to raise any issues with the Chair in advance of the meeting. The number of scheduled Board meetings and Committee meetings, of which they are a member, attended by each Director during 2022 is provided in the table overleaf.

In addition to the seven scheduled Board meetings held during the year, the following additional meetings were held:

- In November 2022, one meeting was held to review the new Chair candidate position. Our current Chair, Annette was not involved in the new Chair process.

The Board also delegated authority to a Board Sub-Committee on three occasions during the year to review and approve final drafts of announcements and proposals, which had already been considered by the Board or its Committees, on behalf of the Board.

The Board met in person for all seven of its meetings held during the year, including its strategy meeting (and October Board) which was held over three days in the UK.

	Board meetings	Board Sub Committee Meetings	Audit Committee Meetings	Risk Committee meetings	Nomination and Governance Committee meetings	Remuneration Committee meetings
Total Meetings Held	7	5*	11	11	9	9
Annette Court (Chair)	7/7	4/5[2]	–	–	9/9	–
Milena Mondini de Focatiis (Chief Executive Officer)	7/7	4/5[3]	–	–	–	–
Geraint Jones (Chief Financial Officer)	7/7	5/5	–	–	–	–
Karen Green	7/7	5/5	11/11	5/5[8]	–	–
Jean Park	4/7[1]	1/2[1]*	–	5/11[1]	7/9[1]	4/9[1]
Justine Roberts	7/7	1/2[4]*	–	–	9/9	–
Andy Crossley	7/7	1/2[5]*	11/11	11/11	–	–
Michael Brierley	7/7	2/2*	11/11	–	–	8/9[10]
Jayaprakasa (JP) Rangaswami	7/7	1/2[6]*	–	11/11	–	–
Evelyn Bourke	7/7	1/2[7]*	–	–	–	9/9
Bill Roberts	7/7	2/2*	–	–	9/9[9]	–

1 Jean Park was unable to attend three Board meetings on 1/2 March 2022, 27/28 April 2022 and 15/16 June 2022; one ad-hoc Board meeting on 21 February 2022, two Risk Committee meetings on 7 April and 21 June 2022 and four ad hoc meetings on 16 February 2022, 4 May 2022, 17 May 2022 and 29 July 2022; two Nomination and Governance Committee meetings on 28 April 2022 and 16 June 2022 and one ad hoc meeting on 11 February 2022 and four Remuneration Committee meetings on 28 February 2022, 7 June 2022, 4 August 2022 and 12 September and one ad hoc meeting on 15 March 2022 due to a temporary medical leave of absence

2 Annette Court did not attend the ad-hoc Board meeting on 30 November 2022 as this meeting was part of the new Chair recruitment process

3 Milena Mondini was unable to attend one ad hoc meeting of the Board called at short notice on 21 February 2022 following a Nomination & Governance meeting which urgently had to make recommendations following news of Jean's medical leave of absence

4 Justine Roberts was unable to attend one ad hoc meeting of the Board called at short notice on 21 February 2022 following a Nomination & Governance meeting who urgently had to make recommendations following news of Jean's medical leave of absence

5 Andy Crossley was unable to attend one ad hoc meeting of the Board called at short notice on 30 November 2022

6 JP Rangaswami was unable to attend one ad hoc meeting of the Board called at short notice 21 February 2022 following a Nomination & Governance meeting who urgently had to make recommendations following news of Jean's medical leave of absence

7 Evelyn Bourke was unable to attend one ad hoc meeting of the Board called at short notice 21 February 2022 following a Nomination & Governance meeting who urgently had to make recommendations following news of Jean's medical leave of absence

8 Karen Green was appointed as a member of the Risk Committee on 1 June 2022

9 Bill Roberts was appointed as a member of Nomination and Governance Committee on 21 January 2022

10 Michael Brierley was unable to attend one ad hoc meeting of the Remuneration Committee called at short notice on 27 October 2022

* The following ad-hoc Board meetings were delegated to the following members only: 2 March, 4 April & 9 August Annette Court, Milena Mondini, Karen Green and Geraint Jones

Principal areas of focus for the Board in 2022

Governance

- Progress made against the findings arising from the 2021 internal Board evaluation
- Diversity and inclusion
- Directors' duties
- Group succession planning and talent management
- Matters reserved for the Board and the Committees' respective terms of reference
- BEIS audit and governance reform consultation
- New Chair recruitment

Stakeholders

- Updates from the Chair of the UK Employee Consultation Group (ECG)
- Updates from the Head of International Insurance on the overseas ECG
- Update on culture and people, including Great Place to Work (GPTW) results
- Updates on diversity and inclusion
- Updates from Investor Relations
- Sustainability approach and the delivery against key pledges
- Stakeholder map and respective stakeholder updates throughout the year, including engagement mechanisms
- Regulatory relationships
- Reinsurance arrangements
- Group health and safety, wellbeing and impact of remote-working
- Suppliers and partners, including prompt payment practices
- Overseeing the review of the Group Reward Strategy

Strategy

- Review of Group purpose
- Strategy deep dives throughout the year from each Group business
- Financial Conduct Authority (FCA) pricing remedies for the UK general insurance market
- Brand, technology and digital programme updates
- Group Strategy Review at the strategy-focused meeting in October, which considered product diversification, Admiral 2.0 and motor evolution, as well as updates from each Group subsidiary business on their individual strategies

Regulatory/risk updates

- Admiral Internal Model Application Process (AIM) updates
- Own Risk and Solvency Assessment Report (ORSA) review
- The Prudential Regulatory Authority (PRA) attended the December 2022 Board meeting
- Modern slavery risks in the supply chain
- Assessment of key external risk factors and lessons learned from Covid
- Cyber risk updates and crisis management education, including lessons learned

Operational performance

- Impact of the Covid pandemic
- Hybrid working updates
- IFRS 17 Insurance Contracts training and financial impact assessment
- Regular trading updates from the Group's subsidiary businesses
- Group financial performance and position
- The Group's Five-Year Plan
- Dividend considerations

Principal areas of focus for the Board for 2023

- Ensure smooth transition process and support to the new Chair
- Ensure that there is a robust selection process for the new Group Risk Committee Chair and other NED roles identified to be required
- Continuing focus on executive team succession planning
- Ensure diversity and inclusion objectives are embedded
- Support the continuous development of Admiral's core competencies
- Ensure customers continue to be at the front and centre of new and incremental changes to improve our service to customers
- Oversee the Group's diversification strategy.
- Oversee embedding of the Group's agreed Sustainability strategy and ensure that it becomes integral to the Group's strategy and culture
- Monitor progress against key pledges for Climate Change and community, and key metrics. Submit Science Based Targets to SBTi for approval
- Continue to deepen the Board's understanding of external risk factors
- Provide steering and oversight for capital management, reinsurance and clear action plan to achieve successful internal model application process
- Oversee the roll-out and evolution of the Group reward strategy

Governance Report
continued

Culture

- It remains important that Admiral's culture evolves and adapts as the business environment changes, but it is even more critical that those parts of our culture that have been our competitive advantage and a key driver of our success to date are fiercely protected, especially in continuing periods of change

Aligning our culture with our purpose, values, strategy, policies and practices

- Our culture is strongly aligned to our new Group purpose to 'Help more people to look after their future. Always striving for better, together'. Providing customers with great products and services, whilst caring for our people and other important stakeholders is key to what we do
- Although our Group purpose was renewed in January 2022, our unique workplace culture continues to be reinforced by our Four Pillars of Culture:

Fun
We want our people to look forward to coming to work, celebrate who they are, and feel happy and supported enough to give that little bit extra.

Communication
We encourage effective and transparent communication at all levels. This is aided by accessible management and opportunities to encourage feedback across the Group.

Equality
We work hard to promote a sense of fairness and equality. Everyone has the opportunity to succeed, backed by groups supporting diversity, inclusion and social mobility.

Recognition and reward
A job well done should be appropriately rewarded. At the heart of this pillar is our share ownership scheme, which rewards success with a stake in the Company.

The Four Pillars are built into the fabric of our training, communication, policies and the way we do business. During the year, the Board received assurance from management that the Group purpose had been embedded within the operational process and policies and that there continued to be alignment with its rewards and incentives. The Board recognised that there was evidence of the Group purpose and values having been embedded in the Group's policies and practices and requested that further information on the overall embedding of the Group's purpose be provided in early 2023.

Further information on:

- What makes Admiral a fun place to work can be found in the Strategic Report on page 10
- Communication with our people can be found in the Strategic Report on page 81
- Our approach to diversity and inclusion can be found in the Strategic Report on pages 78 to 80 and the Group Nomination and Governance Committee Report on page 158
- The Group's approach to investing in and rewarding its workforce can be found in the Annual Report on Remuneration on page 196

Guiding and promoting culture (See more about hybrid/remote/Smart Working on page 28)

Our Directors have a responsibility to act with integrity, lead by example and promote the desired culture. They do so through their everyday interactions, and we also ensure that any policies which apply to the Non-Executive Directors are consistent with the equivalent policies for the workforce.

There are many initiatives which promote Admiral's unique culture, some of which include:

- A compensation and promotion structure based on meritocracy.
- Star lunches where colleagues are recognised for their performance and are invited to attend a lunch with a senior manager
- Group Top 10 competition in which all departments compete in a highly contested Group-wide competition to present to a panel of senior managers on a different subject each year in order to be awarded the best department
- Coffee Morning Away Day (CMAD) an annual offsite for senior management
- Annual Manager Awards
- Local reward and recognition programmes
- High five feedback programmes where colleagues can submit feedback on colleagues across departments who have given great service
- Ministry of Fun. Further information can be found on page 10 of the Company Overview

- Health and wellbeing initiatives introduced during Covid to encourage employees to speak up if they needed support, a weekly health and wellbeing bulletin, yoga classes, webinars, art classes, amongst many other things
- Training/career development
- Diversity and inclusion working groups and initiatives
- Putting health and safety first, particularly in respect of the return to office considerations
- New employee induction workshops on Business and Culture at Admiral see page 143
- Return to in-person team days

Monitoring and assessing culture

People and culture scorecard

During 2022, work was progressed to update the culture scorecard. The scorecard continues to undergo a period of evolution but provides a good view of the key people and culture metrics in order to help management and the Board's assessments of the overall health of the Group's culture. It also supports the identification of any trends in the evolution of the Group's workforce and culture, including any associated risks which could impact the execution and support of the Group's strategy.

The Group continues to view the following people and culture metrics that are derived from the annual GPTW survey and Admiral's regular internal pulse surveys as the lead indicators for people and culture at Admiral. The GPTW survey is an external survey which collates anonymised question responses to provide an overall result, as well as departmental results.

GPTW Trust Index:	The Trust Index comprises 60 questions from the GPTW survey, that are stable over time, benchmarked against the Best Companies in each market, and highly representative of the overall people sentiment of a positive culture.	2022: 84% 2021: 86%
GPTW Engagement Index:	The Engagement Index is a specific measure comprising nine questions from the GPTW survey relating to willingness to go the extra mile, intention to stay with the business and likelihood of being an employer brand promoter. It is also benchmarked and stable over time and has a proven correlation with business performance. According to the GPTW institute research, the drivers that are most correlated to higher engagement scores are: (i) teamwork, (ii) career development, (iii) values and ethics, (iv) empowerment and accountability, and (v) innovation.	2022: 82% 2021: 84%
GPTW Culture Index:	The Culture Index is a specific measure comprising of eight questions from the GPTW survey relating to employee perception of the workplace as friendly, fun and welcoming.	2022: 89% 2021: 90%
Pulse surveys	Pulse surveys are undertaken four times a year and ask the same questions of our people to enable management to track any trends.	86% of our people feel they are well supported by their manager* 86% of our people think we are truly customer focused* 88% of our people think that important knowledge and information is shared with them by their manager* 92% of our people believe Admiral Group is a diverse and inclusive employer* * Q3 2022 pulse survey results
Other people metrics	Headcount, gender balance, absence, attrition, recruitment.	

Governance Report
continued

Scores continue to be very high across the Group, resulting in each Group entity being ranked among the Best Places to Work in their respective local markets. This demonstrates the strength and impact of the Admiral culture. Admiral is ranked as the 19th Best Workplace in Europe by Great Place to Work.

Pulse survey results in 2022 demonstrated that people at Admiral continued to feel well supported by their managers, the majority enjoyed working from home and communication was scored highly. Some examples of action taken following comments raised within the pulse surveys are outlined in the Our People section on pages 77 to 81 of the Strategic Report.

The Board received an update on the People and Culture Scorecard metrics during the year, including updates on the impact of remote working on Admiral's culture and how this risk would evolve as the Group moved to a hybrid working model.

Management recognised at that time that there were several metrics which needed to be closely monitored as a result of the culture risks associated with a move to a more permanent model of hybrid working, including engagement, absence and attrition trends, particularly as these metrics had increased back to pre-Covid levels in the UK, and recruitment, noting that improvements were needed to enhance the Group's critical capabilities in areas such as technology and analytics. The Board also challenged how further insights could be gained by tweaking some of the metrics and noted that the fun aspect of Admiral's culture was important to Admiral people. Further information on the Group's transition to hybrid working can be found in the Strategic Report on page 28.

Other tools

In addition to employee participation in regular monthly surveys and the annual GPTW survey, there are several other mechanisms used by the Group and the Board to monitor and assess culture. For example, culture audits conducted by the internal audit function; 'Meet the Manager' meetings; the 'Ask Milena' scheme; regular online manager chats; ECG meetings; mandatory training completion rates; health and safety data; whistleblowing and grievances; and customer net promoter score (NPS).

All are felt to be valuable methods of capturing the mood of our people and to gauge the health of our culture.

The Board Committees also help the Board monitor and assess culture through their respective responsibilities, some examples of which are highlighted below.

Audit Committee – Whistleblowing, Internal Audit, Group Minimum Standards.

Risk Committee – Risk events that would impact remuneration from a malus and clawback perspective, financial crime and misconduct risks.

Remuneration Committee – Workforce remuneration policies and assesses their alignment with culture and strategy, risk events reported to it by the Risk Committee under the malus and clawback framework.

Nomination & Governance Committee – Diversity and inclusion strategy and policies and progress against targets to ensure alignment with the Group's strategy and values, and succession and talent management.

As well as receiving updates on the Group's culture at Board meetings, the Non-Executive Directors utilise other mechanisms to assess and monitor culture, such as attending meetings of the UK ECG and Subsidiary Boards and performing site visits across the different entities within the Group, where possible, which enable the Non-Executive Directors to gauge the culture for themselves during their discussions with a cross-section of colleagues. In 2022, The Board Chair visited L'olivier offices in Paris and Lille, the Admiral Seguros office in Seville, the Admiral Europe Compañía de Seguros S.A.U. (AECS) Board meeting in Rome with the ConTe management team and employees, Elephant office in Richmond and was accompanied by some of the Non-Executive Directors on those visits.

Onboarding of new employees in a remote environment and protecting our culture

Following the initial national Covid lockdowns, Admiral introduced a new element to its induction for those joining remotely who had secured roles within the support functions of the business, who otherwise would not have had the four-week induction that our customer-facing colleagues complete, in order to safeguard its unique culture. The business and culture induction is a six hour programme covering the basics of our core values, culture and purpose and includes the following modules:

Module 1	**Welcome to Admiral** · How Admiral built its business back in 1993 to become a FTSE 100 company · What brands we use to sell our product · Admiral's purpose statement
Module 2	**Building our Business** · Admiral Group's business model · Admiral's goals for 2022
Module 3	**Introduction to the Insurance Industry** · The basics of the UK insurance market · Understanding the governing bodies within UK insurance · Principles of insurance
Module 4	**Learning about Admiral's Products & Services** · Our products and services · Reviewing our online websites and conducting customer research
Module 5	**Upholding Our Culture at Admiral** · How every employee can uphold Admiral's unique culture moving into the future · Admiral's four pillars of culture
Module 6	**Personal Development at Admiral** · How Admiral can look after your future through training and development · Registering for Admiral's internal talent bank
Module 7	**Award Winning Culture & Core Competencies** · How to implement Admiral's core competencies into your role · Admiral's corporate responsibility report

Governance Report
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Whistleblowing

The Board has in place arrangements by which employees can raise concerns in confidence and, if necessary, anonymously. During the year, the Board received an update on the Group's whistleblowing arrangements from the management team. The Audit Committee, chaired by the Group's Whistleblowing Champion, Karen Green, was satisfied that the update was proportionate for independent investigation of the matters raised and supported an ethical business culture where colleagues felt safe raising concerns. In addition, and on an exceptions basis, the Board is updated in respect of reports arising from matters that have been raised by our people under the Whistleblowing Policy. The Audit Committee receives more regular updates in respect of whistleblowing matters. Please see page 177 for further information.

Stakeholder engagement

During the year, the Board has continued to focus on ensuring effective engagement with its stakeholders and that their interests are taken into account in its decision-making. Detailed information is set out in the Strategic Report on page 112 outlining how the Board has discharged its duties under s172(1) of the Companies Act, including further information on the ECG, which constitutes a formal workforce advisory panel under the Code.

Communication and interaction with shareholders remain very important and engagement with them occurs on a regular basis. Open and frequent dialogue with investors enables them to fully understand the Group's strategy, objectives and governance. The Investor Relations team has day-to-day primary responsibility for managing communications with institutional shareholders through a combination of briefings to analysts and institutional shareholders, both at the half-year and full-year results and on other occasions such as roadshows and conferences. Meetings, briefings and conferences with investors have taken place both in-person and virtually. The Capital Markets Day on IFRS 17 was held on 28 November 2022.

In addition, the Chair, interim Senior Independent Director (SID) and Group CEO held meetings during the year with major shareholders to understand their views on governance and performance against strategy and reported to the Board on any significant issues raised with them.

This is supplemented by feedback to the Board on meetings between management and investors. The Investor Relations team also regularly produces a report on their activities in the previous quarter which is circulated to the Board for their consideration. The Report contains an analysis of share price performance; a summary of analyst reports received during the month and of meetings that have been held with investors and analysts; together with details of any significant changes to the shareholders' register.

The SID has specific responsibility to be available to investors who have any issues or concerns, and in cases where contact with the Chair, Chief Executive Officer and Chief Financial Officer has either failed to resolve their concerns, or where such contact is inappropriate. No such concerns have been raised in the year under review.

All shareholders are invited to attend the Company's Annual General Meeting (AGM) in person. The 2022 AGM went ahead with the required quorum and the Board and Shareholders were invited to attend in person. Shareholders were able to vote on the important customary annual business and encouraged to submit questions to the Board in advance of the AGM.

The Chairs of the Audit, Remuneration, Nomination and Governance, and Group Risk Committees usually attend the AGM along with the other Directors and are available to answer shareholders' questions on the activities of the Committees they chair. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded, or in advance, if there are restrictions in place on public gatherings. Details of proxy voting by shareholders, including votes withheld, are made available on request and are placed on the Company's website following the meeting.

The Group maintains a corporate website (www.admiralgroup.co.uk) containing a wide range of information of interest to institutional and private investors. The major shareholders of the Company are listed in the Directors' Report on page 210.

The regular channels of communication with both the FCA and PRA that existed throughout the year were supplemented by the regulators being invited to attend Board meetings in 2022. The PRA attended the Board remotely in December 2022, which gave the Board an opportunity to hear directly their views. The Board is also kept up to date with the regular communications between the AIGL Board and the Gibraltar Financial Services Commission as well as contact between the Group's other insurance subsidiaries and respective regulators.

Employee Consultation Group

Purpose

The Board recognises the importance of engaging with its workforce and does so through a combination of informal and formal channels. To ensure a two-way communication platform and an effective means by which the views of the workforce can be heard, the Board established a UK Employee Consultation Group (ECG) in 2019 with the aim of enhancing and formalising its pre-existing employee engagement arrangements. For the purposes of Provision 5 of the UK Corporate Governance Code, the ECG is a formal workforce advisory panel.

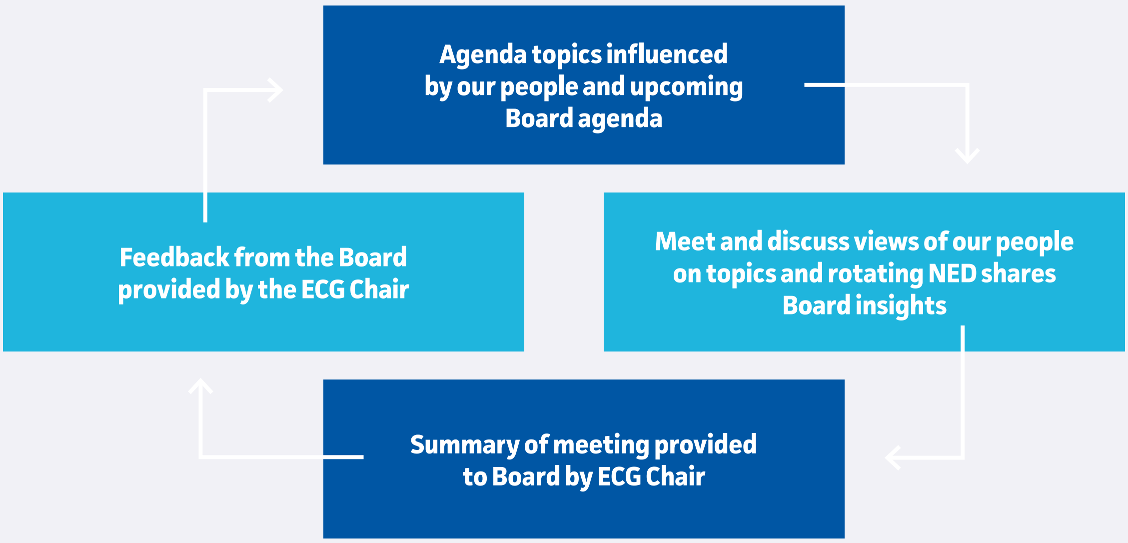
Membership and attendance

Membership of the UK ECG comprises elected colleague representatives and the remit of the ECG is to act as a forum for employee consultation, gathering colleague opinion and fostering a safe environment to raise matters of interest and generate ideas. There is a democratic member election process and members are provided with an induction to ensure that there is clarity about the role and remit of the ECG, as well as their role as members.

Non-Executive Directors are invited to attend ECG meetings on a rotational basis and report back to the Board on matters discussed, as well as actions agreed at the ECG meeting.

Taking this approach ensures that each of the Non-Executive Directors can engage with the workforce directly and hear first-hand the issues and matters that are affecting the workforce.

To ensure that the meetings remain a two-way mechanism, Non-Executive Directors are also asked to comment on any insights from the ECG meetings at the following Board meeting and the Chair of the UK ECG is regularly invited to attend Board meetings to report on matters discussed by the ECG and any areas of concern. Minutes of the ECG meetings are also published on the intranet for all employees to view. Non-Executive Directors also provide an update at ECG meetings on recent matters discussed by the Board.



Governance Report
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Summary of meetings provided to Board by ECG Chair

There were four ECG meetings during 2022 with a range of topics discussed, including themes of pay and reward, the cost of living, and Smart Working. Presentations on the following topics were also given to the ECG before they were discussed by the Board:

Meeting	Presentations and topics discussed	Outcome / impact
April 2022	Customer Outcomes	The ECG was updated on Admiral's approach to delivering excellent customer service and delivering fair outcomes.
	Community Strategy	Focus was given to developing new initiatives such as the employability program and adapting the existing approach to volunteering.
	Pay, benefits and cost of living support	The ECG were updated on the remuneration package review and discussed how Admiral could support its staff regarding the increase in energy costs.
June 2022	Pet Insurance	Colleagues were excited about the launch of Pet Insurance and Admiral's commitment to offering a diverse range of products. Staff were pleased to hear about the promotion of new roles across Pet and its positive impact on business growth.
	Climate Change	The ECG debated how staff could make a positive contribution towards carbon footprint reduction projects and how to promote them to all employees across the business.
	Pay / Benefits and Return to Office	Staff discussed making job role advertisements more transparent and the importance on health and wellbeing for the return to the office. Staff gave positive feedback on the announcement of a new reward package.
October 2022	ECG Periodic Review	The Board was presented with a periodic review of the efficacy and makeup of the ECG. A feedback session was also held with representatives across the business. The review set out several recommendations including more engaging methods of communication such as drop-in sessions and video updates to help promote awareness of the ECG.
December 2022	UK Insurance Strategy	The ECG discussed the impact of price increases and claims inflation. The ECG received an update on structural changes within the digital and operations teams.

The Board continues to believe that, whilst recognising that the mechanism will evolve over time, the operation of the ECG has been and continues to be an effective means of engaging with the workforce, to help the Board understand the matters that concern the workforce and their specific interests, whilst having regard to these in the decisions that are made at Board level. The Board will ensure that the ECG continues to develop as an effective, formal workforce advisory panel and that regular interaction between the Board and the ECG is maintained.

During 2022, a new Chair of the ECG was appointed following the retirement of the inaugural Chair, Stuart Morgan who was also Group Head of Talent. Alan Patefield-Smith, the UK Chief Technology Officer, was appointed in April 2022. Following Alan's appointment, employees were invited to join the Group via a nomination and voting process, and applicants were decided upon by colleagues. The growing ECG forum remains focused on important issues such as remuneration, performance management and appraisal processes, ideas to improve engagement, morale, attrition and absence, proposals to support mental health and wellbeing, staff survey results, and improving diversity.

International Employee Consultation Group (IECG)

During 2022, an International Employee Consultation Group was formalised, under the direction of Costantino Moretti, Head of International Insurance.

This year, four IECG meetings took place in person across the international offices of ConTe, L'olivier, Admiral Seguros and Elephant alongside the Admiral Europe Compania de Seguros (AECS) Board meetings. The meetings were attended by candidates chosen on a voluntary basis, with an agenda created to incorporate employee interests, questions and proposals.

Entity/Meeting	Topics discussed	Outcome / impact
ConTe/ June 2022	Communication relating to transformation	Employees provided positive feedback on the communication received regarding transformation plans, particularly relating to product and channel transformation.
	What worked well in 2022	Attendees agreed that increased engagement via team meetings and updates helped employees feel better connected and aligned.
	What could be improved/ lessons learnt in 2022	New hires commented that remote onboarding was sometimes a difficult and slow process and suggested that onboarding was more efficient and personal when face-to-face.
L'olivier/ November 2022	Staff engagement and sense of belonging	Attendees discussed the impact of remote working on culture and recognised that it was sometimes more challenging to engage employees remotely. The meeting suggested new tools and practices to get employees more involved.
	New trends	Employees presented their thoughts on the 4-day workweek.
	Transition to Agile	Employees outlined the impacts of the transition to Agile upon their teams.
	Progress in Diversity and Inclusion	Employees celebrated Admiral's commitment to D&I, and the success of female representation.
Admiral Seguros/ September 2022	Scaled Agile transformation	Employees discussed the success of the agile transformation, and the enthusiasm for change.
	Inflation	Members discussed worries about inflation and highlighted how salary adjustments could help employees.
	Admiral Culture	Employees shared thoughts on how they felt Admiral culture was evolving.
	Test & Learn Culture	Members discussed how teams are encouraged to follow a test and learn culture.
Elephant/ August 2022	Diversity and Inclusion	Employees highlighted that generally, they feel actions on gender diversity are well addressed, and that improvements relating to ethnicity and racial diversity are improving and remain a focus area.

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s172 Principal Decisions

Principal Decision #1
Cost of Living Response

Our distinctive culture and focus on 'The Team, The Team, The Team' has always been a powerful source of competitive advantage. Admiral takes great pride in looking after colleagues and helping them to look after their future. We aim to support our employees with competitive reward structures, in addition to health and wellbeing practices.

Against the backdrop of a challenging macroeconomic environment in 2022, management recognised that employees were becoming increasingly impacted by an unprecedented cost of living crisis. As a result, our People Services department engaged in several feedback and engagement activities to discover how the business could understand and respond to growing pressures faced by employees. Activities undertaken included competitor benchmarking, collecting feedback from surveys[1] and noting recommendations from employee consultation groups in the UK and international offices.

In July 2022, the management team presented several insights gained from internal data relating attrition rates and cost modelling to the EUI Board, along with a set of recommendations to revise the employee value proposition considering the cost-of-living crisis.

In October 2022, the Group Board received feedback from the UK Employee Consultation Group (ECG) relating to how Admiral could support employees with the rising cost of energy. The International Employee Consultation Group (IECG) also shared how employees at Admiral Seguros were concerned about the impact of inflation on salaries. The Group Board discussed additional compensation measures that would further align the employee value proposition with Group purpose: 'Help more people to look after their future. Always striving for better together.'

1 Great Place to Work Survey, and Pulse Surveys

Timeline

July
- A series of measures to respond to the cost-of-living crisis were presented to the EUI Board

September
- Admiral increased starting salaries for all UK based employees, whilst increasing the minimum annual salary for full time employees. Holiday allocations and entitlements were also increased
- Plans for salary adjustments in the international offices were also drafted following an AECS Board meeting and feedback from employees

October
- Admiral Group Board discussed financial measures to further support employees and heard from the Employee Consultation Groups

October, November, December
- Cost of living payments were implemented in the UK
- Standard working hours were revised and shortened without reducing salaries, with a package of changes equating to a 10% salary increase for many in the UK
- Similar salary adjustments and bonuses were implemented for colleagues working in Italy, France and Spain

Throughout the year, the management team considered how additional payments would affect Admiral's stakeholders, including the financial impact on group profit and possible challenges from shareholders. Ultimately the business considered threats of attrition and recruitment challenges and concluded that an adequate response to the cost-of-living crisis was consistent with and supportive of the Group's long-term success.

Principal Decision #2
Group Diversification Strategy

Diversification by being less dependent on a particular business sector or geography is one of the key pillars that underpins the Group's strategy. The strategy is reviewed and refreshed by the Board annually to ensure the Group accelerates on priority areas and, if necessary, launches new products that are aligned to the diversification objectives, and which are designed to ensure sustainable future growth for the Group. As a customer centric organisation, we also seek to create products that provide more people with good financial services products.

At the Group Board Strategy sessions in October 2022, the Group Board considered and approved the Group's refreshed diversification strategy and its alignment with the Group purpose: 'Help more people to look after their future. Always striving for better together.' As part of the strategy session, the Group Board considered the Group's long-term strategy of continuing to focus on customer needs and fully understanding what customers wanted so that products could be built to meet their needs and to enable the Group to maintain competitive advantage in the long term. The Board focused not only on the market share of existing products, but also on expanding across different markets, different jurisdictions, diversifying distribution channels and launching different products to achieve 'true diversification' outside of insurance.

Governance Report continued

In support of the Group's diversification strategy, the Board considered the launch of an enhanced Pet insurance product in the UK which was intended to capitalise on the materiality of the overall Pet insurance market, and which was to be offered to customers at a competitive price with a simplified, digitised claims process for both customers and vets alike. The Board has been updated in parallel on the progress of the launch of Pet insurance in Italy which was launched in 2021 with continued progress during 2022. The Board also reviewed the launch of loan products in Italy during 2022 in the context of whether they were aligned with the diversification goals that had been set by the Board.

In December 2022, the Group Board had a deep dive on the progress of the Group's Diversification strategy and outline of the ambition for 2023. The Board challenged management on the progress of the strategy and the progress of the diversification products that had been launched and were satisfied that they were aligned with the Group's strategy to capitalise on the Admiral brand, the existing motor book and core competencies to accelerate diversification and increase customer lifetime value. The deep dive assured the Board that the Group diversification strategy remains focused on the core elements of service and value, to support better customer experiences.

Principal Decision #3
Changes to our Community Outreach Programme

Giving back to our communities is an integral part of our company culture. Our people play a key role in how we engage with our communities, and we work collectively to drive long-term change in the various communities in which the Group operates. Admiral is known for being a generous partner of community charity initiatives and has historically supported many causes, both financially and in terms of people resource. Our people have a voice in decisions made, and the freedom to volunteer two days of their time a year, fully paid, at any community initiative or charity important to them. We believe that doing good helps colleagues to feel good and aligns with our purpose 'always striving for better, together.'

In 2022, our Corporate Social Responsibility (CSR) team undertook several feedback and engagement activities with key stakeholders to better understand the scope and impacts of our charitable and volunteering propositions. The findings recognised many strengths of the approach, but also noted that an overarching objective was hard to identify and communicate, and that the ability to measure impacts was relatively weak.

To represent the perspectives of all stakeholders potentially impacted by changes to our long-standing community approach, findings and recommendations were circulated with the following groups for consideration and comments:

- Employee Consultation Group – Colleagues representing UK business areas
- Social Mobility Forum – Colleagues covering all UK entities
- People Services International – Human resources colleagues from across the Group's international businesses
- Admiral Leaders Offsite (ALO) – A group of our most senior leaders including our International CEOs
- Admiral Business Club – Senior managers from across UK entities
- International Insurance Group – Senior international leaders across the Group

Consequently, a proposal for the revised Community Outreach program evolved, with an overarching purpose of 'helping as many people into jobs as possible' and was presented to the Group Board in October 2022. The proposal included volunteering targets presented as 'impact hours', that would not only support communities, but also contribute to teambuilding and colleagues building networks in and outside of the business. The proposal also outlined plans to help support thousands of people into employment each year.

In November 2022, the EUI Board considered the proposal in the context of it being of benefit to the communities in which we operate. Management agreed that the approach would allow Admiral to demonstrate a clearer set of community objectives, with metrics to report against. The Community strategy was considered aligned with the Group Purpose of 'Helping more people look after their future. Always striving for better, together.'

For 2023, Admiral has a robust long term community plan, with performance metrics that can be shared both internally, and externally. As the strategy is embedded across the Group, the CSR team will closely monitor partnerships and investments, the volume of people we can impact and support into employment, colleague engagement, and the number of hours spent volunteering in our communities. The Group Board will continue to monitor the targets set as part of the new community strategy to ensure that the strategy continues to provide measurable value and support to the communities in which we operate.

Principal Decision #4
Regulatory Decisions

IFRS 17/FCA Remedies

IFRS 17

In May 2017, the International Accounting Standards Board issued a new standard for insurance contracts, IFRS 17, effective from 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and requires companies to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. The requirements will provide transparent reporting about a company's financial position and risk. The new standards apply to the Group and its insurance subsidiaries in the UK and Gibraltar.

During 2022, the Group Board and all impacted subsidiaries approved the business transition plans for the new standard and progress on its implementation has been monitored closely by the Group and subsidiary Audit Committees throughout 2022. The Board welcomes the new reporting standard and the opportunity to provide enhanced disclosures in respect of claims reserves. The Group Board will report under IFRS 17 for the first time at Admiral's 2023 interim results, in August 2023.

In November 2022, a presentation was delivered to analysts and investors to outline reporting changes. The presentation was delivered by the Director of Group Finance & Chief Actuary and IFRS 17 Accounting Lead and attended by over 20 market participants, who had the opportunity to ask about the impact on Group strategy, solvency, dividend policy and cash generation.

A successful implementation is anticipated in Q1 2023.

Further details can be found in Audit Committee Report on **page 171**

FCA remedies

The FCA published a Policy Statement on 28 May 2021 which implemented a package of remedies to address the issues identified in its general insurance pricing practices market study final report. The FCA introduced a 'pricing remedy', which means firms must now offer a renewal price to a consumer that is no greater than the equivalent new business price offered to a new customer; enhancements to product governance; rules to offer a range of accessible and easy options for consumers who want to cancel auto renewal contracts and reporting requirements for home and motor insurance markets. The pricing remedy applies to firms operating in the home and motor insurance markets, with an implementation date of 1st January 2022. From 1 January 2022, if the pricing remedy is not implemented, firms will be expected to remediate and redress any customers affected.

The Group Board received an update in January 2022 confirming that the business had met the regulatory deadlines, and the new auto-renewal options were introduced successfully in late December 2021. Significant work has been undertaken to optimise the auto-renewal process across the customer journey to mitigate any impact on retention and improve the customer experience. The business provides customers with the ability to opt out during the quote journey and prior to the conclusion of a sale.

Governance Report
continued

Principal Decision #5
New Chair Appointment

As a result of Annette stepping down as Chair of the Board following the AGM in April 2023, the Board needed to identify, select and appoint a new Chair. Justine Roberts, as interim Senior Interim Director (SID) following Jean Park's medical leave of absence, led the Chair succession process on behalf of the Nomination and Governance Committee ("Committee"). The Committee was responsible for nominating and recommending a candidate for consideration and approval in principle by the Board, subject to regulatory approval, and to contractual terms being agreed between the candidate and Admiral.

Heidrick & Struggles (H&S), an external search firm, was retained to support the search and Chair selection process. In May and June 2022, H&S engaged with the Board, the senior management team and the co-founders of Admiral to seek input on the role requirement and profile. These meetings were conducted in person and virtually and, on the basis of the conversations that took place, a role specification was approved.

H&S conducted a comprehensive market wide search and identified 40 potential candidates who were felt to have a potential good fit with the role specification and with Admiral in general. Six candidates met with members of the Committee and other senior management including in-person meetings with the CEO.

Following meetings with the full Board and a series of presentations from the final short listed candidates, Mike Rogers was identified as the preferred candiate. The recommendation of Mike to be appointed as Chair of the Board was based on Mike's wide business, insurance and financial services knowledge and experience and someone who would make a strong strategic impact on the future of Admiral.

The Board's preliminary decision on 8 December 2022 was to accept the Committee's recommendation to appoint Mike as Chair of the Board subject to regulatory approval and to agreement of contractual terms between Mike and Admiral. The Board finally approved and announced Mike's appointment on 31 January 2023 and Mike will join the Board as a non-executive Director and Chair with effect from the conclusion of this year's AGM on 27 April subject to regulatory and shareholder approval.

Read more in our Nomination and Governance Committee Report on **page 158** for detailed explanation of the process

Division of responsibilities

Compliance with the Code Principles

UK Code Principle	Description	References
Principle F	The Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	· Role of the Chair on page 159 · Code explanation for Provision 19 on page 136 · Individual Director evaluation on page 169 · Board evaluation on pages 167 to 169 · Information flows to and from the Board on page 155
Principle G	The Board should include an appropriate combination of executive and non-executive (and in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the Board and the executive leadership of the company's business.	· Board composition and succession planning on page 167 · Code explanation for Provision 19 on page 136 · Board evaluation on pages 167 to 169 · Board roles and responsibilities on page 154
Principle H	Non-executive directors should have sufficient time to meet their responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account	· Time commitment and external appointments on page 163 · Board biographies (for external commitments) on pages 130 to 135 · Board evaluation on pages 167 to 169
Principle I	The Board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	· Information flows to and from the Board on page 155 · Board evaluation on pages 167 to 169

Governance Report
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Board roles and responsibilities

The Chair is primarily responsible for leading the Board, setting its agenda, promoting a culture of openness and debate and monitoring its effectiveness. The Chair is supported by the SID, who acts as a sounding board and serves as an intermediary for the other Directors if required. Neither are involved in the day-to-day management of the Group. Save for the matters reserved for the Board, the Chief Executive Officer (with the support of the Executive Directors and the senior executives) is responsible for proposing the strategy to be adopted by the Group, running the business in accordance with the strategy agreed by the Board and implementing Board decisions.

It is the Non-Executive Directors' role to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold management to account.

The Board has approved a statement that sets out the clear division of responsibilities between the Chair, Chief Executive Officer and SID. This and matters reserved for decision by the Board are reviewed annually.

Chair	Senior Independent Director	Chief Executive Officer
· Runs the Board and sets its agenda, with an emphasis on strategic issues · Ensures the Board has effective decision-making processes, demonstrating objective judgement and applying sufficient challenge to proposals · Facilitates constructive Board relations, including effective contribution from Non-Executive Directors · Ensures the Board has an appropriate balance of skills, knowledge, experience and diversity · Leads the induction and development plans for new and existing Board members · Communicates with major shareholders and ensures the Board understands their views · Ensures the Board receives accurate, timely and clear information · Leads the annual Board evaluation	· Supports the Chair in the delivery of their objectives · Acts as a sounding board for the Chair and serves as an intermediary for the other Directors · Available to shareholders if they have concerns that cannot be resolved through the normal channels · Works with the Chair and other Directors/ shareholders to resolve significant issues where necessary · Leads the annual performance evaluation of the Chair · Leads the Chair appointment process	· Runs the Group's business and delivers its commercial objectives · Proposes and develops the Group's strategy, in close consultation with the Group's senior management, the Chair and the Board · Implements the decisions of the Board and its Committees · Ensures operational policies and practices drive appropriate behaviour, in line with the Group's culture · Leads the communication programme with key stakeholders, including employees · Ensures management provides the Board with appropriate information and necessary resources

Role of the Board

The Board is responsible for promoting the long-term, sustainable success of the Group, generating value for shareholders and contributing to the wider society and its shareholders. The Board is the principal decision-making forum for the Group, providing entrepreneurial leadership, both directly and through its Committees, and delegating authority to the Executive team.

The Board has determined the Group's purpose which represents its values and strategy and is satisfied that it is aligned with the culture of the Group. Part of the Board's role is to promote the Group's culture and, in particular, ensure that its uniqueness is safeguarded in such times of change.

The Board is responsible for organising and directing the affairs of the Group in a manner that generates and preserves value over the long term. Through the strong governance framework that it has in place, the Board is able to deliver on its strategy of providing strong sustainable financial and operational performance. The Board is also accountable for ensuring that in carrying out its duties, the Group's legal and regulatory obligations are being met; and for ensuring that it operates within appropriate risk parameters.

The Group's UK-regulated entities are accountable to the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) for ensuring compliance with the Group's UK regulatory obligations and that dealings with the FCA and PRA are handled in a constructive, co-operative and transparent manner. Similar provisions apply in respect of the Group's international businesses with regard to the relevant regulatory authorities, such as the Gibraltar Financial Services Commission and Dirección General de Seguros y Fondos de Pensiones in Spain.

Matters reserved to the Board

The Board has adopted a formal schedule of matters reserved for the Board's consideration. This is monitored by the Company Secretary and reviewed by the Board on an annual basis. Specific matters reserved to the Board include the approval of:

- The Group's long-term objectives and corporate strategy.
- Operating and capital budgets, financial results, and any significant changes to accounting practices or policies
- The Group's capital structure
- Results and financial reporting
- The system of internal control and risk management.
- The Group's overall risk appetite
- Changes to the structure, size and composition of the Board, including new appointments
- Succession plans for the Board and senior management.
- Dividend policy and proposals for dividend payments
- Major acquisitions, disposals, and other transactions outside delegated limits
- The annual review of its own performance and that of its Board Committees
- Annual review of selected Group policies
- The review of the Group's overall corporate governance arrangements

Board Committees

The Board has delegated authority to several permanent Committees to deal with matters in accordance with written Terms of Reference. The principal Committees of the Board – Audit, Remuneration, Risk, and Nomination and Governance all comply with the requirements of the Code, except where non-compliance has been explained on page 136 of this report.

All Committees are chaired by an independent Non-Executive Director, except the Nomination and Governance Committee, which is chaired by the Chair of the Board, and comprise a majority of independent Non-Executive Directors. In accordance with the UK Code, all members of the Audit Committee are independent Non-Executive Directors. Appointments to the Committees are made on the recommendation of the Nomination and Governance Committee and are for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent. The Committees are constituted with written Terms of Reference that are reviewed annually to ensure that they remain appropriate and reflect any changes in good practice and governance. These Terms of Reference are available on request from the Company Secretary and can also be found on the Company's website: www.admiralgroup.co.uk.

Directors are fully informed of all Committee matters by the Committee Chairs reporting on the proceedings of their Committee at the subsequent Board meeting. Copies of Committee minutes are also distributed to the Board. Committees are authorised to obtain outside legal or other independent professional advice if they consider it necessary. The Chair of each Committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities. An evaluation of the performance of each Committee against the duties set out in each Terms of Reference is carried out annually.

Group conflicts of interest

In compliance with the requirements of the Companies Act 2006 regarding Directors' duties in relation to conflicts of interest, the Group's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits as it thinks fit. The Group has a Conflicts of Interest Policy which deals with conflicts of interest, and this was reviewed and approved by the Board in October 2022. The Policy sets out the process and procedure by which the Board manages potential conflicts of interest that may arise at Board level, within Board Committees, and within the Group's Subsidiary Boards. Following this review, the Board concluded that the process continued to operate effectively.

In addition, each Board member is asked to complete, annually, a conflicts of interest questionnaire that sets out any situation in which they, or their connected persons, have, or could have, a direct or indirect interest that could conflict with the interests of the Company. Any current directorships that they, or their connected persons hold, any advisory roles or trusteeships held, together with any companies in which they hold more than 1% of the issued share capital are also disclosed.

Information flows to and from the Board

Agendas and papers

Agendas and papers are circulated to the Board electronically in a secure manner in preparation for Board and Committee meetings. The Board agenda is structured by the Chair in consultation with the Company Secretary and Chief Executive Officer. An annual schedule of agenda items is reviewed and updated at each meeting to ensure that items are considered at the appropriate point in the financial and regulatory cycle. Meetings are structured so as to allow for consideration and debate of all matters. Routine Board papers are supplemented by information specifically requested by the Directors from time to time.

At each scheduled meeting, the Board receives updates from the Chief Executive Officer and Chief Financial Officer as to the financial and operational performance of the Group and any specific developments of which the Board should be aware. In addition, there is an update provided at each Board on the matters discussed and considered at each of the Group's principal subsidiary Board meetings.

Additional meetings are called when required and there is contact between meetings, where necessary, to progress the Group's business.

Governance Report
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Attendees
The CEO of UK Insurance (Cristina Nestares) together with the Chief Risk Officer (James Armstrong until February 2022, Sue Gilbert Interim Chief Risk Officer from February 2022 until October 2022 and Keith Davies Chief Risk Officer from October 2022) are invited to attend every Board meeting and regular Board dinners, when these can take place. During 2022, the Head of International Insurance (Costantino Moretti) and the CEO of Admiral Money (Scott Cargill) have been invited to attend material topics of debate at the Board meetings. This has proved an effective means of ensuring that senior managers below Board level have exposure to and gain experience of the operation of the Board.

Dynamics
All Board and Committee meetings during the year were held in an open atmosphere conducive to robust and constructive challenge and debate. All Directors have, therefore, been able to bring independent judgement to bear on issues such as strategy, risk management, performance, and resources.

Cross-Committee membership
As shown on pages 130 to 135, Committee membership is composed in a way that ensures that there is cross-committee membership, which allows items of importance to be flagged from Committee to Committee in a timely manner. This complements the Committee briefings that the Board receives on the key points of discussion following each Committee.

Advice
All the Directors have access to the advice and services of the Company Secretary. He has responsibility for ensuring that Board procedures are followed and for advising the Board, through the Chair, on governance matters. The Company Secretary provides updates to the Board on regulatory and corporate governance issues, new legislation, and Directors' duties and obligations. The appointment and removal of the Company Secretary is one of the matters reserved for the Board. Dan Caunt replaced Mark Waters as Group Company Secretary on 1 May 2022.

The Directors are also given access to independent professional advice at the Group's expense, should they deem it necessary to carry out their responsibilities.

Other information flows
The Board Chair made in-person visits to various parts of the business during 2022. The Non-Executive Directors were invited to join her on the in-person visits. Further information on those visits is included on page 142.

As referenced within the commentary on culture on page 140, the Non-Executive Directors are invited to attend ECG meetings and participate in the two-way engagement with our colleagues. Further information about this engagement mechanism is outlined on page 145 of the Strategic Report.

The Non-Executive Directors and the Chair met in-person during the year without the Executive Directors being present, including before each Board meeting.

Management teams were invited to join the Board for dinner on six occasions which gives the opportunity for informal interaction between Directors and management. The Chair has continued to hold one-to-one meetings with members of the Group's senior management team either on a virtual basis or in-person.

Training and professional development
On appointment, Directors take part in a comprehensive induction programme whereby they receive financial and operational information about the Group; details concerning their responsibilities and duties; as well as an introduction to the Group's governance, regulatory and control environment. This induction is usually supplemented by visits to the Group's head office in Cardiff and certain overseas offices, and meetings with members of the senior management team and their departments either on a virtual basis or in-person. The Non-Executive Director induction programme has continued to be adapted in 2022.

Development and training of Directors is an ongoing process and is considered through the year. The Directors are regularly updated on the Group's business; legal matters concerning their role and duties; the competitive environments in which the Group operates; and any other significant changes affecting the Group and the industry of which it is a part. During the year, the Board received deep dive updates, briefings and training on the following topics: Admiral Internal model (AIM), introductory Board Training on Key Capital Modelling Principles, summary on Market Abuse Regulations, IFRS 17, Group cyber risk education sessions (including a Cyber Simulation exercise), Group cyber risk crisis management, amongst several business deep dives.

Composition, succession and evaluation

Compliance with the Code Principles

UK Code Principle	Description	References
Principle J	Appointments to the Board should be subject to formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	· Succession planning on page 128
Principle K	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	· Board composition and succession planning: – Balance of skills, knowledge and experience on page 163 – Non-Executive Director tenure and independence on page 162 · Annual re-election on page 161 · Training and professional development on page 156 · Induction on page 160
Principle L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	· Board evaluation on pages 167 to 169 · Individual Director evaluation on page 169 · Board Committee evaluations: – Nomination & Governance Committee on page 158 – Audit Committee on page 171 – Risk Committee on page 178 – Remuneration Committee on page 183

Nomination and Governance Committee

"We also continue to take what we do well and what we learn to new markets and new products, both in the UK and abroad."

Annette Court
Chair of the Nomination and Governance Committee

Dear Shareholder,
This part of the report highlights the role that the Nomination and Governance Committee plays in monitoring the current and evolving Board's composition, ensuring that there is a balance of skill, experience and knowledge, as well as diversity in the broadest sense, and oversight of the Group's governance arrangements.

The Committee also looked at ensuring that the Group's policy on diversity and inclusion, was being applied to the gender and ethnicity balance of the Group's senior management and their direct reports and that this was being taken into account for succession planning.

The annual review of the Committee's own effectiveness took place towards the end of 2022 by an external company Bvalco Ltd, and the Committee concluded, overall, that it remained effective but noted some areas for improvement in 2023. These are outlined later within this report.

In line with the requirements of Solvency II, the Senior Insurance Manager Regime, and in accordance with the Group's Senior Managers & Certification Regime Policy, I have also carried out the process of assessment for the Group CEO, Group Non-Executive Directors, and the Chairs of the Group's material, regulated subsidiaries (EUI Limited, Admiral Insurance Company Limited and Admiral Insurance (Gibraltar) Limited, Able Insurance Services Limited, Elephant Insurance Company and AECS) to ensure they meet the requirements in terms of qualifications, capability, honesty and integrity for 2022.

Annette Court
Chair of the Nomination and Governance Committee

7 March 2023

Committee members

Focus area	Attendance
Annette Court (Chair)	9/9
Jean Park*	7/9
Justine Roberts	9/9
William (Bill) Roberts	9/9

(*Jean retired from the Board and all of her committee memberships on 20 January 2023)

9
meetings in 2022

How the Committee operates

Membership

Membership of the Committee at the year-end was Annette Court (Chair), Jean Park and Justine Roberts and Bill Roberts. Bill Roberts was appointed a member of the Committee from 1 January 2022. Justine Roberts, Jean Park and Bill Roberts are independent Non-Executive members of the Committee, in accordance with the Code which requires that the majority of members should be independent Non-Executive Directors. Jean Park took a temporary medical leave of absence which was effective from February 2022. Jean returned to Board duties in early August 2022 including as a member of the Committee.

Attendance at meetings

The Company Secretary acts as Secretary to the Committee. Other individuals, such as the Chief Executive Officer, the Group Head of People Experience and representatives of different parts of the Group, may be invited to attend all or part of any meeting, as and when appropriate.

Meetings held

The Committee meets at least twice per year and at such other times as the Chair may require. In 2022, there were six scheduled meetings, but the Committee met formally on nine occasions, as well as informally on several other occasions to meet with individuals identified as possible Chair and other candidates to join the Board. The Committee Chair played no part in the Chair recruitment or interview process, this was led by the interim Senior Independent Director. The Committee Chair agrees the meetings and agendas for each meeting, which are linked to an agenda planner covering the responsibilities of the Committee.

Four Committee meetings in 2022 were held in-person and five were held remotely. Details of member attendance at the Committee meetings held during the year are outlined on page 138.

How the Committee keeps up to date

The Committee is kept up to date regularly on proposed appointments and governance changes across the Group, as well as key developments in the corporate governance landscape. The Terms of Reference of the Committee include all the relevant matters under the Code and are reviewed annually by the Committee.

Role and responsibilities of the Committee and key activities in 2022

The Committee reviews the leadership and succession needs of the Board and ensures appropriate procedures are in place for nominating, training and evaluating Directors. A description of its responsibilities and the activity it has focused on during the year is outlined under the following headings.

Appointments during 2022

Appointments to the Board are the responsibility of the Board as a whole, acting on the advice and recommendations of the Nomination and Governance Committee. The Nomination and Governance Committee seeks to balance the retirement and recruitment of Non-Executive Directors ahead of their replacement so as to avoid a dislocation of Board process by losing experience and skills. The Board is mindful of the need to promote diversity in appointments to the Group Board and across the rest of the Group. Appointments are made on merit and against objective criteria, having due regard to the benefits of diversity, with a view to ensuring the Board has the appropriate mix of personality, skills, and experience.

The policy on Board appointments involves the Committee developing an appropriate specification that identifies the required skills and experience for the role and, in most instances, engaging external recruitment consultants, to lead the recruitment process and identify suitable candidates. Interviews of the shortlisted candidates are held with the Chair and members of the Committee. After consideration by the Committee, a recommendation is made to the Board to appoint the preferred candidate. The Committee is satisfied that this constitutes a formal, rigorous and transparent process for the appointment of new Directors to the Group Board and its subsidiaries, embracing a full evaluation of the skills, knowledge and experience required of Directors.

As a result of Annette stepping down as Chair at the AGM in April 2023, the Board needed to identify, select and appoint a new Chair. Justine Roberts, as interim Senior Interim Director ("SID") following Jean Park's medical leave of absence, led the Chair succession process on behalf of the Committee. The Committee was responsible for nominating and recommending a candidate for consideration and approval in principle by the Board, subject to regulatory approval, and to contractual terms being agreed between the candidate and Admiral.

Heidrick & Struggles (H&S), an external search firm, was retained to support the search and Chair selection process. In May and June 2022, H&S engaged with the Chair, the Board, the senior management team and the co-founders of Admiral to seek input on the role requirement and profile. These meetings were conducted in person and virtually and, on the basis of the conversations that took place, a role specification was drafted, circulated, debated and approved. Key elements of the brief included: experience of retail financial services (a background gained in general insurance was viewed as helpful but not essential); senior executive leadership experience, ideally in a listed company; prior experience as a non-executive director, preferably as a Chair, SID or committee chair.

H&S conducted a comprehensive market wide search and identified 40 potential candidates who were felt to have a potential good fit with the role specification and with Admiral in general. Working with the Committee, H&S prioritised 25 candidates to approach. Following this process, H&S interviewed eight individual candidates, in July and August 2022. Of these, six candidates were recommended by H&S to meet with members of the Committee and preliminary meetings took place in September 2022 with member of the Committee and other senior management including in-person meetings with the CEO. H&S drafted detailed candidate reports for each of the candidates presented which included an assessment of skills against the agreed role specification. Three candidates were invited to make

Nomination and Governance Committee continued

final presentations to the full Admiral Board in November 2022. In parallel H&S obtained full external references in respect of the external candidates.

The Board met on 30 November 2022 following the presentations specially to discuss the presentations and to debate the relative merits of each of the final three candidates and to review the references provided. The Committee further met on 8 December where Mike Rogers emerged as the preferred candidate. The recommendation of Mike to be appointed as Chair of the Board was based on Mike's wide business, insurance and financial services knowledge and on him being someone who would make a strong strategic impact on the future of Admiral. Mike has over 30 years of international financial services experience and was Group Chief Executive Office of insurer LV= from 2006 until 2016 and oversaw its transformation into a significant player in the general insurance and life and pensions markets. Prior to that, Mike worked at Barclays Bank for 20 years and held a number of senior roles including Managing Director of UK Retail Banking and Managing Director of Small Business Banking. On top of this, Mike has 10 years of chair and other non-executive director experience from a number of other high-profile organisations. Mike was previously a non-executive director of the Association of British Insurers.

The Board's preliminary decision on 8 December 2022 was to accept the Committee's recommendation to appoint Mike Rogers as Chair of the Board subject to regulatory approval and to agreement of contractual terms with Admiral. The Board finally approved and announced Mike's appointment on 31 January 2023 and Mike will join the Board as a non-executive Director and Chair with effect from the conclusion of this year's AGM on 27 April subject to regulatory and shareholder approval.

Mike is currently also Chair of Experian plc, the global information services company, and Aegon UK, a pensions, investments and insurance provider. He is also an Independent Non-Executive Director at NatWest Group plc, Chair of its Group Sustainable Banking Committee and member of its Group Performance and Remuneration Committee. Natwest Group plc has announced that Mike will be stepping down as an Independent Non-Executive Director on 25 April 2023. Further, Aegon UK had confirmed that Mike will be stepping down as Chair and Non-Executive Director of its Board at the end of September 2023. Mike will continue as Chair of Experian alongside his role as Chair of Admiral Group.

Induction

Upon appointment, Non-Executive Directors embark on a comprehensive induction programme, comprising common elements for all Non-Executive Directors, as well as elements tailored to the individual depending on their role, skills, knowledge and experience. The induction covers topics such as the role of a Non-Executive Director and their responsibilities, the workings of the Board and the Group's Subsidiary Boards, and the Company's operations. Non-Executive Directors are provided with a suite of background reading before induction sessions are arranged with individuals from each of the Group businesses, again, depending on the induction needs. Ongoing professional development needs of newly appointed Non-Executive Directors are then monitored via annual individual Director evaluations and the Committee's oversight of the Non-Executive Director skills matrix.

Other Board Committee changes and term extensions in 2022

The Board, on the recommendation of the Nomination and Governance Committee, agreed to the following proposals during the year:

- Bill Roberts was appointed as a member of Nomination and Governance Committee on 21 January 2022
- Due to Jean Park's temporary medical leave of absence which was effective from 22 February 2022, the following interim appointments were agreed:
  - The appointment of Justine Roberts as Interim SID effective from 22 February 2022
  - The appointment of Andy Crossley as Interim Risk Committee Chair Director effective from 22 February 2022
  - The appointment of JP Rangaswami as an Interim member of the Remuneration Committee

"Diversity and the variety of perspectives that it brings has been proven in studies to increase innovation and creativity, and, as a result, improves performance."

Annette Court
Chair of the Nomination and Governance Committee

- The appointment of Karen Green as a permanent member of the Risk Committee which was effective from 1 June 2022
- Jean Park retired from the Board including all of her committee memberships on 20 January 2023
- The appointment of Justine Roberts as permanent SID which was effective from 31 January 2023
- The appointment of Justine Roberts as a permanent member of the Remuneration Committee which was effective from 31 January 2023

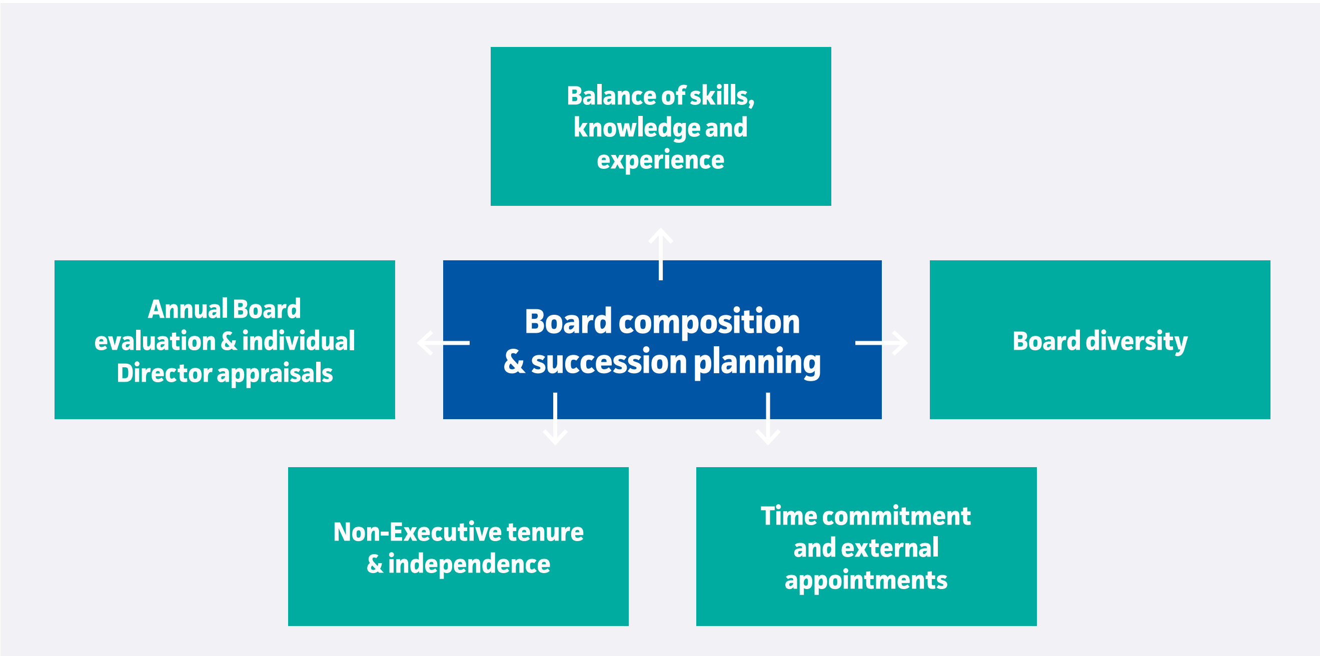
Due to Jean Park's temporary leave of absence which was effective from February 2022 the Committee considered candidates from a Non-Executive Director tenure perspective, the qualities required to successfully perform the role of the SID, as well as the SID responsibilities, particularly in light of the fact that the SID would need to lead the Board on the appointment of a new Group Board Chair during 2022. Subsequently, the Board, upon the recommendation of the Committee, approved that Justine Roberts be appointed as the Interim SID and Andy Crossley be appointed as the Interim Group Risk Committee Chair with effect from February 2022. The SID appointment was made on the basis that, Justine had a strong sense of Admiral's culture which would be helpful during the Board Chair succession process. The Group Risk Chair appointment was made on the basis that Andy, who has been a member of the Group Risk Committee since 2020, had extensive experience in insurance risk and finance.

Jean returned to Board duties in early August 2022 including as a member of the Committee, the Group Risk Committee and the Remuneration Committee. Jean retired from the Board including all of her committee memberships on 20 January 2023. Subsequently, the Board, upon recommendation of the Committee, approved that Justine Roberts be appointed as SID on a permanent basis with effect from 31 January 2023. In addition to Justine's above stated strong sense of Admiral's culture, the Board agreed with the Committee that Justine had successfully run a thorough and robust Chair succession process during 2022 and is therefore highly qualified for the role of SID. Further, Justine has significant people and remuneration experience as a result of her role as CEO and founder of Mumsnet since 2000 and is therefore a strong candidate to join the Remuneration Committee.

Annual re-election

As set out in the Group's Articles of Association, all Directors should retire and offer themselves for re-election at each AGM, in accordance with the UK Corporate Governance Code and the Company's current practice. Therefore, all Directors apart from the Chair Annette Court will be submitting themselves for election or re-election by shareholders at the forthcoming AGM.

The Board is satisfied that all are properly qualified for their election or re-election by virtue of their skills and experience and their contribution to the Board and its Committees. Further details of why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success is provided within the notes to the Notice of the 2023 Annual General Meeting.



Nomination and Governance Committee
continued

Composition

As at 31 December 2022, the Board comprised eleven Directors: the Chair (who was independent on appointment), two Executive Directors, and eight independent Non-Executive Directors.

The Committee carefully considers the independence, composition and balance of skills and knowledge of the Board. As a result, the Group continues to monitor the need to refresh Board and Committee membership in an orderly manner so as to maintain the continuity of Board process and the strength of personal interaction which underlies the effectiveness of the Board.

Non-Executive Director tenure and independence

The graph below details the length of service of the Chair and each of the current Non-Executive Directors, illustrates the balance of experience and fresh perspectives, as well as the independence of each of the Non-Executive Directors.

Independent Non-Executive Directors are currently appointed for fixed periods of three years, subject to election by shareholders. The initial three-year period may be extended for two further three-year periods subject to re-election by shareholders. Their letters of appointment may be inspected at the Company's registered office or can be obtained on request from the Company Secretary.

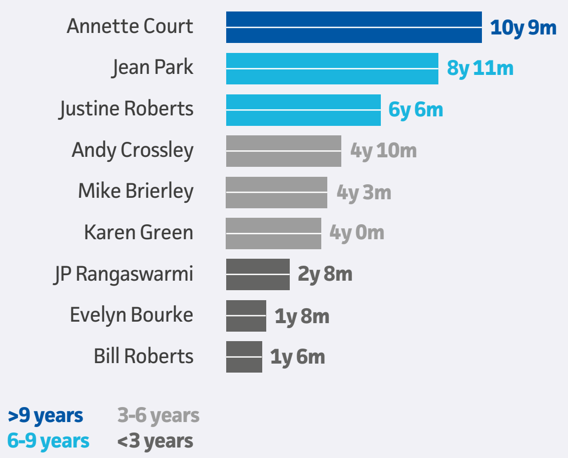
Jean Park and Justine Roberts both undertook the SID role for the year (and Justine Roberts undertaking the role on an interim basis from February 2022 to January 2023 while Jean took a period of medical leave of absence). The Board was satisfied that Jean had the requisite knowledge and experience gained through her Board positions. Jean Park as Chair of the Risk Committee, her membership of the Nomination and Governance Committee and her prior experience as SID for FTSE 250 company, Murray Income Trust. As stated above, the Board was satisfied that Justine Roberts had the requisite knowledge and experience to undertake the role of SID on an interim basis while Jean was on (and returned from) medical leave and approved Justine's succession in the permanent SID role following Jean's retirement in January 2023.

The Board, having given thorough consideration to the matter, considers the eight Non-Executive Directors to be independent and is not aware of any relationships or circumstances, other than the above, which are likely to affect, or could appear to affect, the judgement of any of them.

An explanation for the Group Board Chair's extended term beyond the nine years recommended by the Code are provided on page 136.

> *"The Directors have a broad range of skills and experience and can bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Group."*

Board tenure



* In accordance with the Code

** Provision 19 of the Code relating to the tenure of the Chair was not complied with during the year. An explanation of non-compliance is located on page 136

Balance of skills, knowledge and experience

The Committee regularly reviews the Board skills matrix, particularly in the context of succession planning and skills that are potentially lost at the end of a Director's tenure on the Board. The current matrix is outlined below and an explanation regarding how it feeds into succession planning follows later in this report.

The Directors have a broad range of skills and experience and can bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Group.

Time commitment and external appointments

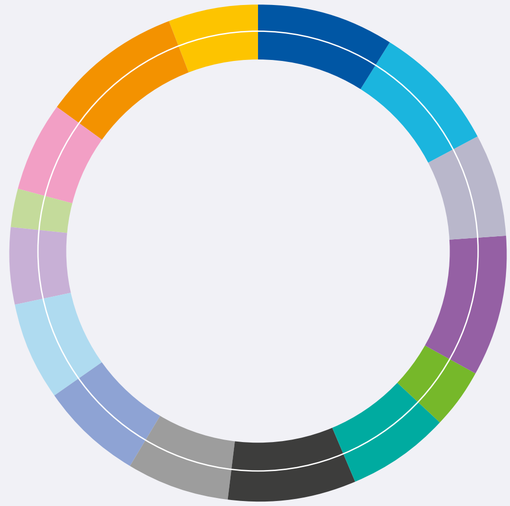
As well as considering the demands of a Director's time upon appointment, any subsequent external appointments of Non-Executive Directors and Executive Directors require prior approval of the Committee and the Board.

The Committee also reviews the time commitment required of Non-Executive Directors at least annually to consider whether the guidance on time commitment of certain roles needs to be extended due to market or responsibility changes. Alongside this, a review of the external commitments of Non-Executive Directors is performed. The most recent review concluded that the independent Non-Executive Directors have sufficient time available to perform their duties.

Overall assessment of composition

The Board remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge of the Group to enable it and its Committees to discharge their duties and responsibilities effectively, as required by the Code. In addition, the Directors are aware of their legal duties to act in a way they consider, in good faith, will be most likely to promote the success of the Company for its shareholders, as well as considering the interests of other stakeholders. Further details of how the Board fulfils its duty in this regard are outlined on pages 74 to 94.

Total Board Director skills



11 Finance
10 Risk
8 Insurance
11 Executive/Strategic Leadership
5 Marketing/Retail
8 M&A
10 City
8 International
8 Tech/Digital/Data
8 Operations
6 Entrepreneurial
3 Loans
7 Small / Medium Enterprise
11 Remuneration/People
7 ESG/Sustainability

Board and senior management diversity and inclusion

The Listing Rules and Disclosure Guidance and Transparency Rules have been amended to include new disclosure requirements for listed companies for financial years starting on or after 1 April 2022. The FCA is, however, encouraging voluntary compliance for those companies with financial years beginning on or after 1 January 2022. The board diversity targets (which are substantially in-line with the targets set by the FTSE Women Leader's Review and the Parker Review) are: at least 40% of the board are women; at least one of the senior board positions (Chair, SID, CEO and CFO) is held by a woman; and at least one member of the board is from a minority ethnic background. As set out below, the Committee is content that Admiral meets the targets set out in the Listing Rules and Disclosure Guidance and Transparency Rules 9.8.6(9)(a).

Nomination and Governance Committee
continued

Gender diversity

Diversity and the variety of perspectives that it brings has been proven in studies to increase innovation and creativity, and, as a result, improves performance. It also has other positive impacts, such as providing greater awareness, widens the talent pool and challenges the views or practices that have become embedded over time. Admiral's strategy depends on all of these things, which are enhanced by diversity, and supports our goals.

Total Board Director skills

During the year, the Committee reviewed the Group Board Diversity and Inclusion Policy and discussed the appropriateness of the measurable targets to increase diversity and inclusion at Group Board, Subsidiary Board and senior management level. The Committee seeks to ensure that a clear recruitment strategy for Board appointments is in place and is aligned to this policy.

Measures that are covered under the Policy, including progress updates against each, include:

(i) Having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion at Group level. Cristina Nestares (EUI CEO) is the accountable executive for gender diversity.

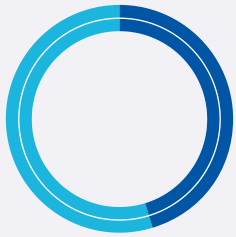
(ii) Setting internal targets for gender diversity in senior management. Progress against the Group's target of 40% of women in senior management by 2023 is detailed below.

(iii) Publishing progress annually against these targets in reports on the Group's website. Progress updates on the Group's progress against the HM Treasury's Women in Finance Charter commitments are provided on an annual basis on the Group's corporate website.

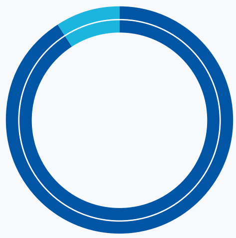
(iv) Linking the pay of the CEO to the progress made against these internal targets on gender diversity. In 2021, the Remuneration Committee considered and approved a proposal to link the progress against the Women in Finance target within the non-financial performance measures of the EUI CEO, Cristina Nestares. Further information on this is contained within the Remuneration Committee Report on page 183.

The Group has continued to exceed the target set by both Lord Davies in his report: Women on Boards, and the Hampton Alexander Review (that builds on the Davies Review) which encouraged FTSE 350 companies to achieve at least 33% women on Boards. Women on the Admiral Group Plc Board represented 55% of its 11 director membership as at 31 December 2022, compared with 50% on 31 December 2021. Further, Admiral is only one of 5 FTSE100 companies where each of the board positions of Chair, SID and CEO are held by women. Official data published by the FTSE Women Leaders (succeeding the Women on Boards Report and Hampton Alexander Review) issued in February 2023 reported that the percentage of women on FTSE 100 Boards was 40.2% improving from 39.1% in 2022, which demonstrates the good progress Admiral has made compared with the average of the FTSE 100. The data also highlights that the combination of women in the Chair, CEO and SID roles is still not common, demonstrating Admiral's continued strong support of the progression of women in leadership roles.

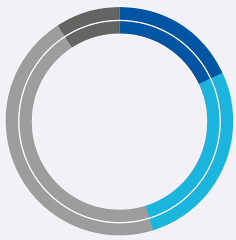
Board gender diversity



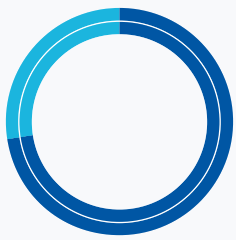
Board Ethnicity



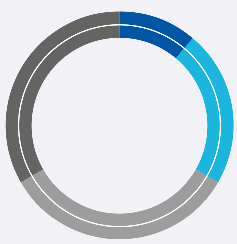
Age diversity (by bracket)



Board Nationality



Non-Executive Director tenure



As a result of the continued progress to balance gender diversity at Group Board level and to align with the Women in Finance Charter's aim of increasing female representation at the UK senior executive level to 40% by the end of 2023, the Committee approved a proposal to increase the annual target from a minimum of 33% women to 40%. The aim is to achieve this level of gender diversity at an aggregate level across the Subsidiary Boards too. As at 31 December 2022, women represented 38% of all of the Subsidiary Boards compared to 29% as at 31 December 2021, while improvements have been made in 2022 there is further work to improve gender diversity at this level.

During the year, the Committee reviewed the gender balance of those in senior management and their direct reports and considered the initiatives that have been proposed to focus on improving gender balance. The FTSE Women Leaders (formerly Hampton-Alexander Review) target of 33% female representation within senior management has been achieved across the Group, with females representing 44% of our Senior Executives and 35% of their direct reports.

Ethnic diversity

The Board continues to monitor the requirements of the Parker Review's report on ethnic diversity in the context of the composition of its Group and Subsidiary Boards, the initiatives that are being implemented to increase diversity and discuss how measures to develop a diverse pipeline of talent as regards to Board appointments could be developed and monitored. The Group Board includes one Board member from an ethnic minority, which meets one of the Parker Review's key recommendations for FTSE 100 companies as well as Listing Rules and Disclosure Guidance and Transparency Rule 9.8.6(9)(a). Further information on how the Group is developing candidates for the pipeline is outlined in the sections below and in the Strategic Report on pages 77 to 79.

The Group remains strongly supportive of the principle of boardroom diversity, of which gender and ethnicity are important, but not the only, aspects. What is important is diversity of thought, experience and approach and each new appointment must complement what already exists at the Board table.

Ethnic diversity amongst senior management and the wider workforce is something that Admiral has increased its focus on in 2022. However, the Committee recognises that the workforce is not always comfortable with voluntarily sharing such personal information. There have been initiatives to encourage more people to make such voluntary disclosures, in respect of other diversity questions, and this has been discussed by the Employee Consultation Group during the year.

Activity to improve diversity in the talent pipeline

UK

- Admiral appointed Senior Management Sponsors for all diversity and inclusion working groups.
- Admiral achieved 45% female representation at executive level, in line with its commitment to the Women in Finance pledge.
- Admiral was placed 3rd in the UK's Best Workplaces for Women award in 2022.
- Admiral's recruitment strategy aims at increasing candidates from an ethnic background and women onto shortlists for leadership roles
- Strengthening our partnerships aimed at increasing female representation, we have joined with Women in Data, a movement and force for change in the realm of data science and analytics
- Admiral has continued our partnership with PricewaterhouseCoopers' #TechSheCan, aimed at developing internship and work experience programmes
- Admiral has paired with Code First Girls ("CFG"), in respect of which our funding will enable 495 places on an 8-week programme to learn the fundamentals of coding and web development. In addition, we will also pay the fees for 40 participants to complete a nanodegree, which is the equivalent of a Data Science degree. The degree takes 14 weeks to complete, and on completion of the programme, CFG will work with their network of employers across UK (e.g KFC, BlackRock, Natwest etc.) to seek to secure employment for graduates
- Admiral has achieved Disability Confident Leader status
- Admiral has signed several pledges such as the Menopause Pledge, Endometriosis Friendly Employer, Neurodiversity Friendly Employer and continued our commitment to the Race at Work Charter by signing up to their extended initiatives
- Admiral was the headline sponsors of Pride Cymru for the 22nd consecutive year
- Admiral achieved Top 75 employers with the Social Mobility Foundation

Group

- Admiral launched its Get Discovered programme aimed at developing talented women within Admiral to become the leaders of tomorrow
- Admiral has planned to launch a "reverse mentoring" scheme. We will ask people to apply for this, then we will train them as mentors. The successful applicants and all participating senior top executives will benefit from this new scheme
- Admiral will launch two "Employee Resource Groups", one focused on gender and one on ethnicity, to create a strong group network of people, selected from our staff, with the aim of designing and delivering internal initiatives to offer equal opportunities to our underrepresented groups of people
- Admiral will launch a program designed to develop employees from an ethnic background, in partnership with McKinsey. We are designing a talent and development program to nurture talent across Admiral, focusing on finding talented employees from an ethnic background at different levels into leadership roles
- Admiral has designed Group D&I employer branding in order to increase our external reputation as diversity

Nomination and Governance Committee continued

leader in the market and attract new diverse talent in the recruitment pipeline

- Admiral is offering training to all of our D&I sponsors and human resources managers on how to better work together as a team to deliver meaningful D&I outcomes. The Board and senior management recognise that longer-term remote working brought about by the Covid pandemic could make it more difficult to identify discrimination and support those that may be impacted. Admiral is committed to adapt to the new environment and ensure that it provides an equal workplace for all our people.

The Group remains committed to providing equal opportunities, eliminating discrimination, and encouraging diversity amongst its employees both in the UK and overseas. A breakdown of the gender of Directors and senior employees at the end of the financial year together with details of the Group's Equality, Diversity and Dignity at Work Policy are set out in the Strategic Report on pages 113 and 127.

Succession planning

The Committee is responsible for ensuring that plans are in place for orderly succession for appointments to the Board and also reviews the succession plans for Executive Directors and other key senior management positions.

Non-Executive Directors

Non-Executive Director succession planning is split into short, medium and longer term horizons to ensure that all eventualities, as far as possible, are planned for.

Horizon: Emergency cover

Description: There are emergency succession plans to ensure that there is sufficient cover or a plan in place for key roles of the Board, namely, the Chair, the SID, Committee Chairs and, in turn, Committee members if a Committee Chair's absence is longer than expected. These plans take account of any requirements under the respective Committee's Terms of Reference, as well as any Code requirements.

Horizon: Medium term (3–6 year tenure)

Description: The Committee's medium-term succession planning involves considering the replacement of Non-Executive Directors over time to refresh the Board. The Committee considers (i) each Director's period of tenure and aims to have staggered departure dates, (ii) the skills and experience gaps that will be created as each Director's tenure comes to an end, and (iii) the diversity gaps that might also become present.

Horizon: Longer term (6–9 year tenure)

Description: The Committee's longer-term succession planning involves the consideration of the skills, experience, and diversity that the Board will need over the longer term, taking into account the Group's strategy and the main trends and factors that are likely to affect the Group's long-term success.

The regular review of these succession plans provides an opportunity for the Committee to discuss the insights provided by the data in order to inform the desired mix of skills, experience and diversity that the Board needs now and in the future, in the context of the Group's strategic objectives.

The Committee will this year be starting a search for new Non-Executive Directors with the appropriate skills and experience to succeed the Chair and the Group Risk Committee Chair. In doing so, the Committee will consider the skills, experience and diversity gaps that could materialise with the departure of the present Chair and Group Risk Committee Chair.

Executive Directors and senior management

Responsibility for making senior management appointments rests with the Chief Executive Officer and talent management continues to be a key area of focus for the Committee to ensure that there is a diverse pipeline of talent for senior management and potentially Executive Director succession.

During the year, the Committee considered progress to improve talent management and succession planning within the Group. This was in response to the review in 2020 which identified several improvements that needed to be made to Admiral's succession planning to improve the talent pipeline. Effective internal talent management ensures that Admiral's unique culture is preserved as far as possible.

The Committee received an update in 2022 on the new succession framework which is now used across the Group. It has encouraged more structured thinking about opportunities across departments and internationally, even in circumstances where this is a well embedded practice already within Admiral. Discussions on success profiles have also helped to visualise how success will look in the future for the critical senior management roles, whilst also providing future talent with visibility on what future development might look like for them. Other parts of the overall succession planning process continue to be embedded with the introduction of better:

- Scoping and anticipating future critical capabilities
- Success profiling
- Identification of career aspirations
- Assessment
- Development plans (noting that some Group entities are more matured than others)
- Collective analytics

Overall, this year's review of succession planning concluded that there was a healthy pipeline of talent across the Group, with no immediate risk in respect of leadership continuity, and the right level of talent to execute our 'internally grown leaders' strategy. However, it also concluded that some critical functions in the UK fell short on gender diversity, as well as some international entities, such as Spain. This gap represents a risk to the achievement of our commitment and ambition on gender diversity at senior management level and so this will be closely monitored by the Committee in 2023. In addition, further work will be undertaken to improve the ethnic diversity of entities located in geographies where such diversity should be better represented, which will also be overseen by the Committee in 2023.

The Committee remains satisfied that effective succession plans for Directors and senior management are in place to ensure the continued ability of the Group to implement strategy and compete effectively in the markets in which it operates.

Governance

The Committee also regularly reviews the Group's governance arrangements, including any changes to the Subsidiary or Committee structure, as well as oversight of the regulatory applications made under the Senior Managers Regime.

Committee Effectiveness Review

The 2022 Committee's annual review was conducted by an external company Bvalco Limited. Each Committee member was interviewed and asked a set of questions designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring Board composition, considering Executive and Non-Executive succession, overseeing talent management, succession planning and developing directors' knowledge.

The Committee discussed the results of the review at its meeting in January 2023 and concluded that, overall, the Committee remained effective. Areas of focus and improvement for the Committee in 2023 were identified and in particular, the part of the nomination committees work on succession, the Committee should in future canvas the executives on their views of the skills and expertise that would be helpful to strengthen the Board.

Board Evaluation

2019
External Board Evaluation

2020
Internal Board Evaluation

2021
Internal Board Evaluation

2022
External Board Evaluation

Progress with 2021 Board Evaluation recommendations

Having last carried out an external Board evaluation in 2019 in accordance with the Code requirement that FTSE 350 companies should carry out an externally facilitated evaluation of the Board at least every three years, the 2021 Board evaluation process was again facilitated internally with use of a questionnaire developed by Independent Audit, who has no other connection with the Group or its Directors. The results of the evaluation were discussed at the January 2022 Board and showed a Board that appeared to be functioning well with some identified opportunities for improvement. The recommendations from the Board evaluation fed into the Board's agreed objectives for 2022 and were detailed in the 2021 annual report as "principal areas of focus for the Board in 2022". At the June 2022 Board, the Board received a six-month update on progress against agreed areas for focus as set out in the evaluation report and as against the agreed 2022 Board Objectives.

Nomination and Governance Committee
continued

The following progress was made during 2022 in respect of the key findings from the 2021 review:

Agreed areas of focus for 2022	Progress update
Ensure that there is a robust selection process for the new Group Board Chair, Group Risk Committee Chair and SID	Refer to page 159 of this section and Principal Decisions on page 148.
Continuing focus on executive team succession planning	During the year, the Board approved the appointment of Keith Davies as Admiral's new Chief Risk Officer following a robust recruitment process. The Board and the Committee received Group Succession Planning and Talent Development updates throughout 2022.
Ensure diversity and inclusion objectives are embedded	During the year, the Board received a diversity update highlighting the Group's ambition to have 40% of women in senior positions by 2025 at Group level and representation of ethnic minorities at senior levels consistent with representation of the whole workforce. The Board has been updated on Admiral's submissions in respect of the FTSE Women Leaders and the Parker Review.
Support the continuous development of Admiral's core competencies	The Board agreed an objective for 2022 to "Defend and support continuous development of Admiral historical advantages" in particular relating to culture, technical/underwriting leadership and cost efficiency. The Board received regular updates confirming that each of these areas had received substantial attention and made good progress.
Assess market implementation of the FCA's market study on general insurance pricing and ensure Admiral delivers a strong response	Refer to Principal Decisions.
Ensure customers continue to be at the front and centre of new propositions and incremental change	The Board has been updated on customer related issues at each Board in 2022 from the perspective of all Group entities and businesses. "The Customer, the Customer, the Customer" remains a core part of Admiral's philosophy and Board updates throughout the year reflect this.
Oversee the Group's diversification strategy	Refer to Principal Decisions.
Monitor the development and execution of Admiral's sustainability approach and the delivery against key pledges	During the year, the Board has increased the number of updates and sessions held on ESG matters, receiving updates on the embedding of the new Group Purpose (approved at the beginning of 2021), the Group's sustainability strategy, response to climate change, stakeholder engagement, progress to meet diversity and inclusion targets, and the responsible investment strategy, amongst other things. The October Board update on sustainability provided the Board with detailed analysis on the 2022 progress against Admiral's stated nine sustainability targets. The Board noted that good progress had been made.
Continue to deepen the Board's understanding of external risk factors	During the year, the Board also increased the updates and sessions received on information security and cyber risk, BEIS Reforms, IFRS17, general technology updates and received an update on the Admiral cyber risk event playbook. In October 2022, the Board undertook a cyber crisis simulation session facilitated by an expert, external supplier. The lessons learned from the cyber crisis simulation helped management to refine the cyber risk event playbook.
Provide steering and oversight for capital management, reinsurance and the internal model application process	During the year, the Board received regular updates and training sessions relating to the Admiral internal model process. Good progress was made during the year noting that the application process will continue to be progressed and refined in 2023.
Oversee the roll-out and evolution of the Group reward strategy	The Board was regularly updated on progress against the Group Reward Strategy. The Board was further updated on the Group's plans to improve reward and in respect of the Group's plans to help staff though the "cost of living crisis". Refer to Principal Decisions.

2022 Board Evaluation

Having last carried out an external Board evaluation in 2019 in accordance with the Code requirement that FTSE 350 companies should carry out an externally facilitated evaluation of the Board at least every three years, the 2022 Board evaluation process was facilitated externally by Bvalco Ltd, which has no other connection with the Group or its Directors. Each Board member and standing attendee was interviewed and asked a set of questions to evaluate the Board's performance and dynamics in 2022. The themes and questions considered by all Board members and regular Board attendees in November 2022 were:

- Strengths and Value
- Purpose and Strategy
- Board Dynamics and Culture
- Risk
- Succession and composition/skills
- Performance and development
- Frequency of meetings, Board information and agendas
- Commitments outside of the Boardroom
- The Chair
- The new Chair
- The CEO
- What do you value about your fellow Board directors
- Committee Chairs
- Impact and Value
- Three most important areas for next 12 – 18 months

The results of the evaluation were discussed at the January 2023 Board meeting and showed a Board and Committees that appeared to be functioning well, with some identified opportunities for improvement. Bvalco's overall impression is that this is a strong Board and one that is reflective and supportive of the Admiral culture. The majority of those interviewed felt it was an open, inclusive and participative Board committed to the success of Admiral. It is also a Board with good humour. Everything that Bvalco observed and heard during their review demonstrated a commitment to the success of Admiral and the wellbeing of its staff. There were key areas where Bvalco made recommendations to the Board and Committees in order to continuously and progressively improve how it works. There is a summary table of recommendations set out below. In making the recommendations, Bvalco wished to re-emphasise their overall conclusion that the Admiral Board is a strong board, and the recommendations set out in the report are made against this background. The recommendations set out below have fed into the Board's agreed objectives for 2023 and are detailed under the "principal areas of focus for the Board in 2023" on page 139.

2022 Board Committee Effectiveness Reviews

Further information on each of the Board Committee's evaluations conducted externally by Bvalco Limited of their own performance can be found within the respective other Board Committee reports.

Individual Director Evaluation

The performance of the Chief Financial Officer is appraised annually by the Chief Executive Officer, to whom he reports. The Chair, taking into account the views of the other Directors, reviews the performance of the Chief Executive Officer. The Chair also carries out the performance assessments of each of the Non-Executive Directors. Each of the Directors were determined to have continued to effectively contribute to the work of the Board in 2022.

The performance of the Chair is reviewed by the Board led by the SID. Following the latest review, the SID considered and discussed with the Chair the comments and feedback that had been received from the Directors as part of the Chair's evaluation questionnaire and was able to confirm that the performance of the Chair continues to be effective. In addition, Bvalco Limited reported that all those interviewed as part of the external evaluation were unanimous in their praise for Annette. Bvalco was positive in their assessment of all aspects of how Annette chairs the Board. Bvalco concluded that "this is a well Chaired Board."

Nomination and Governance Committee
continued

Outcomes and areas of focus for 2023

Decision making frameworks	The Board and management to review the overall framework that the Board uses to make key decisions. At the same time, management will review how information is presented to the Board in a way which assists and feeds into the overall decision-making framework.
Review how the balance of Board agenda time is split between strategy versus governance/regulatory matters	The Board should review the balance of time spent at board meetings between governance/regulatory matters and strategic/business matters. The Board supported by the Legal and Company Secretarial team to consider if any governance and regulatory matters could be delegated to relevant Board Committees, Board Sub-Committees or Subsidiary Boards.
Strategy development	Build on the acknowledged success of strategy days. The Board should discuss and agree additional conventions for the strategy days to ensure the Board has sufficient early involvement in contributing to the development of proposals. This should include the addition of formal 'wash-up' sessions and 'action lists' with agreed milestone dates.
Forward plan of metrics and milestones	The Board should discuss and agree with management improved metrics and milestones to enable the Board to better measure strategy implementation..
Overarching approach to ESG	The Board to consider the value of establishing an overarching and coordinated approach to ESG initiatives.
Improving hybrid meetings	The Board and Company Secretarial team shall continue to look at ways of improving hybrid meeting arrangements, looking at techniques for mitigating the risk that remote participants are unable to contribute fully to Board and Committee meetings.
Company Secretary	The Company Secretarial team should take steps to remind those presenting papers to the Board or a Committee that they follow properly the guidelines as to form, content and paper submission deadlines. This should include proper completion of the paper's standardised front sheet, avoiding the unnecessary usage of technical language and developing conventions for assisting the non-technical reader.

Audit Committee Report

"I am pleased to set out in this report an update on the main activities of the Committee in 2022."

Karen Green
Chair of the Audit Committee

11
meetings in 2022

Committee members

Focus area	Attendance
Karen Green (Chair)	11/11
Andy Crossley	11/11
Mike Brierley	11/11

Audit, risk and internal control
Compliance with the Code Principles

UK Code Principle	Description	References
Principle M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	· Roles and Responsibilities on page 173 · Non-audit fees on page 177 · Effectiveness of external audit process on page 177 · Effectiveness of internal audit on page 174 · Directors' responsibilities and responsibility statement in the Directors' Report on page 213 · Principal risks and uncertainties within the Strategic Report on pages 114 to 121
Principle N	The Board should present a fair, balanced and understandable assessment of the company's position and prospects.	· Reporting, accountability and audit within the Directors' Report on page 212
Principle O	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	· Role of internal audit and associated processes on page 174 · Principal risks within the Strategic Report on pages 114 to 121 · Reporting, accountability and audit within the Directors' Report on page 212

Audit Committee Report
continued

Dear Shareholder
I am pleased to set out in this report an update on the main activities of the Committee in 2022.

Areas of Focus in the Reporting Period
The Committee considered the economic backdrop facing the Group and gave particular consideration to current UK inflationary pressures and the impact on the key accounting and actuarial judgements made by management in relation to the valuation of claims reserves and credit loss provisions, as well as the potential impact on going concern and viability assumptions. The Committee also continued to consider the ongoing impact of the Covid pandemic on the Group's financial reporting and disclosures, along with the continued effectiveness of the Group's key internal controls in a hybrid working environment.

Significant financial reporting issues
The setting of insurance claims reserves in accordance with the Group's agreed reserving methodology is a key accounting judgement in the Group's Financial Statements as set out in Note 3 to the Financial Statements), and the Committee continues to place considerable focus on this area. The Committee challenged the key reserving assumptions and judgements, movements, emerging trends and analysis of uncertainties underlying the analysis of outstanding claims for the UK Car Insurance business proposed by management alongside that of the Group's external independent actuarial advisers. In 2022, this included the impact of inflation on the claims reserves as set out in more detail below, future scenarios for the Ogden discount rate and post-pandemic trends of claims frequency and severity. It also focused on management's assessment of the level of uncertainty inherent in the claims reserves and the changes in this assessment from prior periods. The Committee also received reports on the claims reserving processes performed for insurance businesses other than UK Car and recommended to the Board the aggregate claims reserves for inclusion in the Group's Financial Statements.

In addition to claims reserving, the Committee spent time reviewing management's support for a number of other significant financial reporting matters including the expected credit loss provision held in relation to the Loans receivable balance held by the Group's loans business Admiral Money, other potential provisions and contingent liabilities, and the results of impairment testing performed in relation to the Group parent company's investments in Group subsidiaries.

IFRS 17 (Insurance Contracts) implementation
Ahead of the 1 January 2023 implementation date for IFRS 17 (Insurance Contracts), the Committee placed significant focus during the year on monitoring progress of the Group's IFRS 17 programme, reviewing and challenging key judgements and accounting considerations, the Group's transition balance sheet as at 1 January 2022, as well as the financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and related accounting disclosures.

Corporate governance and reporting changes
The Committee was kept abreast of the Group's engagement with the Department for Business, Energy & Industrial Strategy (BEIS) consultation on 'Restoring trust in audit and corporate governance: proposals on reforms' during 2022 including the Financial Reporting Council's draft proposal for a minimum standard for audit committees, and will continue to monitor developments in this area. The Committee also oversaw, in conjunction with the Group's Risk Committee, the Group's progress in further aligning reporting with the Taskforce for Climate-related Financial Disclosures (TCFD) published recommendations. The Committee received a briefing from the Group's external auditor on TCFD regulation and trends in the market.

Internal controls
The Committee has continued to review the effectiveness of the internal control systems across the Group, including areas of potential weakness highlighted through audit and other assurance reports.

I hope you find the above summary, and the more detailed report, both useful and informative.

Karen Green
Chair of the Audit Committee

7 March 2023

How the Committee operates

Membership

Membership of the Committee at the end of the year was: Karen Green (Chair), Andy Crossley and Mike Brierley.

Two of the Committee's members are Fellows of the Institute of Chartered Accountants in England and Wales. Given the insurance and financial services experience of the members of the Committee, the Board considers that they have a broad range of skills, experience and knowledge of the insurance sector, which represents the principal market in which the Group operates, and also the area of consumer lending in which the Group has a growing business, such that they are able to effectively analyse, challenge and debate the issues that fall within the Committee's remit. The Board is satisfied that the Committee as a whole has competence relevant to the sectors in which the Group operates and further considers that a number of its members have recent and relevant financial experience.

Attendance at meetings

The Company Secretary acts as Secretary to the Committee. The Group Chief Financial Officer, Group Chief Risk Officer, Director of Group Finance & Chief Actuary and Group Head of Internal Audit routinely attend all Committee meetings (other than certain private sessions). Other individuals, such as the Chair of the Board, Chief Executive Officer, Head of Compliance, and representatives of different parts of the Group, may be invited to attend all or part of any meeting as and when appropriate.

The external auditor was invited to attend all of the Committee's meetings held in 2022, except in respect of those agenda items when its own performance, reappointment and fees were reviewed and discussed, or where any other conflict was identified.

Meetings held

The Committee meets at least six times per year and has an agenda planner linked to events in the Company's financial calendar and other significant issues that arise throughout the year, which fall for consideration by the Committee under its remit. The Committee Chair agrees the meetings and agendas for each meeting.

There were eight scheduled Committee meetings held during the year (with two of these meetings focused on reserving matters in conjunction with the half year and full year reporting). Three additional meetings were held during the year, primarily focused on the transition to IFRS 17 and year-end reporting related matters.

Details of member attendance at the Committee meetings held during the year are outlined on page 171.

How the Committee keeps up to date

The Committee is kept up to date with changes to Accounting Standards and relevant developments in financial reporting, company law, and the various regulatory frameworks through presentations from the Group's external auditor, Group Chief Financial Officer, Group Chief Actuary and Group Company Secretary. In addition, members attend relevant seminars and conferences provided by external bodies. The Committee also receives tailored briefings from management and the Group's external auditors from time to time. Topics included the Task Force for Climate-related Financial Disclosures (TCFD) and IFRS 17 implementation in 2022.

The Terms of Reference of the Audit Committee include all the matters required under the Code and are reviewed annually by the Committee.

The Chair of the Audit Committee meets with the Group Head of Internal Audit, Group Chief Financial Officer, Director of Group Finance and Chief Actuary, Head of Reserving, the external auditor and UK Head of People Services (who has overall responsibility for coordinating the Group's whistleblowing arrangements) on a regular basis. The Committee also held (i) two private meetings with the Group Head of Internal Audit, (ii) one private meeting with the Chief Financial Officer, and (iii) two private meetings with the external auditor during the year.

Role and responsibilities of the Committee

The Audit Committee's primary responsibilities are to:

Financial reporting

- Monitor the integrity of the Group's Financial Statements and any formal announcement relating to the Group's financial performance, including the Group's Solvency and Financial Condition Report, reviewing any significant financial reporting judgements which they contain, including that of the Group's Going Concern status
- Provide advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- Oversee the Group Risk Committee's work on climate-related financial disclosures under TCFD

Internal controls and internal audit

- Keep under review the effectiveness of the Company's internal financial controls, internal control and risk management systems
- Monitor and assess the role and effectiveness of the Group's internal audit functions in the context of the Group's overall internal control and risk management systems

Audit Committee Report
continued

External audit
- Make recommendations to the Board, to be put to shareholders for their approval at the AGM, in relation to the appointment, reappointment and removal of the Group's external auditor
- Approve the remuneration and terms of engagement of the Group's external auditor
- Review and monitor the Group external auditor's independence and objectivity, and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- Review the policy on the engagement of the Group external auditor to provide non-audit services, ensuring that there is prior approval of non-audit services, considering the impact this may have on independence and taking into account the relevant ethical guidance in this regard

Other
- Oversee the Group's procedures for handling allegations from whistleblowers
- Report to the Board on how it has discharged its responsibilities

Summary of key activities during 2022
During the year the Committee reviewed the following:

Financial reporting
- The Group Annual Report and interim results announcement, including key accounting judgements and disclosures
- Parent company Financial Statements (both annual and interim), and related key accounting judgements and disclosures, including impairment testing of the parent company's investments in subsidiaries
- Reports from the Chair of the Group Risk Committee on the principal risks faced by the Group and the work undertaken by the Group Risk Committee to ensure risk is appropriately managed
- Reports from the Chair of the Admiral Insurance Company Limited (AICL) and Admiral Insurance (Gibraltar) Limited (AIGL) Audit Committees on the Financial Statements for AICL and AIGL, including key accounting judgements and disclosures
- The Group Solvency and Financial Condition Report, including disclosures specific to AICL and AIGL
- Presentations from the Group's actuarial reserving team and independent external actuarial experts to assist the Committee in concluding on the adequacy of the Group's IFRS reserves and Solvency II technical provisions
- Information supporting the Group's Going Concern assumption
- Reports prepared by management demonstrating risk transfer within reinsurance contracts in line with the requirements of IFRS 4 (Insurance Contracts)
- Updates from the Group's loans business on the IFRS 9 (Financial Instruments) expected credit loss provision
- Reports assessing the accounting and disclosure impacts of risk events arising across the Group
- The financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) (further detail on the Committee's work in relation to IFRS 17 is set out below)
- The Group's disclosures relating to climate risk, including those disclosures required by the TCFD, and received a briefing from the external auditor on regulatory developments in climate-related disclosure requirements

Internal audit and internal controls
- Reports from the internal audit functions within the Group on the effectiveness of the Group's risk management and internal control procedures and progress against the 2022 Audit Plan, approval of changes requested to the 2022 Plan and the Audit Plan for 2023 including resourcing levels, details of key audit findings, and actions taken by management to manage and reduce the impact of the risks identified
- Performance and effectiveness of the Internal Audit function
- A summary of the key findings from all reports from Internal Audit, including management responses to the conclusions set out in the reports
- Reports on the controls in place, including significant breaches or incidents, across the Group and its overseas subsidiaries
- European insurance internal audit updates, including an update from the Chair of the European Audit Committee (of the Group's subsidiary Admiral Europe Compañía de Seguros, S.A., (AECS) which underwrites the Group's European insurance businesses) on the activities of that Committee
- US insurance internal audit updates, including an update from the Chair of the Audit Committee of the Group's US subsidiary Elephant, on the activities of that Committee
- Reports on the output of the assessment of adherence to and embedding of the Group Minimum Control Standards' framework
- Reports on the various improvements underway to the Group's control environment including an assessment of the Group's IT access control management

External audit
- Reports from the external auditor highlighting system and control recommendations, key accounting and audit issues and conclusions on the half year and full year reporting
- Confirmation of the external auditor's independence
- Reports from Deloitte, the external auditor, on their proposed audit scope and plan
- Proposed external audit fee and the drivers of the year-on-year increase

Other

- Updates on tax matters, including the Group Tax Strategy which was recommended to the Board for approval and is available at www.admiralgroup.co.uk
- Progress updates on the BEIS consultation relating to audit and corporate governance reforms, including updates received from the external auditor
- The effectiveness of the Group's Whistleblowing Policy, which sets out the arrangements for raising and handling allegations from whistleblowers, and receiving regular reports on instances of whistleblowing that have been raised
- The Committee's terms of reference
- The Committee's effectiveness
- Meetings held with the external auditors, the Group Head of Internal Audit, and the Chief Financial Officer, respectively, without management being present

Significant issues considered by the Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of misstatement of the Group's Financial Statements, as in prior years, related to the valuation of gross insurance claims reserves. Two additional key audit matters were also identified. Given the economic backdrop referenced above, a significant risk was agreed in relation to inflation assumptions applied to UK motor bodily injury claims reserves given the long-tail nature of the claims and the current higher inflationary environment.

Secondly, given the 1 January 2023 implementation date for IFRS 17, a key audit matter was also highlighted in respect of the 2022 year end IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) disclosures setting out the impact of IFRS 17 on the Group

These significant issues were discussed with management during the year and with the external auditor at the time the Committee reviewed and agreed the external auditor's Group audit plan, when the external auditor reviewed the interim Financial Statements in August 2022 and also at the conclusion of the external audit of these full year Financial Statements.

Valuation of gross insurance claims reserves

The Committee continued to spend significant time reviewing and challenging the approach, methodology and key assumptions adopted by management in setting reserves for insurance liabilities in the Financial Statements to ensure consistency with the Group's stated reserving approach to set reserves at a prudent level.

In this context, the Committee challenged management on the important judgements and assumptions used in estimating outstanding claims. Further information is set out in more detail in the critical accounting estimates section of Note 3 to the Financial Statements.

As in previous periods, the Committee held meetings specifically focused on reserving, receiving presentations on UK Car Insurance reserves from the internal actuarial reserving and finance teams, as well as the independent external actuarial advisors. At these meetings management provided further information on the projected best estimate gross claims reserves, as well as the margin to be held above best estimate in the Financial Statements and were challenged by the Committee as to their adequacy and the consistency of the level of prudence with prior periods.

The Committee reviewed and discussed the effects of inflationary pressures on claims reserves in relation to both damage and bodily injury claims. In addition, the continuing impact of Covid on both claims frequency and claims severity as well as changes in claims settlement patterns were considered, as well as scenarios in relation to the future Ogden rate. The Committee also reviewed management's assessment of the level of uncertainty inherent in the claims reserves and changes to that assessment from previous periods.

The Committee also received updates from the Group's external auditor, Deloitte, on its work in relation to this significant audit risk. This included reviewing management's actuarial data quality assessments, best estimate reserve projections and the margin included above best estimate, as well as support for management's qualitative and quantitative support for gross claims reserves included in the Financial Statements. Based on this work, the auditor was satisfied that the financial statement reserves remain appropriate and consistent with the Group's accounting policy.

The Committee also received reports on the reserving processes for the Group's insurance businesses other than UK Car Insurance.

Whilst acknowledging that the setting of reserves for claims which will settle in the future is a complex and judgemental area and having had the opportunity to challenge management's proposal in respect of both best estimate reserves and margin held above best estimate to cover unforeseen deteriorations in the best estimate, the Committee is comfortable that an appropriate process has been followed, and that there has been sufficient scrutiny, challenge and debate to give confidence that the reserving levels set provide an appropriate margin above best estimate.

Inflation assumptions applied within valuation of UK motor bodily injury claims reserves

The Committee placed focus during the year on reviewing and challenging the approach, data inputs, methodology and key assumptions adopted by management in determining an allowance for excess inflation on bodily injury claims, included in gross claims reserves. Whilst acknowledging that ultimate outcome is highly uncertain, the Committee had the opportunity to challenge management's judgements in respect of selected projections of inflation, in particular future wage inflation as well as the elements of bodily injury claims that will be subject to this excess inflation. The Committee concluded that the data and underlying methodology used in calculating excess inflation was reasonable, and in line with market practice and that the inflation assumptions adopted were appropriate.

Audit Committee Report
continued

Other financial reporting issues

IFRS 9 provision for expected credit losses

During the year, the Committee has continued to review and challenge the IFRS 9 provision for expected credit loss arising through the Group's loans business, Admiral Money. Areas of focus included the potential impact of UK inflationary pressures and the increase in UK market interest rates on default experience, the assessment of circumstances indicating a significant increase in credit risk and underlying forward-looking economic assumptions.

Further information on the provision and key assumptions are found in Note 3 to the Financial Statements.

On the basis of the work performed and having had the opportunity to challenge management's proposal in respect of the provision for expected credit losses, the Committee was comfortable that an appropriate process has been followed, noting the enhancements made to the provisioning methodology, and that there has been sufficient scrutiny and challenge to give confidence that the provision has been set in line with the IFRS 9 requirements and included appropriate allowance for uncertainties arising from the current macro-economic environment.

Misstatements

No material unadjusted audit differences were reported by the external auditor. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and appropriate professional scepticism.

After reviewing the presentations and reports from management and consulting, where necessary, with the auditor, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key sources of estimation uncertainty (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

IFRS 17 implementation

IFRS 17 is a new insurance accounting standard that came into effect from 1 January 2023. Given the fundamental changes to the Group's Financial Statements and systems and processes that will be required because of the new standard, the Committee has continued to dedicate a significant amount of time to understanding and assessing the impact of the standard on the Group's financial reporting process and the progress of implementation of chosen software solutions.

Through the year the Committee received the following updates:

- Regular updates as to the programme status, including progress against plans for individual workstreams and other issues such as resourcing levels
- The Group's transition balance sheet as at 1 January 2022, including the work of the external auditor Deloitte in respect of the transition
- The policy on judgements and materiality
- Reports setting out management's assessment of key technical accounting matters and accounting policy choices, including the status of the work of the external auditor Deloitte in respect of those technical issues
- Updates as to the status of the software solution for IFRS 17 and the dependencies with other finance transformation projects, including the implementation of new general ledger systems in several of the Group's businesses
- The financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Updates from the Group's external auditor on their audit of the Group's IFRS 17 work and IFRS 17 developments in the market generally

The Committee also reviewed the presentation to the Group's analyst and investor community on the likely impact of IFRS 17.

External audit

External auditor appointment

The Group last completed an audit tender during 2020/21 when, following the completion of a transparent and independent audit tender process, Deloitte LLP were recommended to shareholders as the Group's auditor at the Annual General Meeting (AGM) in April 2021 and a resolution was passed to that effect. The Committee confirms it is in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation Order 2014.

On the recommendation of the Committee, the Board approved that Deloitte should be recommended to shareholders for re-appointment as the Group's auditors at the 2022 AGM. A resolution to that effect will be proposed at the AGM.

Audit fee

During 2022, the Committee reviewed and approved the audit fee proposal for the 2022 year end Group audit. The agreed fee for the audit and other assurance related services for 2022 is £2.76 million (2021: £2.25 million), with the increase reflecting inflation in line with market increases and the audit work performed to date in relation to the Group's implementation of IFRS 17 (Insurance Contracts) and the extended requirements for ESEF (European Single Electronic Format).

The Committee approved the fee increase having discussed with the auditor the rationale for the proposal.

Safeguarding the external auditor's independence and objectivity

The Committee reviewed and approved its policy on non-audit services in February 2022 and was satisfied that it continued to align with current regulatory guidance. Under the policy, the Group's statutory auditor will only be engaged to carry out non-audit services in exceptional circumstances or where there is a regulatory request, and where agreed by the Committee. This is to ensure that the independence and objectivity of the external auditor is safeguarded.

Pursuant to the policy and unless required by law or regulation, any non-audit services will: a) be subject to ratification by the Committee, if the cost does not exceed £15,000, or be subject to prior approval from the Committee where the cost exceeds £15,000 or such costs in the aggregate exceed £30,000 and b) in aggregate and where applicable, shall not cost more than 70% of the average statutory audit fee for the past three financial years. In considering whether to approve such non-audit services, the Committee shall consider whether:

- It is probable that an objective, reasonable and informed third party would conclude that the understanding of the Group obtained by the auditor for the audit of the Financial Statements is relevant to the service
- The nature of the service would compromise auditor independence

The Committee will continue to monitor regulatory developments in this area to ensure that its policy on non-audit fees adheres to current guidance.

Effectiveness of the external audit process

The Committee undertakes an annual review to assess the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements, the progress achieved against the agreed audit plan, and the competence with which the auditor handled the key accounting and audit judgements.

As part of its review, the Committee considered, among other things, the following: the output of a questionnaire completed by all Committee members and relevant members of the Group's Finance and Internal Audit functions and the findings of the FRC Audit Quality Reviews (AQR) published in July 2022. Following this review, the Committee concluded that the external auditor, Deloitte LLP, remained independent and that the external audit process remained effective.

Internal audit

The Group Head of Internal Audit attended all Audit Committee meetings and provided a range of presentations and papers to the Committee, through which the Committee monitored the effectiveness of the Group's material internal controls, including financial, operational and compliance controls on behalf of the Board.

The Group Head of Internal Audit also carries out an annual review of the effectiveness of the Group's systems of internal control and risk management and reports on the outcome of this review to the Committee. In February 2023, the Group Head of Internal Audit reported an adequate level of assurance in relation to the Group's arrangements for risk management, control infrastructure, governance and fraud prevention controls.

The Committee reviewed and approved the Group Internal Audit Policy, which includes the Group Internal Audit Terms of Reference setting out the role; objectives; reporting lines and accountability; authority; independence; and objectivity of the Internal Audit function. The Committee also monitored and discussed the evolution and development of the Internal Audit function, and considered the role, competence and effectiveness of each internal audit function across the Group. The Group Head of Internal Audit continues to have responsibility to ensure the quality of the internal audit activities in the Group's overseas locations. The Chairs of the European and US Audit Committees each attended a meeting to provide an update on their respective activities.

Members of the Committee also receive all issued audit reports, enabling them to challenge the reports' content, including the rating, and related recommendations. The Committee approves the internal audit plan at the start of each calendar year whilst the effectiveness and workload of the Internal Audit functions and the adequacy of available resources are monitored throughout the year.

The European operations in Spain, Italy and France have a dedicated internal audit team and the US business also has its own locally based team. All reports are evaluated by the Group Head of Internal Audit to ensure the quality and effectiveness of the reported findings, and a summary of the key findings of each completed audit is provided to the Committee as part of the Group Head of Internal Audit's regular Committee update. In addition, the UK internal audit function carries out high-level governance reviews of all foreign operations, assessing the internal control frameworks and system of risk management.

Committee effectiveness review

The 2022 Committee effectiveness review was conducted by an external company, Bvalco Limited. As part of the review, each Committee member was interviewed and asked a series of questions designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring internal and external audit.

The Committee discussed the results of the review at its meeting in early February 2023 and concluded that the Committee continued to operate effectively and the evaluators highlighted good discussions on technically involved matters and efficient decision-making. There were some areas identified for further improvement, such as continued focus on the timeliness of the circulation of papers in advance of meetings.

Whistleblowing

On behalf of the Board, the Committee considered and reviewed the Group's whistleblowing policy and received quarterly updates on the use and effectiveness of the policy, whistleblowing metrics and the instances of whistleblowing that had been raised across the Group during the year. During the year, the Committee concluded that the Group's current whistleblowing arrangements were an appropriate means by which employees could raise concerns in confidence and anonymously.

Group Risk Committee Report
Statement from Andy Crossley Interim Chair of the Group Risk Committee

"The Group Board is of the view that the Group's risk management and internal control systems have operated effectively during the year."

Andy Crossley
Interim Chair of the Group Risk Committee

Dear Shareholder,

As Interim Chair of the Group Risk Committee, I am pleased to present the Committee's report for 2022.

The Committee has received updates on each of the Group businesses as part of the Group's Enterprise Risk Management Framework ('ERMF'). Developments considered by the Committee throughout the year included:

- Admiral's risk strategy and approach to risk management including regular reviews of the Group's risk strategy and risk appetite; consideration of a refreshed suite of Key Risk Indicators; and oversight of the management of material notable risk events
- Ongoing risk assessment and monitoring of the impact of inflation, market volatility, Covid-19 and economic outlook on capital and liquidity risks across the Admiral Group
- Oversight of work required to ensure Admiral is prepared to meet the challenges of climate change
- Developments linked to the launch of new products and the monitoring of plans to develop existing products
- Oversight of Admiral's Technology and Information Security work, including improvements in controls throughout the Group
- The continuing development of the Admiral Internal Model

Risk strategy and approach to risk management: During the year the Committee reviewed and proposed the Group risk strategy and appetite to the Admiral Group Board (hereafter 'the Board') for approval. The Committee approved a refresh of the suite of Key Risk Indicators with associated triggers and limits, reflecting the updates to the Group Risk Appetite.

The on-going focus on monitoring and reporting customer outcome risks continues with the Committee reviewing the Group Conduct Risk Framework (aligned with the ERMF). The Committee also reviewed the Group Minimum Standards which continue to be enhanced and embedded.

The Committee has spent time on key risks that affect the Group as well as reviewing the management and outcomes of notable risk events reported during the year.

Committee members

Focus area	Attendance
Andy Crossley (Interim Chair)	11/11
Jayaprakasa (JP) Rangaswami	11/11
Cristina Nestares	10/11
Karen Green	5/5
Jean Park	5/11

The Committee held five scheduled meetings, with a further six additional meetings taking place.

11
meetings in 2022

Group Risk Committee Report
continued

Capital Management: The Committee has reviewed the Group's proposed dividend level, capital plan and capital buffer in line with the Capital Policy. The review considered several sensitivities, stress tests and scenarios tests, including assessing the uncertainty around inflation impacts. The Group continues to make use of Undertaking Specific Parameters (USPs) for AIGL and the Volatility Adjustment (VA) across its UK insurance entities.

Solvency and Liquidity: The Committee has reviewed and continues to monitor 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.

Economic Uncertainty: The Committee has reviewed and considered developments in the external environment throughout this year. The combination of extraordinary factors such as the Russian invasion of Ukraine, supply chain disruption, inflation levels, interest rate increases and political instability have been the subject of a number frequent of stress tests. In the UK insurance market, the impact of whiplash reform and introduction of the FCA's General Insurance Pricing Practices have also been reviewed.

Covid-19: The impact of Covid-19 on Admiral's PR&Us, as well as the steps taken to appropriately manage these risks, continues to be overseen by the GRC, including oversight of the return to the office, in line with all applicable local and national guidance.

Climate change: The Committee has received regular updates on the work being undertaken relating to climate change to ensure that Admiral is meeting current requirements and is appropriately preparing to meet future challenges. These updates include commentary on risk management, investments, ongoing climate-related-strategic developments, and the changes that may be necessary for compliance with emerging regulatory requirements. This is further described in the Viability Statement (page 122), and additional information on Admiral's approach to climate change can be found in disclosures related to the Task Force on Climate-Related Financial Disclosures framework (page 97).

New product developments and existing product escalation: As a result of the Committee's oversight of individual Group entities, combined with the oversight afforded by the Group's project governance framework, the Committee has considered and challenged updates relating to material projects and change programmes within the Group, including those designed to develop new products, and those that will develop and accelerate existing products.

Technology and Information Security: The level of oversight of Technology Risks including operational resilience has increased over the year with the recruitment of additional resources in these areas and with the embedding of improved KRIs for Technology and Cyber/Information Security risks. The cyber security programme of work in the European Insurance businesses is close to completion, with a number of areas strengthened around cyber security and business resilience. The GRC has received regular updates on these topics including the future technology strategy.

Progress of Admiral Internal Model (AIM): The project team has continued to provide status updates against key milestones at each Group Risk Committee and Board meeting during 2022. The model enhancement stage is ongoing and expected to conclude in the first half of 2023. The Board will oversee an end-to-end process of reviewing the enhanced model output across two year-ends, supported by robust independent validation before entering a regulatory pre-application process.

Andy Crossley
Interim Chair of the Group Risk Committee

7 March 2023

Group Risk Committee Report
continued

Duties and Responsibilities of the Group Risk Committee

The duties and responsibilities of the Committee are set out in the Committee's Terms of Reference, and were reviewed and approved by the Admiral Group Board.

The responsibilities of the Committee are:

- Overseeing the development, implementation and maintenance of the Group's overall Risk Management Framework and ensuring that it is in line with emerging regulatory, corporate governance and best practice guidelines
- Considering and recommending to the Board for approval the Group's risk appetite, as well as ongoing monitoring and review of the Group's risk exposures
- Monitoring the Group's prudential risk exposure, which includes ensuring that the Group's capital resources and liquidity profile are appropriate to its needs, whilst meeting minimum regulatory requirements, including overseeing and challenging the design and execution of the Group's stress and scenario testing
- Reviewing the Group's proposed interim and final dividend payments
- Reviewing the annual Group ORSA Report and any required interim ORSA Reports, with recommendations being provided to the Board for approval
- Reviewing and approving the Solvency II Actuarial Function Reports on Reinsurance and Underwriting each year.
- Reviewing the Group's progress towards approval of the Group's internal capital model
- Monitoring the adequacy and effectiveness of the Group's Risk and Compliance functions
- Approving the annual plans and resourcing for the Group Risk and Compliance functions which include reviewing regulatory developments and any planned meetings between the PRA and FCA and the business
- Reviewing any significant risk issues that have a material impact on the customers of the business and / or concern the regulator
- Ensuring the adequacy and effectiveness of the Group's systems and controls for the prevention of financial crime, and data protection systems and controls
- Reviewing the Group's compliance with Solvency II
- Considering the annual process for the review and appraisal of adherence to Group Minimum Standards
- Reviewing compliance with Group policies, including the Group's Reinsurance Policy, Group ORSA Policy, and Group Underwriting Policy
- Reviewing the proposed risk-based adjustments to remuneration for senior managers and making subsequent recommendations for approval to the Group Remuneration Committee, as well as providing feedback on the Directors Remuneration Policy, and commenting on remuneration metrics to help ensure there is no conflict with risk management objectives
- Reviewing reports from the Group Risk, Group Compliance, Group Data Protection and Privacy, and Group Internal Audit functions
- Formally reporting to the Group Audit Committee to facilitate their recommendation of the Annual Report and Accounts to the Board on the following key areas and disclosures; principal risks and uncertainties, risk management and internal control, viability, risks associated with material transactions and/or strategic proposals, and the Taskforce on Climate-Related Financial Disclosures

The Committee Chair reports formally to the Board on the Committee's proceedings after each meeting, on all matters within its duties and responsibilities, as set out in previously circulated minutes to the Board. The Committee Chair also reports on the activities of the Committee in a formal written report that is submitted to and discussed by the Board annually.

The work of the Committee is supported by more detailed work undertaken by subsidiary Boards and/or executive Risk Management Committees in each of the Group's operational entities. At each meeting, the Risk Management Committees consider notable: movements in the operation's risk profile; risk events; and emerging risks. Risk Management Committees also assess and monitor regulatory issues, ensuring that their resolution and the actions taken are appropriately recorded. The Risk Management Committees receive regular information on Conduct Risk, such as complaint handling reports and other related management information. The Group Risk Management function reviews and collates information from across the Group for consideration by the Committee.

In addition, to ensure that the Committee is operating effectively, it conducts a periodic review of its performance (in 2022, this review was performed externally by Bvalco) and at least annually reviews its constitution and terms of reference (last reviewed in November 2022). Any changes it considers necessary are recommended to the Group Board for approval. As part of the Committee's 2022 annual review, performed by Bvalco, each Committee member undertook an interview designed to provide objective assessment of the Committee's performance, including its effectiveness.

The Committee discussed the results of the review at its meeting in February 2023 and concluded that, overall, the Committee remained effective. An area of focus and improvement for the Committee in 2023 was identified as ensuring that effective summaries highlighting major points, results, conclusions or recommendations are presented to support more complex Risk Committee material.

Summary of Key Group Risk Committee Activities in 2022

During the year the Committee:

- Reviewed the Group's updated Risk Strategy, Risk Appetite and associated triggers and limits in the context of the Group's agreed strategic objectives
- Received and challenged regular updates related to Covid-19, including: impact on the Group's principal risks and uncertainties; staff health and wellbeing; return to office plans; IT and information security updates; and the impact to subsidiaries within the Group
- Recommended the "2022 Group ORSA Report" and ORSA Policy for Board approval prior to submission of the report to the regulator
- Reviewed the Group's proposed dividend level, capital plan and capital buffer in line with the Capital Policy
- Reviewed the Group's regulatory capital add-on application as part of Solvency II capital requirements
- Received regular monitoring reports on customer outcome risk and reviewed updates to the Group Minimum Standards and Policy Framework
- Received in-depth updates of individual Group entities, including Admiral Europe Compañia De Seguros (AECS), EUI, Admiral Money (AFSL), Elephant and Able
- Considered in-depth analysis of a number of the Group's most significant risk areas, via stress and scenario testing and reverse stress testing
- Considered the adequacy of risk mitigation measures and contingency plans including a review of the Group's reinsurance provisions
- Dedicated a significant amount of time to the development of the Admiral internal model, receiving regular updates on the progress of the project and providing challenge to key project work streams, in particular the model validation
- Received regular updates on climate change-related initiatives, including continued progress to reduce scope 1 and 2 emissions, progress to validating scope 3 emissions, and updates on staff involvement
- Received regular risk monitoring reports on performance of Key Risk Indicators within the overall risk management framework.
- Received updates on the impact of notable risk events throughout 2022
- Received regular updates in relation to key programmes of work including IFRS 17, Neo, Guidewire Upgrade and PCI Agentless Payments, as part of the Group's enhanced project governance framework
- Considered the annual renewal of the Group's corporate insurance coverage

Principal risks and uncertainties

The Board of Directors confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the Strategic Report, page 114.

Information on how key risk drivers have impacted on the Group's principal risks has been included within the Viability Statement, page 122.

Risk management and internal control systems

The system of risk management and internal control over Admiral's insurance, operational, market, credit and group risk is designed to manage rather than eliminate the risk of failure to achieve business objectives and breaches of risk appetites.

Furthermore, risk management can only provide reasonable and not absolute assurance against material misstatement or loss. The Group Board is ultimately responsible for the Group's system of risk management and internal control and the Audit Committee has reviewed the effectiveness of this system (a summary of Audit Committee duties and responsibilities, as well as key Audit Committee activities in 2022 is available on page 171).

The Group Board is of the view: that there is an ongoing process for identifying, evaluating and managing the Group's risks and internal controls; that it has been in place for the year ended 31 December 2022 and that it has operated effectively; and that, up to the date of approval of the Annual Report and Accounts, it is regularly reviewed by the Group Board and accords with the internal control guidance for Directors provided in the 2018 UK Corporate Governance Code.

The Group Board confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the Strategic Report on page 114, with key risk drivers impacting Admiral's principal risks and uncertainties being further discussed in the Viability Statement on page 122. The Group Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. This assessment supports the Group Board in monitoring the integrity of the Group's reported Financial Statements.

The Group Board meets at least seven times a year to discuss the direction of the Group and to provide oversight of the Group's risk management and internal control systems.

The Group Board has delegated the development, implementation and maintenance of the Group's overall risk management framework to the Group Risk Committee (GRC). The GRC reports on its activities to the Group Board and the GAC, supporting the

Group Risk Committee Report
continued

overall assurance provided by the GAC that the Group's internal control, risk management and compliance systems continue to operate effectively.

The Group Board has delegated to the GAC the review of the adequacy and effectiveness of the Company's internal financial controls, and internal control and risk management systems.

The Group operates a "three lines of defence" approach to Risk and Internal Control.

1st Line of Defence: The Group Board recognises that the day-to-day responsibility for implementing policies for risk identification, assessment and management lies with the senior management, whose operational decisions must take into account risk and how it can be controlled effectively.

2nd Line of Defence: The "second line of defence" is led by the Group Chief Risk Officer and comprises the Corporate Governance functions and Committees that are in place to provide oversight of the effective operation of the internal control framework. The Corporate Governance functions facilitate the oversight and operation of the Group Policy Framework and Group Minimum Standards, covering risk management and controls for all notable risks to the Group. The Corporate Governance functions perform second line reviews, including reviews of the capital modelling and business planning processes to support the Group Board's assessment of the Group's on-going viability. Regular reviews of all risks are undertaken in conjunction with senior management, with the results of these reviews recorded in risk registers and reported to the appropriate governance forums and Boards.

3rd Line of Defence: The "third line of defence" comprises the independent assurance provided by the GAC and the Group Internal Audit function. Internal Audit undertakes a programme of risk-based audits covering all aspects of both the first and second lines of defence. The findings from these audits are reported to all three lines, i.e. Management, the Executive and oversight Committees, and the GAC.

The Subsidiary Boards, GRC, and entity Risk Committees receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms that are embedded within the operational units. They, together with the GAC, also receive regular reports from the Internal Audit function, which include recommendations for improvement of the control and operational environments.

The Chair of the GRC provides a written report to the Group Board of the activities carried out by the Committee on an annual basis (a summary of GRC duties and responsibilities, as well as key GRC activities in 2022 is available on pages 178 to 182). In addition, the Group Board receives reports from the Chair of the GAC as to its activities, together with copies of the minutes from Subsidiary Board meetings, the GRC and the GAC.

The GAC's ability to provide assurance to the Group Board depends on the provision of periodic and independent confirmation, primarily by Group Internal Audit, that the controls established by Management are operating effectively and where necessary provides a high-level challenge to the steps being taken by the GRC to implement the risk management strategy.

Remuneration Committee Report

"For Admiral, like many other companies, 2022 has been a challenging year when it comes to pay for our people affected by the rising cost of living. The Committee have been focused on how we support all the people who work for Admiral."

Evelyn Bourke
Chair of the Remuneration Committee

Committee members

Focus area	Attendance
Evelyn Bourke (Chair)	9/9
Jean Park	4/9
Mike Brierley	8/9[1]

1 Michael Brierley was unable to attend one ad hoc meeting of the Remuneration Committee called at short notice on 27 October 2022

9
meetings in 2022

Dear Shareholder,
On behalf of the Remuneration Committee, I am delighted to present the Director's Remuneration Report for the year ended 31 December 2022.

I would like to thank shareholders for supporting Admiral's Annual Report on Remuneration at the April 2022 AGM with a vote of 97.31%. I look forward to welcoming you at our AGM in 2023 and to your continued support for this year's remuneration resolution.

2022 Business Context

2022 has been another turbulent year where we have needed to be agile in adapting to fast developing circumstances to arrive at the right outcomes quickly, but robustly for all our stakeholders.

As Milena has made clear in her statement this year, while we haven't been immune to external conditions, we continued to deliver the right products and service to our customers, and in return we have grown our customer base to 9.28 million, while delivering profits of £469 million. This is a solid performance in uncertain times. We have been able to deliver this performance because we reacted quickly to the changing market conditions.

We needed to show agility to support the people who work for Admiral and whose dedication and hard work make our business successful. During 2022 we have taken steps to ensure our people are supported through the cost-of-living challenge.

Remuneration Committee Report continued

Pay across the Group – Supporting our people

We recognised the extra squeeze many of our people felt. The increases in energy prices, rising inflation, and general cost of living pressures have been on everyone's minds during 2022. Our colleagues have always been at the heart of our business, so we automatically sought to support them through this difficult time. Our response was tailored by population and to the situation in countries where we have operations to ensure we delivered the right solutions.

During 2022 we provided cost-of-living support payments to help with rising costs, particularly over the winter months. These payments are on top of additional salary increases awarded to a significant number of colleagues as part of our ongoing review of how we reward colleagues at Admiral. We also provided support to colleagues in a less direct way though free car parking and discounts in the office restaurants. Finally, we have reminded our people of the support that is always available to them, but which may be even more relevant at the moment such as discounts on the weekly supermarket shop, mortgage review services as well as free debt advice and life event loans.

Remuneration for 2022

Taking into account the approved remuneration structure and Admiral's business performance, the Committee made the following decisions during 2022:

2020–22 Discretionary Free Shares Scheme (DFSS)

Based on our performance for the period 2020–2022, 59.24% and 59.21% of the DFSS award granted in 2020 will vest to Milena Mondini de Focatiis and Geraint Jones, respectively.

The 2020 DFSS awards were granted during the pandemic, a period when the shares price were lower in many companies. The awards granted under the DFSS are a fixed number of shares. As such the awards granted to Milena Mondini de Focatiis and Geraint Jones in 2020 were not impacted by the change in the share price. However, as always, the Committee have given thorough consideration to the outcomes to satisfy themselves that it is reflective of the overall performance of the Group.

The full details of the vesting outcomes are on page 199.

2022 DFSS Bonus

Milena Mondini de Focatiis and Geraint Jones will receive a DFSS bonus of £399,085 and £260,516 respectively. This bonus is equivalent to dividends which would have been paid during the year on all outstanding DFSS and salary shares awarded, but not yet vested, plus a 6.48% adjustment for performance against a scorecard of Non-Financial Metrics. In addition, the DFSS bonus was subject to a potential downward adjustment to take into account any risk events which were considered to have a material customer, regulatory or financial impact. For this year there were no such risk adjustments. The full details of the DFSS bonus calculations are on page 200.

2022 DFSS Award

On 26th September 2022, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. Using the share price on the date of the grant of £21.21, this is the equivalent to £1,908,900 or 267% of Milena's base salary and £1,113,525 or 267% of Geraint's base salary respectively.

The awards will vest based on:

- EPS – 26.67% weighting
- TSR vs. FTSE 350 (excluding investment companies) – 26.67% weighting
- RoE – 26.67% weighting, and
- the average outcomes of the scorecards of Non-Financial Metrics used to assess DFSS bonus adjustments over the performance period – 20% weighting

There will also be the potential for downwards adjustment subject to an assessment which will take account of risk events which are considered to have a material customer, regulatory or financial impact over the course of the performance period. Further details can be found on page 201.

2022 DFSS Financial Measures review

One of the key changes to the way we have implemented remuneration during 2022 is a review of the performance range for the financial measures that apply to the 2022 DFSS which covers the performance period from 2022 to 2024.

The financial performance ranges for the financial performance measures are set at the point of each grant of the awards. The grants are usually made in the autumn. Over several years the measures and the performance ranges have been largely unchanged from one year to the next. However, in 2022 the Remuneration Committee has reviewed the performance ranges that apply to awards granted on 26th September 2022 and approved a change. This impacts approximately 4,000 people in the Group, including Milena and Geraint as Group CEO and Group CFO.

The Remuneration Committee believe it is appropriate to make the changes to the performance ranges in 2022 to reflect both the unique operating environment experienced during the pandemic and to ensure they reflect the growth strategy of the Group. Without this change it is extremely likely that the vesting outcome would be nil which would undermine the reward and retention elements of the scheme for both the company and participants.

In summary, the Earnings Per Share (EPS) performance range has been set on an absolute EPS outcome rather than growth because the pandemic resulted in exceptional EPS outcomes in 2020 and 2021 that make an EPS growth measure unachievable, 2021 would be the basis year for any growth. The Return On Equity (ROE) performance range has been set to reflect the current growth and diversification strategy and business mix. The Total Shareholder Return (TSR) target remains unchanged from previous schemes.

Admiral has always focused on building a long-term sustainable business and has adopted a flexible approach to optimise outcomes in the medium term so as to maintain a focus on creating long term value. We believe this approach is a key factor in our success. In making these adjustments the Remuneration Committee continue to support this approach, while seeking to ensure that the DFSS will continue to act as an incentive for all the participants and align them to delivering strong results for all our stakeholders.

We engaged with our major shareholders, who were generally very supportive of the changes.

Full detail of the change to the 2022 DFSS financial targets can be found in the Annual Report on Remuneration on page 200.

2023 remuneration arrangements

Executive Director remuneration arrangements for 2023 will continue to be in line with the 2021 Remuneration Policy.

Milena Mondini de Focatiis' salary was increased by 3.00% to £737,326 and Geraint Jones's salary was increased by 4.00% to £433,472, effective from 1 January 2023. These increases are below the proposed base pay changes across the wider Group for 2023. We anticipate the average increase to be in the order of 5% as we continue to support our people through the impact of the highly inflationary environment.

It is anticipated that Milena Mondini de Focatiis will be granted an award of 90,000 shares and Geraint Jones will be granted an award of 52,500 shares under the DFSS for 2023. The Committee will review these awards prior to the September grant date to ensure the quantum remains appropriate.

The Committee reviewed the metrics that will apply to DFSS and DFSS bonus awards for 2023. Further details are shown on page 200. In particular, the Committee considered the use of Environmental, Social and Governance ('ESG') measures. For 2023, DFSS and DFSS bonus awards will be subject to performance ranges based on diversity in senior management and across the Group. We plan to include targets for climate impact when we have completed the validation of our scope 3 emissions, and once Science-Based Targets have been set. The Committee will keep this under close review during 2023.

In addition to the Executive Director arrangements for 2023 the Committee has agreed the package for the incoming Group Chair, details of which can be found on page 205.

Composition of the Remuneration Committee

As mentioned elsewhere in the Annual Report, Jean Park retired from the Board and all her committee memberships in January 2023. I would like to thank her for her invaluable contribution to the Committee and wish her all the very best for the future.

I would like to extend my thanks to JP Rangaswami for his insightful contribution as Interim Member of the Remuneration Committee over the course of 2022.

As Justine Roberts has recently joined the Remuneration Committee, I would like to extend a warm welcome to her, and I am sure her people and remuneration expertise will be highly valuable to the Committee.

Looking ahead

Our Directors' Remuneration Policy, approved by shareholders at the 2021 AGM for a period of three years, is nearing its end and is scheduled for renewal and shareholder vote at the 2024 AGM. The Committee will consider how the policy and its implementation will need to evolve to ensure the continued alignment to our strategy and purpose. Simplicity and transparency will be key areas of focus for the review.

We will complete this review during 2023 and will undertake a consultation with our regulators and largest shareholders to understand their perspectives on any changes and will take careful consideration of feedback received before finalising the proposals.

The Annual Report on Remuneration (subject to an advisory vote) will be put to our shareholders at the AGM in 2023. We hope that you vote in favour of the report. I am available to discuss our Remuneration Policy and Annual Report on Remuneration with shareholders.

Evelyn Bourke
Chair of the Remuneration Committee

7 March 2023

Remuneration at a Glance

How did we perform during 2022?

Earnings per share (pence)
124.3p
(2021: 212.2p)

Return on equity (%)
35%
(2021: 56%)

Full year dividend per share (pence)
112p
(2021: 187p)

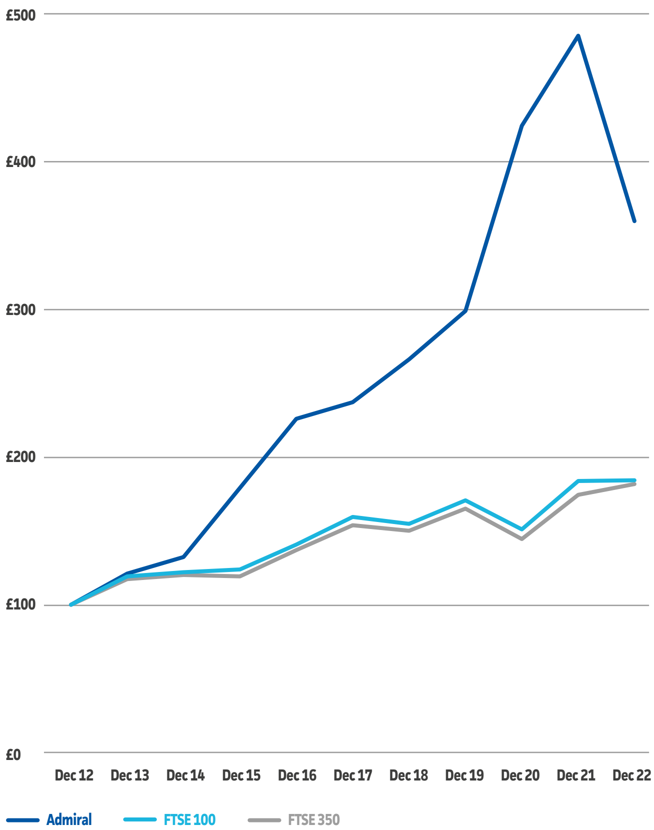
1 year TSR
-26%

"I would like to thank shareholders for supporting Annual Report on Remuneration at the April 2022 AGM with a vote of 97.31%."

Evelyn Bourke
Chair of the Remuneration Committee

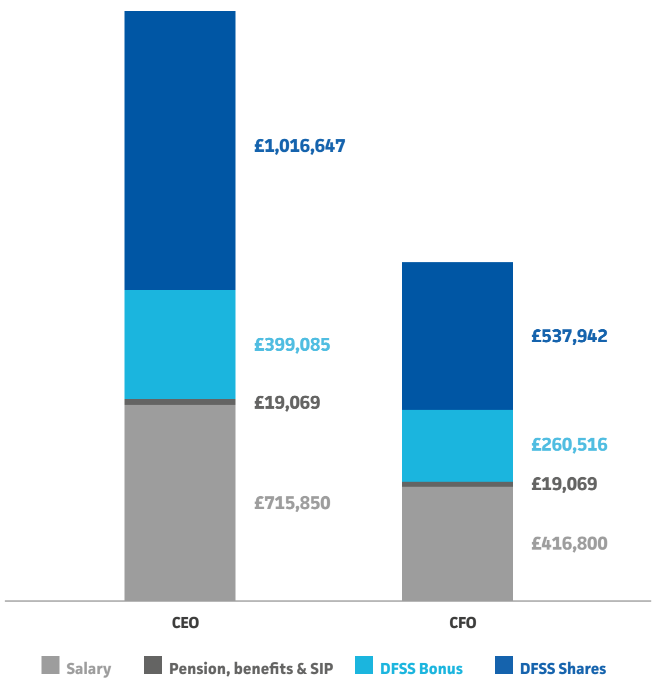
10-year TSR performance: Admiral vs. FTSE100 and FTSE350 indices

Growth in the value of a hypothetical £100 holding over ten years to 31 December 2022



What did our Executive Directors earn in 2022?

- Pension, benefits and SIP includes 2022 pension contribution of £15,000, and £15,000 for the CEO and CFO, respectively
- DFSS bonus of £399,085 and £260,516 for the CEO and CFO, including an adjustment for performance against scorecards of non-financial measures
- DFSS value for the CEO and CFO relates to 59.24% and 59.21% of their 2020 DFSS awards vesting, respectively



Director's Remuneration Policy

Compliance Statement

This Remuneration Report has been prepared according to the requirements of the Companies Act 2006 (the Act), Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2018, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and other relevant requirements of the FCA Listing Rules. In addition, the Board has adopted the principles of good corporate governance set out in the UK Corporate Governance Code (the Code) and the guidelines issued by its leading shareholders and bodies such as ISS, the Investment Association, and the Pensions and Lifetime Savings Association.

Unless otherwise stated, information contained within this Remuneration Report is unaudited.

The following Remuneration Policy (the "2021 Policy") was approved by a 98.6% shareholder vote and therefore came into effect from the April 2021 AGM. There have been no changes to the Remuneration Policy since the 2021 AGM.

Compliance with the Code Principles

UK Code Principle	Description	References
Principle P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.	· Key Principles on page 187 · Executive Director Remuneration Policy on page 187 · Remuneration outcomes for 2022 on page 199 · Implementation of remuneration policy for 2023 on page 196
Principle Q	A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	· Executive Director Remuneration Policy on page 187 · Incentive outcomes on page 199 · Remuneration Committee overview on page 183
Principle R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	· Remuneration outcomes for 2022 on page 199 · Remuneration Committee overview on page 183

Key Principles of Admiral Remuneration Arrangements

The Group is committed to the primary objective of maximising shareholder value over time in a way that also promotes effective risk management and excellent customer outcomes ensuring that there is a strong link between performance and reward. This is reflected in the Group's stated Remuneration Policy of paying competitive, performance-linked and shareholder-aligned total remuneration packages comprising basic salaries coupled with participation in performance-based share schemes to generate competitive total reward packages for superior performance. The Board is satisfied that this Policy continues to meet the objectives of attracting and retaining high quality executives across the Group. This policy will be reviewed in 2023 as part of the usual three year review and will be put to a shareholder vote at the 2024 AGM.

The Committee reviews the remuneration framework and packages of the Executive Directors and senior managers and recognises the need to ensure that the Remuneration Policy is firmly linked to the Group's strategy, including its risk management approach. In setting the Policy and making remuneration decisions, the Committee takes into account pay and conditions elsewhere in the Group. The main principles underlying the Remuneration Policy are:

- **Competitive total package** – the Group aims to deliver total remuneration packages that are market-competitive, taking into account the role, job size, responsibility, and the individual's performance and effectiveness. Prevailing market and economic conditions and developments in governance are also considered, as are general salary levels throughout the organisation
- **Significantly share-based** – our base salaries are typically targeted towards the lower end of market but are combined with meaningful annual share awards that vest on long-term performance to ensure strong alignment with shareholders and the long-term interests of the Group. Executives are also encouraged to build up significant shareholdings in the Group to strengthen shareholder alignment
- **Long-term perspective** – a significant part of senior executives' remuneration is based on the achievement of appropriate but stretching performance ranges that support the delivery of the Group's strategy and shareholder value. The extended performance and vesting horizons promote a long-term perspective that is appropriate to the insurance sector

Director's Remuneration Policy continued

- **Effective risk management** – incentives are designed to ensure they do not encourage excessive risk-taking. They are aligned with the delivery of positive customer outcomes and reinforce the Group's risk policy
- **Open and honest culture** – the Group has a strong culture of focussing on collective success, whilst still recognising individual contribution to the Group's performance, and this is reflected in our remuneration structure across the business, and
- **Transparency for stakeholders** – the remuneration structure is designed to be easy to understand, and all aspects are clear to employees and openly communicated to employees, shareholders, and regulators

Remuneration Policy table

This table describes the key components of the remuneration arrangements for Executive Directors.

Purpose and link to strategy	Operation	Opportunity and performance metrics
Base Salary To attract and retain talent by setting base salaries at levels appropriate for the business.	Salaries are reviewed annually or following a significant change in responsibilities. Salary levels/increases take account of: · Scope and responsibility of the position · Individual performance and effectiveness, and experience of the individual in the role · Average increase awarded across the Group	Any salary increases are applied in line with the outcome of the review. In respect of existing Executive Directors, it is anticipated that increases in cash salary will not normally exceed the increase for the general employee population over the term of this Policy. More significant increases may be awarded in certain circumstances including, but not limited to: where there has been a significant increase in role size or complexity, to apply salary progression for a newly appointed Executive Director, or where the Executive Director's salary has fallen significantly behind market. Where increases are awarded in excess of that for the general employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.
Pension To provide retirement benefits.	The Group operates a Personal Pension Plan, a Defined Contribution Scheme. This is available to all employees following completion of their probationary period.	In the UK, the Group matches employee contributions up to a maximum of 6% of base salary subject to an overall maximum employer contribution of £15,000 or provides the equivalent value in cash. Base salary is the only element of remuneration that is pensionable. The pension provision and rules are the same for Executive Directors and the main body of staff.
Other Benefits To provide competitive benefits.	Includes (but not limited to): · Death in service scheme · Private medical cover · Permanent health insurance · Relocation, at the Committee's discretion All benefits are non-pensionable	Benefits may vary by role. None of the existing Executive Directors received total taxable benefits exceeding 5% of base salary during the most recent financial year, and it is not anticipated that the cost of benefits provided will exceed this level over the term of this Policy. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g., relocation), or in circumstances driven by factors outside the Company's control (e.g., material increases in healthcare insurance premiums).

Purpose and link to strategy	Operation	Opportunity and performance metrics
Discretionary Free Share Scheme (DFSS) To motivate and reward longer term performance, aid long term retention of key executive talent, use capital efficiently, grow profits sustainably and further strengthen the alignment of the interests of shareholders and staff.	Executive Directors may be granted awards annually at the discretion of the Committee. Awards may be in the form of nil or nominal priced options or conditional shares. Awards are normally granted on an annual basis and vest after a minimum of three years subject to Group performance and continued employment. A two-year holding period applies to vested awards, during which time Executive Directors may not sell the vested awards except to cover tax liabilities. Awards are subject to a potential downwards adjustment based on an assessment to take into account of risk events which are considered to have a material customer, regulatory or financial impact over the course of the performance period. Awards are subject to malus and clawback provisions, i.e., forfeiture or reduction of unvested awards and recovery of vested awards. Events which may lead to the application of malus and clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage and corporate failure. The Remuneration Committee has discretion to adjust the formulaic vesting outcome to ensure the final outcome is a fair and true reflection of underlying business performance, both financial and non-financial.	Maximum opportunity: A maximum face value on award of 500% of base salary applies. Threshold performance will result in vesting of up to 25% of the maximum award. DFSS shares are granted as a fixed number of shares (subject to the quantum limits of the plan, as described above). The number granted is reviewed and may be adjusted by the Committee, for example, if there has been a significant change in share price. Vesting of DFSS awards is subject to the Group's performance over a three-year performance period. The performance measures may include EPS growth, ROE, relative TSR and a scorecard of Non-Financial metrics selected by the Committee. Details of the measures, weightings and performance ranges used for specific DFSS grants are included in the relevant year's Annual Report on Remuneration.
The DFSS bonus To further align incentive structures with shareholder interests through the delivery of dividend equivalent bonuses.	To incentivise shareholder value creation and efficient use of capital, management participates in a bonus scheme which directly links their awards to dividends paid to shareholders. Bonus is calculated to be equivalent to dividends that would have been payable during the year on all outstanding DFSS shares awarded but not vested. The DFSS bonus is subject to a +/- 20% adjustment based on performance against targets based on a set of strategic, customer and other non-financial metrics. Whilst the bonus may be adjusted upwards or downwards by up to 20% in any given year, it is not anticipated that the adjustment will increase the Executive Directors' remuneration on average over the long term. The DFSS bonus is subject to the Group's Malus and Clawback Framework.	Maximum opportunity: sum equal to the dividends payable during the year on awarded but unvested DFSS shares, subject also to a possible 20% upwards or downwards adjustment based on performance against a scorecard of non-financial metrics. No bonus is payable unless dividends are payable on Admiral shares.

Director's Remuneration Policy continued

Purpose and link to strategy	Operation	Opportunity and performance metrics
Approved Free Share Incentive Plan (SIP) To encourage share ownership across all employees, using HMRC approved schemes for eligible UK employees.	All eligible UK employees participate in the SIP after completing a minimum 12 months' service. Grants are made twice a year based on the results of each half year and vest after three years subject to continued employment.	The SIP is an all-employee scheme and Executive Directors participate on the same terms as other employees. The acquisition of shares is therefore not subject to the satisfaction of a performance target. Maximum opportunity is in line with HMRC limits.
In-employment shareholding requirement To align interests of Executive Directors with shareholders.	Guideline to be met within five years of the later of the introduction of the guidelines and an Executive Director's appointment.	400% of base salary.
Post-termination shareholding requirement To further align the interests of Executive Directors with shareholders and encourage a focus on long-term sustainable performance	Shareholding required to be maintained at the in-employment requirement (or number of shares held at time of termination, if lower) for a period of two years post termination.	400% of base salary (or number of shares held at time of termination, if lower).

The Committee is satisfied that the above Remuneration Policy is in the best interests of shareholders and does not promote excessive risk-taking. The Committee retains discretion to make changes required to satisfy legal or regulatory requirements and other non-significant changes to the Remuneration Policy without reverting to shareholders.

Notes to the Remuneration Policy table

Payments from Existing Awards

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the 2021 Remuneration Policy. This includes all outstanding awards under the previous 2015 and 2018 Remuneration Policies, or any awards made prior to appointment to the Board. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Selection of Performance Measures

Vesting under the DFSS is linked to the following financial measures: EPS, ROE, and relative TSR.

EPS has been selected as a performance measure as the Committee feels it is a strong indicator of both long-term shareholder return and the underlying financial performance of the business. It is transparent and highly visible to executives.

ROE has been selected as the Committee believes that a returns metric reinforces the focus on capital efficiency and delivery of strong returns for our shareholders, thereby further strengthening the alignment of incentives with Admiral's strategy.

Relative TSR vs. the FTSE 350 (excluding investment companies) has been selected to reflect value creation for Admiral's shareholders as compared to the general market.

Since the 2019 award, vesting of DFSS awards is also linked to non-financial measures which may include strategic, customer and other measures. The Committee believes that the additional emphasis on these measures reinforces Admiral's focus on our customers and on other non-financial Group priorities, whilst also more clearly demonstrating alignment of Group remuneration practices with the requirements of Solvency II.

The specific performance measures and their respective weightings in respect of each DFSS award may vary to reflect the strategic priorities at the time of the award.

Performance ranges are set taking into account the Company's strategic priorities and the economic environment in which the Company operates. The Committee believes that the performance ranges set are stretching and motivational, and that maximum outcomes are available only for outstanding performance.

Remuneration Policy for Other Employees

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the role size, complexity, experience required, individual performance and pay levels in comparable companies.

In general, the Remuneration Policy which applies to other senior executives is consistent with that for Executive Directors. Remuneration is typically linked to Company and individual performance in a way that reinforces shareholder value creation.

Around 4,000 employees from across the Group, including the Executive Directors, participate in the DFSS. The Committee determines DFSS awards for those executives within its remit and on an aggregate basis for all other participants in the DFSS. For the Executive Directors, all DFSS share awards are subject to performance conditions. For other senior managers and employees, a proportion of awards (ranging from half to two-thirds) are subject to performance, with performance conditions either in line with those described above or set based on key performance drivers of the individual's relevant business unit, and the remainder has no performance conditions attached other than the requirement that the recipient remains an employee of the Group at the date of vesting. Award sizes vary by organisational level and an assessment of both financial and non-financial individual and business unit performance.

All holders of DFSS awards receive the DFSS bonus, with the bonus for a number of senior managers being adjusted for performance against a scorecard of customer and other non-financial metrics.

The Company operates a personal pension scheme which is available to all employees once they have completed their probationary period. For all employees, including the Executive Directors, the Company matches the employee contribution up to a maximum of 6% of salary, subject to an overall maximum of £15,000 or provides the equivalent value in cash.

All UK employees who have served a minimum tenure at Admiral are eligible to participate in the SIP on the same terms. Most overseas employees receive an equivalent award to the UK SIP awards and these awards have no performance measures attached.

Service Contracts and Leaver/Change of Control Provisions

The Company's Policy is to limit payments upon termination of employment to pre-established contractual arrangements. In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Under normal circumstances, Executive Directors are entitled to receive termination payments in lieu of notice based on base salary and compensation for loss of benefits. The Company has the ability to pay such sums in instalments. The notice period for all Executive Directors is one year.

Executive Director	Date of appointment	Contract duration
Geraint Jones	13 August 2014	Rolling contract, 12-month notice period
Milena Mondini de Focatiis	11 August 2020	Rolling contract, 12-month notice period

Director's Remuneration Policy
continued

There is no provision in the Executive Directors' contracts for compensation to be payable on early termination of their contract over and above the notice period element. The Executive Directors' service contracts are available to view at the Company's registered office.

When considering termination payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the DFSS and DFSS bonus scheme are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

Plan	Scenario	Treatment of awards	Timing of vesting
DFSS	Resignation.	Awards lapse under most circumstances e.g., dismissal for cause or resignation.	n/a
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at termination, and performance, unless the Committee determines otherwise.	Normal vesting date.
	Change of control.	Unless the Committee determines otherwise, any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at change of control, and extent to which the Committee determines that the performance conditions have been met or are likely to be met at the point of change of control.	Immediately.
DFSS bonus	Resignation	n/a	n/a
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Not payable after the event.	n/a
	Change of control.	Not payable after the event.	n/a
Salary shares (CFO only, awards under 2018 Policy)	Resignation.	Awards lapse under most circumstances e.g., dismissal for cause or resignation.	n/a
	Death, injury or disability, redundancy, retirement or any other reasons the Committee may determine.	Any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at termination, unless the Committee determines otherwise.	Normal vesting date, with Committee discretion to accelerate.
	Change of control.	Unless the Committee determines otherwise, any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at the point of change of control.	Immediately.

For all leavers (with the exception of in the event of termination for cause), in respect of vested DFSS and vested salary share awards that are still subject to a holding period, awards will normally be released in full at the end of the holding period, though the Committee has discretion to determine otherwise, taking into account the circumstances at the time.

Non-Executive Directors

The Company has entered into letters of appointment with its Non-Executive Directors (NEDs). Summary details of terms and notice periods are included below.

NED	Term	Initial date of appointment	Commencement of current contract	Notice period
Annette Court	3 years	21 March 2012	26 April 2020	Three months
Jean Park	3 years	17 January 2014	17 January 2020	One month
Justine Roberts	3 years	17 June 2016	17 June 2019	One month
Andy Crossley	3 years	27 February 2018	27 February 2021	One month
Michael Brierley	3 years	05 October 2018	05 October 2021	One month
Karen Green	3 years	14 December 2018	14 December 2021	One month
Jayaprakasa Rangaswami	3 years	29 April 2020	29 April 2020	One month
Evelyn Bourke	3 years	30 April 2021	30 April 2021	One month
Bill Roberts	3 years	11 June 2021	11 June 2021	One month

The NEDs are not eligible to participate in the SIP, DFSS or DFSS bonus scheme and do not receive any pension contributions.

Details of the 2021 Policy on NED fees are set out in the table below:

Purpose and link to strategy	Operation	Opportunity and performance metrics
To attract and retain NEDs of the highest calibre with experience relevant to the Company	Fees are reviewed annually. The Group Chair fee is determined by the Committee after consultation with the Executive Directors. The NED fees are determined by the Group Chair together with the Executive Directors. Additional fees are payable for acting as Senior Independent Director or as Chair or member of a Board Committee and may be payable as appropriate in relation to other additional responsibilities (e.g., attending meetings overseas). Fees are paid in a mix of cash and Company shares for the Company Chair, and in cash for other Non-Executive Directors. The Board retains discretion to vary the mix or determine that fees are paid entirely in cash or Company shares.	Fee levels are set by reference to NED fees at companies of a similar size and complexity. In the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a NED role, the Board has discretion to make an appropriate adjustment to the fee level. The maximum aggregate annual fee for NEDs is capped at the limit provided for in the Company's Articles of Association.

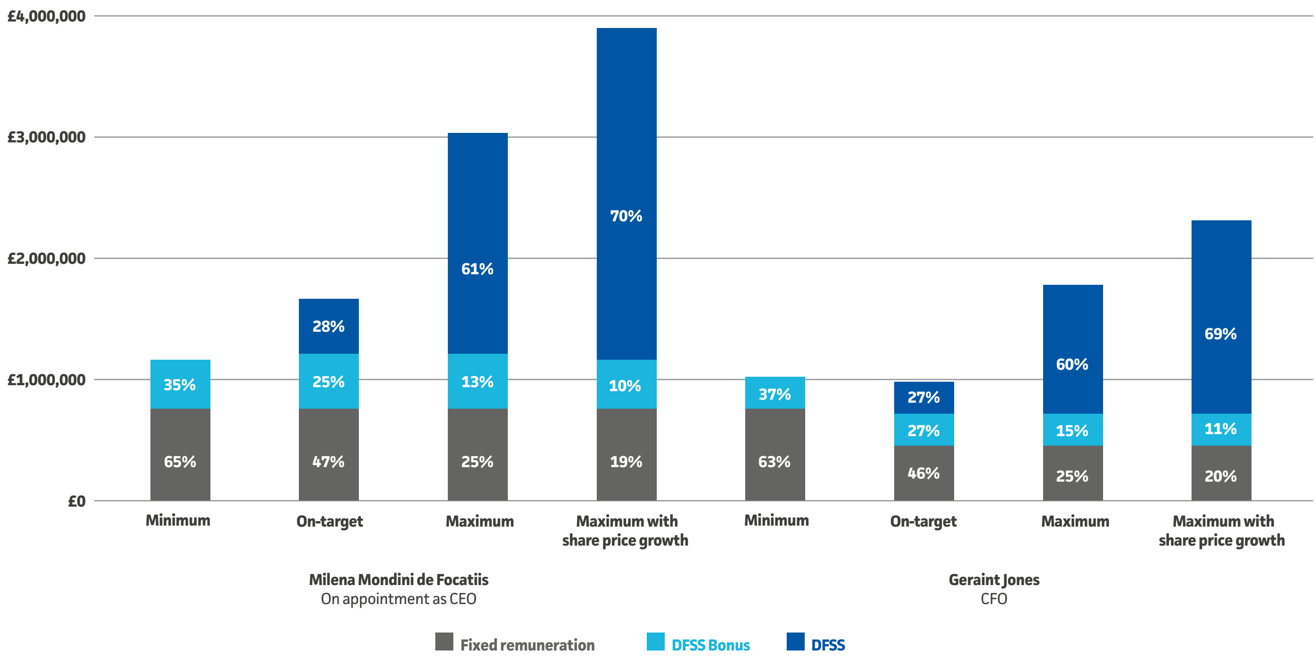
Director's Remuneration Policy
continued

Pay-for-Performance: Scenario Analysis

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under four different performance scenarios: 'Minimum', 'On-target', 'Maximum' and 'Maximum with share price growth'.

As described above, Admiral's DFSS bonus is directly aligned with dividends received by our shareholders, with an adjustment for performance on a selection of non-financial measures. Whilst the Executive Directors' final DFSS bonus outcome may be adjusted upwards or downwards for these measures by up to 20% in any given year, it is anticipated that the average adjustment over the long term will be close to 0%.

Pay-for-Performance: Scenario Analysis



The value of DFSS awards is calculated based on the average share price in the last three months of 2022 £20.19 and the number of DFSS shares awarded in 2023 (90,000 and 52,500 shares respectively).

Component	'Minimum'	'On-target'	'Maximum'	'Maximum with share price growth'
Base salary	Annual cash salary for 2023			
Pension	£15,000 annual contribution for CEO and CFO			
Benefits	Taxable value of annual benefits provided in 2022			
DFSS	· 0% vesting	· 25% average vesting	· 100% vesting	· 100% vesting plus 50% share price appreciation
DFSS bonus	Based on the DFSS bonus paid in respect of 2022			

Approach to Remuneration Relating to New Executive Director Appointments

External Appointments

When appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration as set out in the Policy Table. The Committee's policy is to set the remuneration package for a new Executive Director in accordance with the approved Remuneration Policy at the time of the appointment.

In determining the appropriate remuneration for a new Executive Director, the Committee will consider all relevant factors to ensure that arrangements are in the best interests of the Company and its shareholders. Where an individual is appointed on an initial base salary that is below market, any shortfall may be managed with phased increases over a period of time, subject to the individual's performance and development in the role. This may result in above-average salary increases during this period.

The Committee may also make an award in respect of a new Executive Director appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider relevant factors including any performance conditions attached to the forfeited awards and the likelihood of those conditions being met to ensure that the value of the buy-out award is no greater than the fair value of the awards it replaces. The Committee may also avail itself of Listing Rule 9.4.2 R if appropriate in respect of buy-out incentive arrangements (i.e., if the terms of participation for the prospective Executive Director are similar to all, or substantially all employees who participate in the plan, then approval by ordinary resolution of the shareholders of the listed company in general meeting is not required).

Internal Appointments

Remuneration for new Executive Directors appointed by way of internal promotion will similarly be determined in line with the Policy for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these arrangements. Incentive opportunities for below-Board employees are typically no higher than for Executive Directors, but measures may vary if necessary.

Other Directorships

Executive Directors are permitted to accept appointments as Non-Executive Directors of companies with prior approval of the Group Board. Approval will be given only where the appointment does not present a conflict of interest with the Group's activities, and where the wider exposure gained will be beneficial to the development of the individual.

Considerations of Conditions Elsewhere in the Group

The Committee considers the pay and employment conditions elsewhere in the Group when determining remuneration for Executive Directors.

Considerations of Shareholder Views

When determining remuneration, the Committee takes into account best practice guidelines issued by institutional shareholder bodies. The Committee is open to feedback from shareholders on the Remuneration Policy and will continue to monitor trends and developments in corporate governance and market practice to ensure the remuneration structure for our Executive Directors remains appropriate.

Considerations of Regulatory Requirements

The Committee regularly reviews the Remuneration Policy and structure in the context of Solvency II remuneration guidance, and EBA, PRA, and FCA expectations regarding the supervision of insurance firms. The Chief Risk Officer periodically attends Committee meetings as part of this process and provides support to the Committee in understanding any risk-related implications of remuneration decisions. Whilst the Remuneration Policy includes several features which help ensure compliance with current regulatory guidance, the Committee reserves the discretion to adjust the Remuneration Policy, and its execution, to take into account any developments in such regulatory guidance.

Annual Report on Remuneration

This section of the report provides details of how Admiral's Remuneration Policy was implemented in 2022 and how the Remuneration Committee intends to implement the proposed Remuneration Policy in 2023 (subject to shareholder approval).

Remuneration Committee Membership in 2022

The Board sets the Group's Remuneration Policy and, through the authority delegated to it by the Board, the Committee is responsible for making recommendations to the Board on the implementation of the Remuneration Policy. Its remit includes recommending the remuneration of the Group Board Chair and the Executive Directors; approving the remuneration of senior management; and determining the composition of and awards made under the performance-related incentive schemes.

At the end of 2022 the Committee comprised Evelyn Bourke, Jayaprakasa Rangaswami , Jean Park and Michael Brierley. The Committee met 8 times during the year.

The Group Chair, CEO, CFO and CRO are invited to meetings where the Committee considers it appropriate to obtain their advice on Group strategy and performance and senior executive pay strategy. No director is involved in deciding their own remuneration outcome. The members of the Committee do not have any personal financial interests (other than shareholdings), or any conflicts, that relate to the business of the Committee. The Committee members do not have any day-to-day involvement in the running of the Group.

Committee activities

During the year ended 31 December 2022, in addition to its regular activities, the Committee also:

- Reviewed the strategic, customer and ESG metrics introduced for adjusting of variable pay of Executive Directors
- Reviewed the implementation of non-financial performance measures for a broader employee population in the UK Insurance Business
- Reviewed the performance ranges for the financial measures for the 2022 DFSS and the associated engagement with shareholders, and
- Reviewed the design of annual incentives as part of on-going work on the Group's reward strategy

As mentioned in the Governance Report, during the year ended 31 December 2022, the Committee also performed its regular activities:

- Reviewed the DFSS vesting and bonus arrangements for Executive Directors, senior management and relevant staff (Material Risk Takers) covered under Solvency II
- Reviewed workforce remuneration, including alignment of the Group's current remuneration structure with the Living Wage
- Reviewed Admiral's Gender Pay Gap reporting statistics
- Reviewed risk events and their impact on variable pay;
- Undertook an evaluation of the Committee's performance during the year
- Reviewed the Committee's terms of reference
- Reviewed the Group's Malus and Clawback Framework, and
- Reviewed external remuneration trends and market conditions

Remuneration topics were discussed with employees at the Employee Consultation Group (ECG), which met four times over the year. Key themes discussed at the ECG were: pay in the context of the cost-of-living crisis; the use of shares in employee remuneration packages; weekly working hours; and the level of company-matched pension contributions.

In February 2023, the Chair of the Remuneration Committee and Group Head of Reward met with the ECG to specifically discuss the remuneration of the Executive Directors. The following topics were discussed: the approach to Reward at Admiral; a summary of the rules and regulations Admiral is subject to; the current arrangements for the Executive Directors; and the alignment of Executive Director remuneration with the rest of the company. There was time allotted to listen to feedback and to answer any questions from the ECG, during which the members of the ECG had questions on how the reward package and pay increases for Executive Directors are determined.

The chair of the remuneration committee wrote to the major shareholders about the changes to the 2022 DFSS performance ranges and had meetings with a number of shareholders. Details are provided on page 202.

Committee Effectiveness Review

For 2022, the Committee Effectiveness Review was undertaken externally by Bvalco. The report observed that the Remuneration Committee is an effective and well run forum, with potentially sensitive issues being dealt with efficiently, following considered and constructive exchanges of views. Discussion was active and open. Various potential courses of action were considered resulting in next steps being agreed. Where debate on a question was not closed, additional information was requested. There were also constructive suggestions regarding how some matters may be dealt with in a more timely manner and that an update to the annual timetable is required.

The Committee discussed the results of the review at its meeting in February 2023 and noted the content of the review.

Advisors to the Committee

During the year, in order to enable the Committee to reach informed decisions, advice on market data and trends was obtained from independent consultants Willis Towers Watson (WTW). WTW reported directly to the Committee Chair and are signatories to and abide by the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). WTW also provided advice to the Company in relation to capital modelling and pricing.

The fees paid to Willis Towers Watson in respect of work carried out in relation to the Committee in 2022 (based on time and materials) totalled £109,774.

The Committee undertakes due diligence periodically to ensure that advisors remain independent of the Company and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided by Willis Towers Watson is independent.

Summary of Shareholder Voting at the 2022 AGM

The table below shows the results of the advisory vote on the 2021 Annual Report on Remuneration.

		For	Against	Total votes cast	Abstentions
Annual Report on Remuneration	Total number of votes	228,106,529	6,306,229	234,412,758	3,952
	% of votes cast	97.31%	2.69%		

Total Single Figure of Remuneration for Executive Directors (audited)

The table below sets out the total single figure remuneration received by each Executive Director for the years ended 31 December 2022 and 31 December 2021:

Executive Director		1. Base salary	2. Benefits	3. Pension	Total fixed pay	4. SIP	5. DFSS	6. DFSS bonus	Total variable pay	Total remuneration
Milena Mondini de Focatiis	2022	£715,850	£480	£15,000	£731,330	£3,589	£1,016,647	£399,085	£1,419,321	£2,153,151[8]
	2021	£695,000	£454	£15,643[7]	£711,097	£3,601	£713,644	£653,849	£1,371,094	£2,082,191
Geraint Jones	2022	£416,800	£480	£15,000	£432,280	£3,589	£537,942	£260,516	£802,047	£1,234,327
	2021	£404,660	£454	£15,000	£420,114	£3,601	£842,327	£471,763	£1,317,691	£1,737,805

The figures have been calculated as follows:

1 Base salary: amount earned for the year.

2 Benefits: the taxable value of annual benefits received in the year.

3 Pension: the value of the Company's contribution during the year.

4 SIP: the face value at grant.

5 DFSS: the value at vesting of shares vesting on performance over the three-year periods ending 31 December 2022 and 31 December 2021. For the 2022 figures, given that vesting occurs after the 2022 Directors' Remuneration Report is finalised, the figures are based on the average share price in the last three months of 2022 of £20.19. The 2021 figures have been trued up based on the actual share price on vesting of £20.11. For 2022, unfavourable movements of £145,523 and £191,304 are included in the DFSS value, attributable to a decrease in the share price over the vesting period for Milena Mondini de Focatiis and Geraint Jones, respectively. For 2021, a decrease of £31,583 and £37,279 of the DFSS value is attributable to share price depreciation over the vesting period, for Milena Mondini de Focatiis and Geraint Jones, respectively.

6 DFSS bonus: the bonus is equivalent to dividends that were paid in respect of the performance year on all outstanding DFSS shares awarded but not yet vested. The bonus is paid in two tranches annually:

i) in respect of H1 2022: a bonus of £301,011 was paid to Milena Mondini de Focatiis, based on 265,000 unvested shares, a scorecard outcome of 108.18% and the interim dividend of 105p per share; and a bonus of £176,063 was paid to Geraint Jones based on 155,000 unvested shares and a scorecard outcome of 108.18% and the interim dividend of 105p per share.

ii) in respect of H2 2022, due for payment in May 2023: a bonus of £98,074 is due to Milena Mondini de Focatiis, based on 180,000 unvested shares, a scorecard outcome of 104.78% and the final dividend of 52p per share; and a bonus of £84,453 is due to Geraint Jones based on 155,000 unvested shares and a scorecard outcome of 104.78% and the final dividend of 52p per share.

The payments in respect of H2 2022 are subject to completion of internal governance procedures.

7 It is an oddity of the calculation basis that the pension contribution in respect of 2021 appears to exceed the policy. Milena's pension arrangements for April 2020 to March 2021 and April 2021 to March 2022 are £15,000, respectively, which is in line with the policy.

8 Milena Mondini de Focatiis received an Anniversary award of £2,500 during 2022 which is included in the total remuneration number. Anniversary payments are made to all colleagues who reach significant milestones in their employment with the Group.

Annual Report on Remuneration
continued

Total Single Figure of Remuneration for Non-Executive Directors (audited)

The table below sets out the total single figure remuneration received by each NED for the years ended 31 December 2021 and 31 December 2020.

	Total fees			
	2022		2021	
Director	**Fees**	**Taxable benefits[10,11]**	Fees	Taxable benefits[10]
Annette Court[1]	**£346,084**	**£3,281**	£336,004	£228
Karen Green[2]	**£103,750**	**£1,525**	£88,000	£692
Jean Park[3]	**£153,000**	**£220**	£118,000	£498
Justine Roberts[4]	**£87,875**	**£1,326**	£70,000	£368
Andy Crossley[5,6]	**£170,667**	**£3,197**	£130,200	£1,367
Michael Brierley[5]	**£140,000**	**£1,710**	£132,600	£45
Jayaprakasa Rangaswami[7]	**£93,583**	**£997**	£71,777	£206
Evelyn Bourke[8]	**£95,000**	**£2,860**	£54,717	£316
Bill Roberts[9]	**£75,000**	**£10,169**	£35,947	£0

1 The 2022 fee for Annette Court is £346,084 (a cash fee of £242,259 and a share fee of £103,825)

2 Karen Green was appointed to the Group Risk Committee effective 1 June 2022

3 Jean Park's fees for 2022 include additional fees relating to her position as Chair of the Group Risk Committee and is in recognition of the increased time commitment required of her as a consequence of Solvency II regulations and the Admiral Internal

4 Justine Roberts was appointed as interim Senior Independent Director effective 21 February 2022

5 The fees for Andy Crossley and Michael Brierley include additional fees in relation to their positions as Chairman of the EUI Limited Board of Directors and Admiral Financial Services Limited Board of Directors, respectively

6 Andy Crossley was appointed interim Chair of the Group Risk Committee effective 21 February 2022. An administrative error has meant that Andy was paid an additional £1,633.70 in fees in respect of 2022. This has been corrected and will reflect in his 2023 fees

7 Jayapraska Rangaswami was appointed to the Group Remuneration Committee effective 21 February 2022

8 Evelyn Bourke was appointed as an independent Non-Executive Director and member of the Remuneration Committee on 30 April 2021. She was subsequently appointed as Chair of the Remuneration Committee on 1 September 2021

9 Bill Roberts was appointed as an independent Non-Executive Director on 11 June 2021. He was appointed to the Nomination and Governance Committee on 21 January 2022. An administrative error has meant that Bill was paid an additional £291.67 in fees in respect of 2022. This has been corrected and will reflect in his 2023 fees

10 Taxable benefits represent those expense reimbursements relating to travel, accommodation and subsistence in connection with the attendance at Board, Subsidiary and Committee meetings during the year, which are deemed by HMRC to be taxable. The amounts in the table are 'grossed-up' to include the UK tax paid by the Company on behalf of the Non-Executive Directors. Non-taxable expense reimbursements have not been included in the table

11 The NED taxable benefits for 2022 have returned to normal pre-pandemic levels

Incentive Outcomes for Financial Year to 31 December 2022 (audited)

DFSS Awards Vesting on Performance to 31 December 2022

On 24 April 2020, Milena Mondini de Focatiis was granted an award under the DFSS of 85,000 shares with a value at the date of award of £1,961,800 (based on a grant date share price of £23.08).

On 24 September 2020, Geraint Jones was granted an award under the DFSS of 45,000 shares with a value at the date of award of £1,231,650 (based on a grant date share price of £27.37).

Vesting of the award was based 80% on the achievement of financial performance measures and 20% on a scorecard of non-financial measures.

Financial performance outcomes

The performance measures applicable to these awards are, EPS growth vs. LIBOR, TSR vs. FTSE 350 (excluding investment companies), and ROE, weighted equally and all measured over the three-year period 1 January 2020 to 31 December 2022.

Over this period, the returns to our shareholders were strong, with TSR just shy of the upper quartile versus FTSE350 companies and with ROE of 46.8%. This is in contrast to EPS growth which was below the LIBOR index for the period. The combination of these shareholder returns and EPS growth contributed to a vesting level of 56.5 percent for the financial measures. The Committee reviewed this vesting outcome and concluded that it was appropriate.

The table below details the Company's performance against the performance range.

Performance measure	Performance range: Threshold	Performance range: Maximum	Performance range: Vesting schedule	Actual outturn	Vesting Contribution (% of maximum)
EPS growth vs. LIBOR	Growth in line with LIBOR	Growth of 36 points (equivalent to 10% p.a.) in excess of LIBOR	10% for achieving threshold with straight line relationship to 100% for maximum performance	Underperformed LIBOR by 15.92pts	0%
TSR vs. FTSE 350 (excluding investment companies)	Median	Upper quartile	25% for median, with straight line relationship to 100% for upper quartile	71st percentile	89.9%
Return on Equity (ROE)	25%	55%	25% for achieving threshold with straight line relationship to 100% for maximum performance	46.8%	79.6%
Vesting					56.5%

Non-financial performance outcomes

The individual vesting contribution in relation to the non-financial measures for Milena Mondini de Focatiis and Geraint Jones are set out in the table below. These aggregated to an overall rating across the 3 years of 70.20% and 70.05% respectively and have a weighted outcome of 14.04% and 14.01%, respectively.

Further details of the scoring for 2022 can be seen on page 200.

Overall Vesting

The combined vesting outcomes for Milena Mondini de Focatiis and Geraint Jones can be seen in the below table.

	Award Weighting		Performance outcomes		Vesting (% of maximum)	
DFSS Vesting Component	Milena Mondini de Focatiis	Geraint Jones	Milena Mondini de Focatiis	Geraint Jones	Milena Mondini de Focatiis	Geraint Jones
Financial performance measures: EPS growth vs. LIBOR, TSR vs. FTSE 350 (excluding investment companies) and Return on Equity (ROE)	80.00%		56.50%			45.20%
Non-financial performance measures	20.00%		70.20%	70.05%	14.04%	14.01%
Total	100.00%				59.24%	59.21%

The Committee reviewed the vesting outcomes and concluded that they were appropriate, and that no adjustments were required.

Based on performance and scorecard outcomes the total amount that will vest to Milena Mondini de Focatiis in April 2023 will therefore be 59.24% (i.e., 50,354 shares), and the total amount that will vest to Geraint Jones in September 2023 will be 59.21% (i.e., 26,644 shares), subject to their continued employment on the vesting date.

Although the 2020 DFSS awards were granted during the pandemic, a period when the shares price were lower in many companies, the awards granted under the DFSS are based on a fixed number of shares. The awards granted to Milena Mondini de Focatiis and Geraint Jones in 2020 were not impacted by the change in the share price. The Committee have given thorough consideration to the outcomes to satisfy themselves that it is reflective of the overall performance of the Group.

Vested DFSS awards are subject to clawback provisions. Events which may lead to the application of clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage or corporate failure.

Annual Report on Remuneration
continued

DFSS bonus in Respect of 2022

In line with the Remuneration Policy, the Group paid a bonus to all holders of DFSS shares in 2022, which was equivalent to the dividend payable on all outstanding DFSS shares awarded but not yet vested. The 2022 Bonus for Executive Directors also includes a potential +/- 20% adjustment to the DFSS bonus based on performance of a set of non-financial performance metrics, which for 2022 was grouped into three categories: Strategy, customer and ESG.

For the customer and ESG strategic pillars, relevant quantitative data was used to assess performance and an outcome was determined. For the strategy, the board members derived a collective view on the progress against the strategic priorities.

Details of the measures used in the scorecard and outcomes are summarised in the table below:

				Outcomes (% out weighting for each category)	
Category	Metrics	Target	Max	H1	H2
Strategy	Overall scoring from the board on scorecard of measures around: • Progress towards Admiral 2.0 • Diversification – existing non-motor product development (both top line and KPIs), in particular Household and Loans • Diversification – development of new products • Progress towards defining motor mobility strategy	16.50%	33.00%	24.75%	
Customer	Customer Feedback (NPS)	8.50%	17.00%	12.48%	11.42%
	Customer Outcomes (CRMI)	8.50%	17.00%	12.78%	5.33%
ESG	People (Trust Index)	9.00%	18.00%	9.00%	
	Diversity & Inclusion (Female representation at Senior level)	3.75%	7.50%	6.00%	
	Inclusion (Inclusion survey results)	3.75%	7.50%	5.44%	
Total		50.00%	100.00%	70.45%	61.94%
Overall scorecard multiplier		100.00%	120.00%	108.18%	104.78%

Strategic outcomes have been assessed by the Board as 75% of maximum on the basis of strong progress towards Admiral 2.0 and Diversification, with positive performance in UK Household and Admiral Money in particular. Progress towards defining motor mobility strategy continues apace.

Customer outcomes are taken as a weighted average across the Group on the basis of customer headcount. CRMI data measuring customer outcomes trailed off in H2, with complaints data reflecting pressure in the claims area for the UK Insurance business, which had a significant downwards impact on the overall outcome for the half as it is weighted at c.75%. Customer Feedback outcomes were generally strong over the year, with outcomes for each entity ranging from 50–100% of maximum, with outcomes concentrated between 60 and 70% of maximum.

The Trust Index outcome of 84% was 2% lower than the benchmark of 86%, resulting in achievement of 50% of maximum. Inclusion survey results were generally at the benchmark, with one question exceeding, resulting in an outcome of 72.50% of maximum. The year-end figures for females in senior leadership roles was 37.20% across the Group, which resulted in an outcome of 80.00% of maximum.

The overall outcome of the scorecard was assessed to be a 108.18% multiplier to the DFSS bonus paid for H1 2022 and a 104.78% multiplier to the DFSS bonus for H2 2022 (to be paid in 2023) for Milena Mondini de Focatiis and Geraint Jones.

In addition, the Executive Directors' DFSS bonus is subject to a further risk adjustment (downwards only) to take into account of risk events which are considered to have a material customer, regulatory or financial impact.

During the year, and in addition to the above, the Committee took into account relevant trigger events as part of the established risk adjustment process, and determined it was not appropriate to apply a downwards adjustment on that basis.

DFSS bonus payments are subject to malus and clawback provisions.

Scheme Interests Granted in 2022 (audited)

DFSS

On 26th September 2022, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. This is the equivalent to £1,908,900 or 267% of Milena's base salary and £1,113,525 or 267% of Geraint's cash salary respectively (based on share price of £21.21).

The three-year period over which performance will be measured is 1 January 2022 to 31 December 2024. The award is eligible to vest on the third anniversary of the date of grant i.e., September 2025, subject to performance and to continued employment. Vested awards will be subject to an additional two-year post-vest holding period.

The award will vest on EPS, TSR vs. FTSE 350 (excluding investment companies), ROE and a scorecard of strategic, customer and other non-financial measures, inclusive of customer outcomes, customer feedback, ESG, strategic measures and people metrics. There will also be the potential for downwards adjustment subject to an assessment to take into account of risk events which are considered to have a material customer, regulatory or financial impact over the course of the performance period. The performance conditions are summarised in the table below.

		Performance range		
Performance measure	Weighting	Threshold	Maximum	Vesting
EPS	26.67%	120p	150p	25% for reaching threshold, rising to 100% at maximum performance
TSR vs. FTSE 350 (excluding investment companies)	26.67%	Median	Top Quartile	25% for median, with straight line relationship to 100% for upper quartile
Return on Equity (ROE)	26.67%	20%	40%	25% for reaching threshold, rising to 75% for reaching stretch at 30% ROE, rising to 100% at maximum performance
Scorecard non-financial measures	20%	Vesting of between 0% and 100% of this element is based on the aggregate outcomes of the scorecards used to determine the DFSS bonus adjustments over the 3-year performance period. Further details of the aggregation of these scorecards will be provided upon vesting		

DFSS awards are subject to malus and clawback provisions, which are set out in the Group's Malus and Clawback Framework, as outlined in page 189.

Annual Report on Remuneration
continued

Setting the 2022 DFSS Financial Measures

The financial measures, including the performance ranges which informs the scheme vesting are usually set prior to the granting of awards in the autumn each year. While not a documented policy, in the past we have often rolled the financial measures, including the performance ranges, from one year to the next. This approach has worked historically, but the unusual operating environment of the pandemic, coupled with the current business phase and our plans for growth, has led the Remuneration Committee to review the performance ranges for 2022 to 2024.

Earnings Per Share

The assessment of performance against our previous EPS measure compares one fixed point at the start of the performance period with another fixed point at the end of the performance period, with a threshold to maximum range based on growth in EPS over the period of the plan. In the 2022 DFSS this would mean comparing the end of 2021 with the end of 2024.

Due to exceptional profitability in the 2021 financial year, the previous approach would result in performance range which would be very difficult to achieve. As such we have changed from a performance range based on growth against the 2021 profit to a range based on absolute EPS over the performance period.

In setting the new performance range, the Committee have considered the extent to which our people, including the directors, have benefited from the exceptional levels of financial performance in prior years. It is evident that they have not benefited from the full outperformance due to outcomes being in excess of the maximum vesting level. For example, EPS in the 2018 scheme which vested in 2021 was 51.3% against a maximum of 36%, meaning 15.3% was not rewarded. In the most recent scheme, which vested earlier this year, EPS was 45.8% against the 36% maximum, resulting in 9.8% not counting towards the reward.

Return On Equity

The impact of exceptional performance during the pandemic also impacts the ROE, resulting in a comparatively more challenging target to achieve. In addition, the Group's strategic approach to pursue growth through, amongst other things diversification into new products and markets, may impact future ROE. Hence, the performance range for ROE has been set by reference to our strategic intent and the operating environment.

Total Shareholder Return

TSR is assessed on relative performance and so is not so obviously impacted by historic over-performance or the operating environment, and as such we do not intend to make changes to either the measure or the performance range at this point.

Shareholder Engagement

Changing the performance ranges is not a step that the Committee took lightly. In doing so the committee ensured there was good engagement with shareholders. UBS Brokers were engaged throughout the process of setting the new performance ranges, attending a Remuneration Committee meeting and advising the Committee and management through the target setting process.

Following internal approval, letters were sent to our largest shareholders explaining the case for change and offering them the opportunity to speak with us regarding the change. Four meetings with external shareholders were undertaken. The feedback which was provided was generally positive and supportive of the changes, however, for the purpose of balance, it must be noted that in one meeting there was negative feedback for the proposal.

SIP

In March 2022, Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 72 shares with a face value of £1,786.32, which will mature on 11 March 2025, subject to continued employment.

In August 2022 Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 81 shares with a face value of £1,802.25, which will mature on 24 August 2025, subject to continued employment.

Exit Payments (audited)

No exit payments were made to an Executive Director during the year.

Payments to Past Directors (audited)

Following stepping down from the role of CEO on 31 December 2020, David Stevens has continued as an adviser to the Group in a part-time capacity, with a salary of £70,033 per annum.

He also sits as a Non-Executive Director on the Board of Admiral Financial Services Limited for which he receives no fee.

Implementation of Remuneration Policy for 2023

Executive Directors

Salary, Pension and Benefits

Salaries for the Executive Directors in 2023 have been determined in line with the Remuneration Policy. Milena Mondini de Focatiis' salary was increased by 3.00% to £737,326 effective 1 January 2023 and Geraint Jones' salary was increased by 4.00% to £433,472 effective 1 January 2023.

Due consideration was given to ensure these increases are below the proposed increases for employees across the Group for 2023. The average pay review in 2023 is expected to be 5% as we continue to support our people through the impact of the cost of living challenges.

The Executive Directors will continue to participate in the Group Personal Pension Plan on a consistent basis with other employees, where employee contributions are matched up to a maximum 6% of base salary with a cap on the maximum employer contribution of £15,000 per annum. The Company will offer individuals a choice between pension contributions and cash in lieu. Both Executive Directors will continue to receive benefits in line with the Policy.

DFSS

The Committee intends to make awards under the DFSS to Milena Mondini de Focatiis and Geraint Jones in September 2023 of 90,000 and 52,500 shares, respectively. The Committee will confirm the size for each of the 2023 DFSS awards closer to the award date. In determining whether the award size should differ from the above number of shares, the Committee will consider any large share price change over the prior year, and in particular whether this is due to external factors out of management control. The actual 2023 DFSS awards will be disclosed in the 2023 Annual Report on Remuneration.

It is currently anticipated that the vesting of 2023 DFSS awards for Milena Mondini de Focatiis and Geraint Jones will continue to be assessed across the three-year performance period using an 80% performance weighting on EPS, TSR vs. FTSE 350 (excluding investment companies) and ROE, and a 20% weighting on a scorecard of strategic, customer and other non-financial metrics. The committee will confirm the conditions and performance ranges for the 2023 DFSS award in quarter one of 2023 and will disclose them in the 2023 Annual Report on Remuneration.

It has been an aim of the Committee to include carbon emissions targets as part of the NFM scorecard to support the delivery of the Group's net zero targets. Good progress has been made in 2022 on verifying the Group's scope 3 emissions. This process is nearly complete after which targets will be decided on.

The Committee is mindful of the potential impact of the forthcoming change to the IFRS 17 accounting standard on the Group's reported financial results. At this stage the nature and degree of any such impact has not been confirmed. For DFSS awards which will straddle the change in accounting standard, the Committee intends to set targets on the current basis. However, it will keep these under review and apply its discretion to ensure that the performance ranges remain no more or less stretching than originally anticipated as a result of the accounting change.

There will be the potential for downwards adjustment subject to an assessment to take account of risk events which are considered to have a material customer, regulatory or financial impact over the course of the performance period.

DFSS bonus

As in prior years, Milena Mondini de Focatiis and Geraint Jones will be eligible to receive DFSS bonus in 2023. The bonus is calculated to be equivalent to dividends that would have been payable during the year on all outstanding DFSS shares and any salary shares awarded but not vested. The DFSS bonus will include a +/- 20% adjustment based on performance against a set of non-financial performance metrics. The details of the metrics and any adjustment applied will be provided in the 2023 Annual Report on Remuneration.

Annual Report on Remuneration
continued

The table below summarises the strategic, customer, ESG and other non-financial metrics which will apply to 2023 DFSS bonus. There will also be the potential for downwards adjustment subject to an assessment to take into account of risk events which are considered to have a material customer, regulatory or financial impact over the course of the performance period.

Strategic Pillar	Measures	Weighting %
Customer – 34%	Customer outcomes (CRMI)	17%
	Customer feedback (NPS)	17%
Strategy – 33%	Overall scoring from the board on scorecard of measures around: · Progress towards Admiral 2.0 (data and analytics goal) · Diversification – existing non-motor product development (both top line and KPIs), in particular Household and Loans · Diversification – development of new products · Progress towards defining motor mobility strategy	33%
ESG – 33%	Great Place to Work Trust Index	18%
	Diversity	15%

Chair and Non-Executive Directors

Fees for the Board Chair and other Non-Executive Directors were reviewed in January 2023 having previously been last reviewed in 2022. Increases were made, effective 1 January 2023, to reflect the increased time commitment of these roles.

Measures	2022 fee (p.a.)	2021 fee (p.a.)
Chair[1]	£356,467	£346,084
NED base fee	£70,000	£70,000
Additional fee for chairing:		
· Audit Committee	£25,000	£25,000
· Group Risk Committee[2]	£43,000	£43,000
· Remuneration Committee	£25,000	£25,000
· Nomination and Governance Committee	£10,000	£10,000
Additional fee for membership of:		
· Audit Committee	£15,000	£15,000
· Group Risk Committee	£15,000	£15,000
· Remuneration Committee	£12,000	£10,000
· Nomination and Governance Committee[3]	£8,000	£5,000
Additional fee for being Senior Independent Director	£17,000	£15,000

1 The 2023 fee for the incumbent Board Chair increased by 3% from £346,084 to £356,467 and comprises a cash fee of £249,527 and a share fee of £106,940 with which the Chair is required under a Share Agreement entered into with the Group to use the net proceeds in two equal instalments to purchase Group shares after the Group's Full Year Results and Half Year Results are announced each year. Annette Court will step down from her duties as Chair after the AGM on 27 April 2023. These arrangements are to be pro-rated in line with time served. The Board Chair does not receive any additional fees (e.g., for committee membership) as these are included in the overall Chair fee, for example as shown in footnote 3 below

2 The fee payable for 2023 for Chairing the Group Risk Committee continues to include an additional fee of in recognition of the increased time commitment required because of the Admiral Internal Model process. It comprises a base fee of £25,000 and an additional fee of £18,000

3 To the extent that the Group Board Chair continues to chair the Nomination and Governance Committee, no extra fee will be paid over and above the overall Group Board Chair fee

New Group Chair

It was announced on 31st January 2023 that Mike Rogers is to be appointed as Admiral Group Chair subject to regulatory approval and his appointment's approval at the Admiral AGM. His fee will be £375,000, and upon appointment Mike is required to purchase shares, which he is to retain for his tenure. As part of his remuneration arrangements, Mike is expected to reach a shareholding of 150% of his annual fee within three years of appointment.

CEO pay ratio

The table below sets out the pay ratios for the CEO for the periods ended 31 December 2021 and 31 December 2022.

Year	Method	Lower quartile	Median	Upper quartile
2022	Option A	80:1	69:1	45:1
2021		95:1	81:1	50:1

The lower quartile, median and upper quartile employees were determined using calculation methodology A which involved calculating the actual full-time equivalent remuneration for all UK employees for 2022. From this analysis, three employees were then identified as representing the 25th, 50th and 75th percentile of the UK employee population. Admiral chose this method as it is the preferred approach of the government and that of investor bodies and Admiral had the systems in place to undertake this method. It is also consistent with the approach used to calculate the ratios for 2018 to 2021.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst our UK workforce. The three individuals identified were full time employees during the year. None received an exceptional incentive award which would otherwise inflate their pay figures. No adjustments or assumptions were made by the Committee with the total remuneration of these employees calculated in accordance with the methodology used to calculate the single figure of the CEO. It should be noted that the lower quartile employees were in receipt of DFSS bonus and/or DFSS vesting in the year.

The employee pay levels for 2022 are detailed below:

	CEO	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
Salary	£715,850	£21,451	£26,500	£38,000
Total Remuneration[1]	£2,153,151	£26,775	£31,144	£47,648

1 The single figure of remuneration for the CEO includes actual salary and pension costs paid during 2022, in line with The Companies (Miscellaneous Reporting) regulations 2018. For other employees, salary and pension costs are included on an FTE basis, in line with the legislation. While the basis of calculation differs between CEO and other employees, management considers this a fair comparison of remuneration

The pay ratio has fallen over the course of 2022. This is largely due to the fall in share price between reporting periods, which has impacted the CEO numbers more proportionately due to the higher percentage of share-based variable pay in the CEO pay mix compared to the wider workforce.

A significant proportion of the Milena Mondini de Focatiis' remuneration is dependent on the company's performance and therefore it may vary more materially, resulting in movements in the CEO pay ratio from year to year moving forwards. However, the reward policies and structures applying to the CEO are broadly aligned with those of the wider workforce and therefore consistent performance is likely to lead to a broadly consistent CEO pay ratio.

Relative Importance of Spend on Pay

The table below shows the percentage change in dividends and total employee remuneration spend from the financial year ended 31 December 2021 to the financial year ended 31 December 2022.

	2022 £m	2021 £m	% change
Distribution to shareholders	465	816	-43%
Employee remuneration	532	500	6%

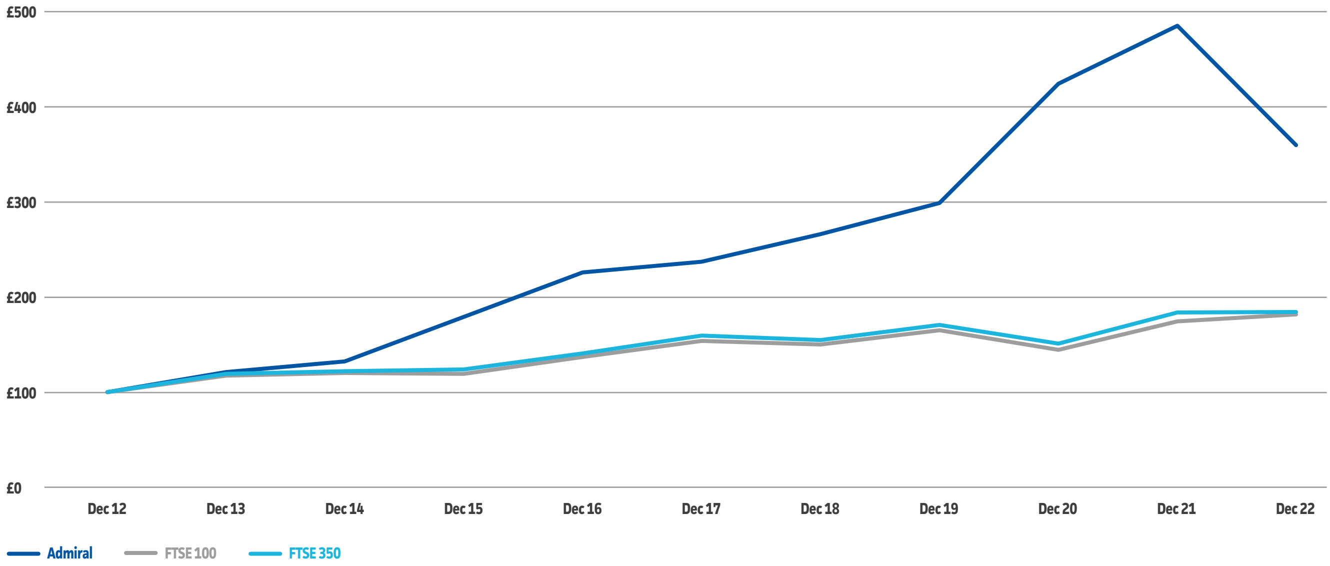
The Directors are proposing a final dividend for the year ended 31 December 2022 of 52 pence per share bringing the total dividend for 2022 to 157 pence per share (2021: 279 pence per share).

Annual Report on Remuneration
continued

Pay for Performance

The following graph sets out a comparison of Total Shareholder Return (TSR) for Admiral Group plc shares with that of the FTSE 100 and FTSE 350 indices, of which the Company is a constituent, over the ten-year period to 31 December 2022. The Directors consider these to be the most appropriate indices against which the Company should be compared. TSR is defined as the percentage change over the period, assuming reinvestment of income.

10 year TSR performance: Admiral vs. FTSE100 and FTSE350 indices
Growth in the value of a hypothetical £100 holding over the 10 years to 31 December 2022



CEO	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022
Incumbent	Henry Engelhardt	Henry Engelhardt	Henry Engelhardt	Henry Engelhardt[1]	David Stevens[2]	David Stevens	David Stevens	David Stevens	David Stevens	Milena Mondini de Focatiis[5]	Milena Mondini de Focatiis
CEO single figure of remuneration	£387,546	£393,260	£397,688	£148,776	£246,023	£395,019	£403,662	£413,724	£421,285	£2,082,191[4]	£2,153,151
DFSS vesting outcome (% of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98.57%	59.24%[6]

CFO	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022
Incumbent	Kevin Chidwick	Kevin Chidwick	Geraint Jones[3]	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones
CFO single figure of remuneration	£1,444,443	£1,204,164	£363,551	£539,704	£599,139	£1,184,445	£1,461,813	£1,773,303	£2,329,513	£1,737,805[4]	£1,234,327
DFSS vesting outcome (% of maximum)	100%	70%	85%	69%	50% and 0%	74.20%	87.60%	88.8%	98.5%	93.08%	59.21%[6]

1 Henry Engelhardt stepped down from the Board on 13 May 2016. His 2016 remuneration includes salary and benefits in respect of his service as CEO
2 David Stevens was appointed as the CEO on 13 May 2016. His 2016 remuneration includes salary, pension and benefits in respect of his service as CEO
3 Geraint Jones was appointed to the Board as CFO on 13 August 2014. His 2014 remuneration includes salary, pension and benefits in respect of his service as CFO, his full year DFSS and his full year DFSS bonus
4 This figure has been trued up since the 2021 report for the value of the 2019 DFSS based on the actual share price on vest of £20.11
5 Milena Mondini De Focatiis was appointed as the CEO on 1 January 2021. Her 2021 remuneration includes salary, pension and benefits in respect of her service as CEO
6 59.24% of Milena Mondini De Focatiis' and 59.21% Geraint Jones' 2020 DFSS award will vest in April 2023 and September 2023, respectively, subject to their continued employment on the vesting date

There are no annual bonus outcomes to report in the table as the Admiral DFSS bonus is not structured as a traditional annual bonus scheme and consequently a vesting outcome (as a percentage of max) is meaningless.

Annual change of each director's pay compared to the annual change in average employee pay

The following table summarises the annual percentage change of each director's remuneration compared to the annual percentage change of the average remuneration of the company's employees, calculated on a full-time equivalent basis.

Financial year-ended 31 December 2022	2022 (% change)		
Percentage change in director's remuneration	Base salary/ fees	Taxable benefits	DFSS bonus
Executive Directors			
Milena Mondini de Focatiis*	3.00%	5.73%	-38.96%
Geraint Jones	3.00%	5.73%	-44.78%
Non-Executive Directors			
Annette Court	3.00%	1,399.04%	N/A
Evelyn Bourke	73.62%	805.06%	N/A
Karen Green	17.90%	120.387%	N/A
Jean Park	29.66%	-55.82%	N/A
Jayaprakasa Rangaswami	30.38%	383.98%	N/A
Justine Roberts	25.54%	260.33%	N/A
Andy Crossley	31.08%	133.87%	N/A
Michael Brierley	5.58%	3,700.00%	N/A
Bill Roberts	108.64%	n/a	N/A
Percentage change in employees' remuneration	9.32%	8.52%	N/A

The percentage increases for the Non-Executive Director taxable benefits relate to expenses for travel, accommodation and subsistence in relation to business needs, which compare 2021 which travel to meetings was minimal, and 2022 where more normal in-person activity has been undertaken in a return to pre-pandemic levels. Generally, NED fees have increased in line with additional responsibilities and time commitments undertaken over the course of the year, and in the case of Evelyn Bourke and Bill Roberts are reflective of part-year fees for 2021 vs. full year fees for 2022.

The percentage change in employee base pay is a view across the whole group, but it should be noted that a large percentage value of these increases has generally been concentrated in colleagues at the lower end of the pay spectrum.

Dilution

The Company currently uses newly issued shares to fund the DFSS, SIP and salary shares. The Company has controls in place to ensure that shares awarded under the incentive schemes operated by the Company within any rolling ten-year period do not exceed 10% of the number of ordinary shares in the capital of the Company in issue at the time of each award. It is currently anticipated that a combination of attrition and actual vesting will result in dilution of less than 10%. As required by the rules of our share schemes, the Company will in any event ensure that the actual dilution level does not exceed 10% in any rolling ten-year period by funding of any vested (and future) share scheme awards as appropriate with market-purchased shares.

Annual Report on Remuneration
continued

Interests held by Directors (audited)

The Company has adopted Executive Director shareholding guidelines whereby all Executive Directors are required to acquire and retain a beneficial shareholding in the Company equal to at least 400% of base salary (excluding salary shares, where applicable), which can be built up over a period of five years from the later of the introduction of the guidelines and the individual's date of appointment. Both Executive Directors meet the shareholding requirement.

As at 31 December 2022, the Directors held the following interests:

Director	Shares held			Shareholding requirement (% of 2022 salary)	Current shareholding (% of 2022 salary)	Requirement met?[4]
	Beneficially owned outright[6]	Subject to continued employment only	Subject to performance conditions			
Milena Mondini de Focatiis[5]	97,062[1]	50,354[3]	180,000	400%	>400%	Yes
Geraint Jones	127,566[1]	31,644[2]	105,000	400%	>400%	Yes
Annette Court	14,760					
Evelyn Bourke	7,459					
Jean Park	4,000					
Jayaprakasa Rangaswami	0					
Justine Roberts	0					
Andy Crossley	4,984					
Michael Brierley	4,104					
Karen Green	0					
Bill Roberts	8,860					

1 Total includes SIP shares both matured and awarded.
2 Total reflects shares from the 2020 DFSS award (performance test has been applied, and award is due to vest in September 2023) and salary shares awarded in 2020
3 Total reflects shares from the 2020 DFSS award (performance test has been applied, and award is due to vest in April 2023)
4 The final column in the above table relates to meeting the current Remuneration Policy requirement of 400% of salary, based on a share price of £21.37 at closing on 31st December 2022
5 Milena Mondini de Focatiis has 5 years from her appointment as Executive Director (11 August 2020) to meet the guideline
6 There have been no changes in the Directors' holdings in the share capital of the Company, as set out in the table above, between 31 December 2022 and the date of this Report

There have been no changes to Directors' shareholdings since 31 December 2022.

None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group.

Executive Directors' Interests in Shares under the DFSS and SIP and salary share awards (audited)

Type	At start of year	Awarded during year	Vested/ matured during year	At end of year	Price at award (£)	Value at award date (£)	Value at 31 Dec 2022 or maturity (£)	Date of Award	Final vesting/ maturity date
Milena Mondini de Focatiis									
DFSS	36,000	–	35,487	–	£21.00	£756,000	£713,644	26/09/2019	26/09/2022
DFSS	85,000	–	–	85,000	£23.08	£1,961,800	£1,816,450	24/04/2020	24/04/2023
DFSS	90,000	–	–	90,000	£34.52	£3,106,800	£1,923,300	23/09/2021	23/09/2024
DFSS		90,000	–	90,000	£21.21	£1,908,900	£1,923,300	22/09/2022	22/09/2025
SIP	84	–	84	–	£21.46	£1,803	£2,181	18/03/2019	18/03/2022
SIP	83	–	83	–	£21.45	£1,780	£1,792	30/08/2019	30/08/2022
SIP	88	–	–	88	£20.58	£1,811	£1,881	13/03/2020	13/03/2023
SIP	68	–	–	68	£26.40	£1,795	£1,453	02/09/2020	02/09/2023
SIP	61	–	–	61	£29.44	£1,796	£1,304	12/03/2021	12/03/2024
SIP	50	–	–	50	£36.11	£1,806	£1,069	01/09/2021	01/09/2024
SIP	–	72	–	72	£24.81	£1,786.32	£1,539	11/03/2022	11/03/2025
SIP	–	81	–	81	£22.25	£1,802.25	£1,731	24/08/2022	24/08/2025
Geraint Jones									
DFSS	45,000	–	41,886	–	£21.00	£945,000	£842,327	26/09/2019	26/09/2022
DFSS	45,000	–	–	45,000	£27.37	£1,231,650	£961,650	24/09/2020	24/09/2023
DFSS	52,500	–	–	52,500	£34.52	£1,812,300	£1,121,925	23/09/2021	23/09/2024
DFSS	–	52,500	–	52,500	£21.21	£1,113,525	£1,121,925	22/09/2022	22/09/2025
Salary Shares	2,500	–	2,500	–	£21.46	£53,650	£64,925	18/03/2019	18/03/2022
Salary Shares	2,500	–	2,500	–	£21.45	£53,625	£53,975	30/08/2019	30/08/2022
Salary Shares	2,500	–	–	2,500	£20.58	£51,450	£53,425	13/03/2020	13/03/2023
Salary Shares	2,500	–	–	2,500	£26.40	£66,000	£53,425	02/09/2020	02/09/2023
SIP	84	–	84	–	£21.46	£1,803	£2,181	18/03/2019	18/03/2022
SIP	83	–	83	–	£21.45	£1,780	£1,792	30/08/2019	30/08/2022
SIP	88	–	–	88	£20.58	£1,811	£1,881	13/03/2020	13/03/2023
SIP	68	–	–	68	£26.40	£1,795	£1,453	02/09/2020	02/09/2023
SIP	61	–	–	61	£29.44	£1,796	£1,304	12/03/2021	12/03/2024
SIP	50	–	–	50	£36.11	£1,806	£1,069	01/09/2021	01/09/2024
SIP	–	72	–	72	£24.81	£1,786	£1,539	11/03/2022	11/03/2025
SIP	–	81	–	81	£22.25	£1,802	£1,731	24/08/2022	24/08/2025

1 The value at maturity relates only to shares vested.
2 For SIP and Salary Shares, the price at award reflects the average closing share price over the five days prior to the award date

The closing price of Admiral shares on 31 December 2022 was £21.37 per share.

By order of the Board,

Evelyn Bourke
Chair of the Remuneration Committee

7 March 2023

Directors' Report

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 December 2022.

Information included in the Strategic Report

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report as the Board considers them to be of strategic importance. Specifically, these are:

Disclosure	Page reference
Future business developments	Pages 28 to 37
Greenhouse gas emissions, energy consumption and energy efficiency action	Pages 92 and 96
Employment of disabled persons (as defined by the Disability Discrimination Act 1995)	Page 80
Engagement with colleagues	Pages 77 to 81
Engagement with suppliers, customers and others in a business relationship with the Company	Pages 74 to 76 and 82 to 84

Disclosure of information under Listing Rule 9.8.4

Sub-section of Listing Rule 9.8.4	Detail	Page reference
1	Interest capitalised by the Group	–
7	Allotment of shares for cash pursuant to Group employee share schemes	Page 285
12, 13	Shareholder waiver of dividend	Page 211

Group results and dividends

The profit for the year, after tax but before dividends, amounted to £371.8 million (2021: £996.7 million). The Directors declared and paid dividends of £658.3 million during 2022 (2021: £720.9 million). Refer to note 12b for further details.

The Directors have proposed a final dividend of £155 million (52.0 pence per share). Subject to shareholders' approval at the 2023 Annual General Meeting (AGM), the final dividend will be paid on 2 June 2023 to shareholders on the register at the close of business on 5 May 2023.

Further information on the Groups' dividend policy is located in note 12e and on page 26 of the Strategic Report.

Research and development

Details of costs incurred in respect of research and development can be found in note 9 on page 271.

Political donations

No political donations were made during the year.

Interest capitalised

No interest was capitalised by the Group during the year.

Significant contracts of material interest to shareholders

The Group considers its co-insurance and reinsurance contracts to be significant and of material interest to shareholders. 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. No other contractual arrangements are considered to be significant to the running of the Group's business.

Financial instruments

The objectives and policies for managing risks in relation to financial instruments held by the Group are set out in note 6 to the Financial Statements.

Directors and their interests

The present Directors of the Company are shown on pages 130 to 135 of this Report, whilst Directors' interests in the share capital of the Company are set out in the Remuneration Report on page 208. A list of Directors in the financial period to 31 December 2022 is shown on page 130.

Going concern

Under Provision 30 of the 2018 UK Corporate Governance Code, the Board confirms that it considers the Going Concern basis of accounting appropriate. In considering this requirement, the Directors have taken into account the factors below.

In particular, as part of this assessment the Board considered updated projections of performance and profitability a number of times throughout the year, with some key highlights including:

- 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 2022
  - 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 businesses from fees and the sale of ancillary products
  - Projected contributions to profit from businesses other than the UK Car insurance business
  - Expected trends in unemployment and inflation in the context of credit risks and the growth of the Group's Loans business
  - Assessment of wider market risk and investment performance given the market volatility in H2 2022

- 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 of the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, focusing on regulatory guidance issued by the FCA and the PRA in the UK and ongoing communications between management and regulators
- A review of the Company's principal risks and uncertainties and≈the assessment of emerging risks

Following consideration of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this Report, and that it is therefore appropriate to adopt the going concern basis in preparing the Financial Statements. Further information is shown in the viability statement on page 122.

Share Capital, AGM and related matters

Major Shareholders

Other than as stated below, as far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company. Information provided to the Company pursuant to the FCA's Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website.

The Company received notifications in accordance with the FCA's DTRs of the following notifiable interests in the voting rights in the Company's issued share capital:

	As at 31 December 2022	
	Number of Shares	%
Henry Engelhardt & Diane Briere de l'Isle	24,605,472	8.1%
Mawer Investment Management Ltd.	21,727,558	7.2%
BlackRock Inc.	17,243,242	5.7%
Moondance Foundation	14,400,000	4.8%
Vanguard Group Holdings	12,560,052	4.1%
FMR LLC	11,711,392	3.9%
N.M. Rothschild & Sons Ltd.	9,147,150	3.0%
David & Heather Stevens	8,422,950	2.8%
Münchener Rückversicherungs-Gesellschaft AG	5,297,781	1.7%

Notes:

1 % as at date of notification. The DTRs require notification when the % voting rights (through shares and financial instruments) held by a person reaches, exceeds of falls below an applicable threshold specified in the DTRs

2 Notifications received by the Company in accordance with the FCA's DTRs in the period from 31 December 2022 to 3 March 2023 were as follows:

Shareholder	Date of notification	Number of shares as at date of notification	% of shares as at date of notification
BlackRock Inc.	31 January 2023	15,617,104	5.14%
BlackRock Inc.	2 February 2023	15,624,439	5.14%

There are no people who hold shares carrying special rights with regard to control of the Company.

Further information on the rights attaching to shares under the employee share schemes are provided in the Remuneration Report.

Directors' interests

The interests of Directors and Officers and their connected persons in the issued share capital of the Company are given in the Remuneration Committee Report on page 183.

Shares held in Employee Benefit Trust (EBT)

The EBT does not use its voting rights in respect of the shares it holds in the EBT at general meetings, however, it may choose to do so if recommended by the Company via a letter of wishes. If any offer is made to shareholders to acquire their shares, the trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting awards but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the trustee may take action with respect to any offer it thinks fair. The trustee has waived its right to dividends on the shares held in the trust.

Additional information for shareholders

The following provides the additional information required for shareholders in accordance with the Takeovers Directive and the respective UK law.

At 31 December 2022, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the share capital and shares issued during the year can be found in note 12d. The rights and obligations attached to the Company's ordinary shares are set out in the Articles of Association of the Company, copies of which can be obtained from Companies House.

If a poll is called at a general meeting, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws)
- Pursuant to the Listing Rules of the FCA whereby certain employees and Directors of the Company require the approval of the Company to deal in the Company's securities

Directors' Report
continued

The Company has not purchased any of its own shares during the period.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a takeover bid.

There are a number of agreements that alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts (entered into in the normal course of business). None are considered to be significant in terms of their impact on the business of the Group as a whole.

Powers of the Company Directors
The Directors are responsible for managing the business of the Company and may exercise all powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Company's Memorandum and Articles. The Articles, for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of new shares and buyback of shares are also included in the Articles and such authorities are renewed by shareholders at the Annual General Meeting each year.

Power to issue shares
At the last Annual General Meeting, held on 28 April 2022, authority was given to the Directors to allot unissued relevant securities in the Company up to a maximum of £199,929, representing the Investment Association's Guidelines limit of approximately two thirds of the issued share capital as at 18 March 2022. This authority expires on the date of the Annual General Meeting to be held on 27 April 2023 and the Directors will seek to renew this authority for the following year.

A further special resolution passed at that meeting granted authority to the Directors to allot equity securities in the Company (up to a maximum of 5% of the issued share capital of the Company) for cash, without regard to the pre-emption provisions of the Companies Act 2006. This authority also expires on the date of the Annual General Meeting to be held on 27 April 2023 and the Directors will seek to renew this authority for the following year.

The Board is aware of the principles published by the Pre-Emption Group in November 2022, and their template resolutions published on 4 November 2022, allowing a company the ability to seek authority over a further 10% of the issued ordinary share capital on a non-pre-emptive basis subject to certain conditions. The Board does not wish to increase the disapplication threshold at this time but will keep this matter under review.

Appointments of Directors
The Company's Articles of Association (the Articles) give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Group Nomination and Governance Committee, any appointment must be recommended by the Group Nomination and Governance Committee for approval by the Board of Directors. At the Group's Annual General Meeting on 26 April 2022, new "Articles" were approved by shareholders which provide that all Directors will retire and offer themselves for re-election at each Annual General Meeting, in accordance with the UK Corporate Governance Code and the Company's current practice. Therefore, with the exception of Annette Court, all Directors will be submitting themselves for either election or re-election by shareholders at the forthcoming AGM.

Articles of Association
The Articles may only be amended by special resolution of the shareholders.

Directors' indemnities and insurance
Directors and Officers insurance cover is in place for all Directors to provide cover against certain acts or omissions on behalf of the Company. A Deed Poll of Indemnity was executed in October 2015, indemnifying each of the Directors and the Company Secretary, in relation to certain losses and liabilities that they might incur in the course of acting as Directors of the Company. The Deed Poll of Indemnity is categorised as qualifying third party provisions as defined by Section 234 of the Companies Act 2006 and remains in force for all past and present Directors of the Company.

The Board is of the view that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of such indemnities. Neither the Deed Poll of Indemnity nor insurance cover would provide any coverage in the event that a Director is proved to have acted fraudulently or dishonestly.

Annual General Meeting (AGM)
It is proposed that the next AGM be held at Tŷ Admiral, David Street, Cardiff, CF10 2EH on Thursday 27 April 2023 at 2.00pm, notice of which will be sent to shareholders with the Annual Report.

Reporting, accountability and audit

UK Corporate Governance Code
Admiral is subject to the UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in July 2018 and available on its website, www.frc.org.uk. The Company's Annual Report and Accounts, taken as a whole, addresses the requirements of the 2018 Code.

The Code 2018 (the Code) was applicable for the Group during the year under review, and the Group has applied the principles and complied with the provisions of the Code except with regard to non-compliance with provision 19 as set out in the Governance Report on page 136.

The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Board is ultimately responsible for the Group's system of risk management and internal control and, through the Group Audit Committee, has reviewed the effectiveness of the Group's internal control and risk management arrangements relating to the financial reporting process and the principal risks facing the business. The Board is satisfied that the Group's internal control and risk management framework is prudent and effective and that, through the Group Audit Committee and Group Risk Committee, risk can be assessed, managed and assurance given that all material controls are reviewed and monitored.

Information on the composition and operation of the Board and its Committees is located in the following sections:

- Governance Report on page 136 in respect of the Board
- Nomination and Governance Committee Report on page 158
- Audit Committee Report on page 171
- Group Risk Committee Report on page 178
- Remuneration Committee Report on page 183

The Group's gender diversity information for the financial year, together with an explanation of the policies related to diversity, are set out in the Strategic Report on pages 77 to 81 and in the Nomination and Governance Committee Report on page 158.

Branches

The Group has several branches located in Canada, India, France and Italy, through its subsidiary structure. Further details of the Company's subsidiaries, associated undertakings and branches are contained in note 12f.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with United Kingdom adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the UK
- For the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101 Reduced Disclosure Framework, have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- The Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following completion of the tender for the Group's audit services and the Board's approval of the Audit Committee's recommendation to re-appoint the Company's auditor, Deloitte LLP has indicated willingness to continue in office and resolutions to reappoint it and to authorise the Directors to fix its remuneration will be proposed at the AGM.

The Directors' Report has been approved by the Board,

For and on behalf of the Board,

Dan Caunt
Company Secretary
7 March 2023

Geraint Jones
Chief Financial Officer
7 March 2023

Financial Statements

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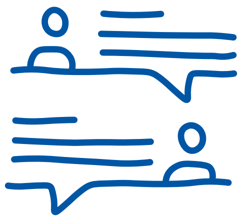
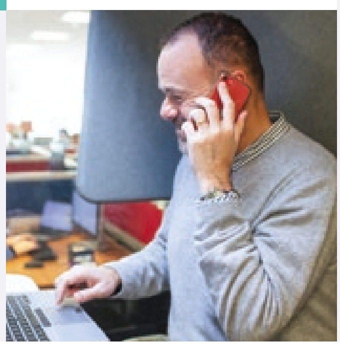
Adding value. Delivering difference. For our people





Independent Auditor's Report

to the members of Admiral Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Admiral Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated and Parent Company Income Statements;
- the Consolidated and Parent Company Statements of Comprehensive Income;
- the Consolidated and Parent Company Statements of Financial Position;
- the Consolidated Cash Flow Statement;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the related notes 1 to 14 to the Group financial statements, excluding the capital adequacy disclosures in note 12e calculated in accordance with the Solvency II regime which are marked as unaudited; and
- the related notes 1 to 15 to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 9c to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of gross insurance claims reserves; • Inflation assumptions applied to UK motor bodily injury claims reserves; and • Disclosure of the impact of the adoption of IFRS 17. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk

Independent Auditor's Report continued

to the members of Admiral Group plc

Materiality	The materiality that we used for the Group financial statements was £23.4 million which was determined on the basis of 5% of profit before tax ('PBT').
Scoping	We identified five reporting components which we determined should be subjected to full scope audits this year. Specific audit procedures were completed in respect of eight further components which, although not financially significant, did present some specific audit risks which needed to be addressed. The components within the scope of our audit procedures account for 98% of the Group's profit before tax, 99% of the Group's revenue and 99% of the Group's net assets.
Significant changes in our approach	2022 has seen a rise in inflation which has been particularly significant in impacting the general insurance industry as a whole. Given these changes in the macroeconomic environment in which the Group operates, as well as the fact that the UK motor reserves are one of the largest and most judgmental balances in the Group financial statements, we have identified an additional key audit matter related to the inflation assumptions applied to the bodily injury claims reserves. The inflationary impacts on bodily injury claims require the application of significant judgment as they are less closely linked to the consumer price index ('CPI') and due to the longer-term nature of the Group's exposure (compared to property damage claims). We have also identified the disclosure of the impact of the Group's adoption of IFRS 17 as an additional key audit matter, as this is a new and complex accounting standard which has required considerable judgment and interpretation in its implementation.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the relevant controls relating to management's going concern assessment process;
- We inspected the Group ORSA ('Own Risk and Solvency Assessment') to support our understanding of the key risks faced by the Group, its ability to continue as a going concern, and the longer-term viability of the Group;
- We evaluated management's going concern assessment in light of the current macroeconomic uncertainties;
- We considered the available cash and cash equivalents balance at year-end of £297 million and assessed how this is forecast to fluctuate over the coming 12 months in line with management's forecasted performance. This analysis included assessing the amount of headroom in the forecasts considering cash and regulatory liquidity requirements;
- We assessed management's reverse stress testing over the projected profitability, solvency and liquidity positions and the likelihood of the various scenarios that could adversely impact upon the Group's liquidity and solvency headroom; and
- We obtained and inspected correspondence between the Group and its regulators, as well as reviewed the Group Risk Committee meeting minutes, to identify any items of interest which could potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of gross insurance claims reserves

Key audit matter description	The Group's gross insurance claims reserves total £3,456 million as at 31 December 2022 (2021 year-end: £3,045 million). Judgments made in determining the valuation of claims reserves are by far the most significant in terms of their impact on the Group's financial position. Setting these claims reserves is an inherently subjective exercise and small changes in underlying assumptions may have a material impact on the overall year-end result reported. Specifically, our significant areas of focus are the Group's selection of the frequency and severity assumptions for large bodily injury claims arising in the UK Car Insurance business. These particular claims result in higher individual claims reserves and are more judgmental, in terms of the development of the ultimate losses, due to the longer-term nature of the Group's exposure (compared to property damage claims). In line with the Group's accounting policy, management adds a margin to the actuarial best estimate to arrive at the booked gross claims reserves. This margin reflects the inherent uncertainty in estimating the ultimate losses on claims, over and above that which can be projected actuarially based on the underlying claims development data. This is a significant area of judgment and, therefore, a focus of our audit. Specifically, the consistency of the level of prudence within the margin for the UK Car Insurance reserves, related to large bodily injury claims, is our key area of focus. Refer to page 172 in the Audit Committee report where this is included as a significant issue and note 3 and note 5d in the financial statements which refer to this matter.
How the scope of our audit responded to the key audit matter	We obtained an understanding of and tested the operating effectiveness of relevant controls relating to the key actuarial assumptions identified and the setting of the management margin applied as an uplift on the projected actuarial best estimate. We obtained and inspected the reports from both management, and management's external expert actuary, and have involved our actuarial specialists to challenge key assumptions. We also assessed the objectivity, competence and capability of management's expert. We benchmarked the frequency assumptions against available industry data and considered the comparison in the context of the risk profile of the Group's portfolio and the year-on-year changes in these assumptions. We undertook a graphical analysis of incurred development patterns to assess and challenge the severity assumptions. We benchmarked the average cost per claim assumptions against available third-party industry data in the context of this incurred development analysis. We inspected management's accounting judgment papers and tested the relevant controls governing the claims distribution model in order to assess the qualitative and quantitative support for the margin held over the actuarial best estimate reserves. We analysed the consistency of prudence within the booked reserves against previous reporting periods in the context of the underlying uncertainty in incurred claims development and challenged management's support for the booked position.
Key observations	Based on the procedures described above, we consider that the valuation of the gross insurance claims reserves remain appropriate and in line with the Group's accounting policy.

Independent Auditor's Report
continued

to the members of Admiral Group plc

5.2. Inflation assumptions applied to UK motor bodily injury claims reserves

Key audit matter description	Given the ongoing uncertainty associated with the UK's current and future inflationary environment, the impact of future inflation assumptions requires the application of significant judgment which has a material impact on the best estimate reserves. In the current macroeconomic environment, there is a greater level of uncertainty associated with projecting future assumptions than in previous periods owing to the uncertainty in forecast future inflation and the extent to which this will impact claims inflation. The most significant impact of such inflation assumptions relates to bodily injury claims, given the relatively low implicit inflation in historical data trends and the time it takes for such claims to develop and settle; therefore, the effect of such inflationary pressures will not be observable in the claims data for some time. This is unlike for damage claims where the impact of inflation is already rising due to inflationary trends in historical data, their faster development, and the fact that they are more closely linked to the Consumer Price Index ('CPI'). Our audit work to respond to the specific risks associated with inflationary assumptions in the UK motor bodily injury claims reserves required significant input from our actuarial specialists and was the focus of a significant amount of audit effort; therefore, we considered this a key audit matter. Refer to page 172 in the Audit Committee report where this is included as a significant issue and note 3 and note 5d in the financial statements which refer to this matter.
How the scope of our audit responded to the key audit matter	We obtained an understanding of and tested the operating effectiveness of relevant controls relating to the key inflation assumptions identified. We obtained and inspected the reports from both management, and management's external expert actuary, and have involved our actuarial specialists to challenge the key assumptions. We also assessed the objectivity, competence and capability of management's expert. We benchmarked management's inflation assumptions against available industry data and considered the results of this comparison. We inspected and challenged the methodology applied in determining the impact of excess inflation on the year-end reserves, including challenging the future inflation assumptions with reference to current and future expectations of market wage inflation.
Key observations	Based on the procedures described above, we consider that the inflation assumptions applied to UK motor bodily injury claims reserves remain appropriate and in line with the Group's accounting policy.

5.3. Disclosure of the impact of the adoption of IFRS 17

Key audit matter description	With effect from 1 January 2023, the Group transitioned to IFRS 17: *Insurance Contracts* which replaced the existing standard for insurance contracts, IFRS 4. The estimated transitional impact is disclosed in Note 2 to the financial statements for the year-ended 31 December 2022 in accordance with the requirements of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. The disclosures in 2022 are intended to provide users with an understanding of the estimated impact of the new standard and, as a result, are more limited than the disclosures to be included in the first year of adoption, being 2023. We have deemed the disclosure of the impact of the adoption of IFRS 17 a key audit matter as this is a new and complex accounting standard which has required considerable judgment and interpretation in its implementation. Furthermore, the new standard has introduced a number of significant changes, including new requirements regarding the recognition and measurement of insurance contracts and related account balances and classes of transactions. In order to meet the requirements of the new standard, significant changes have also been made to the systems, processes and controls with effect from 1 January 2023.
How the scope of our audit responded to the key audit matter	While further testing of the financial impact will be performed as part of our 2023 year-end audit, we have performed sufficient audit procedures for the purposes of assessing the disclosures made in accordance with IAS 8. We have obtained an understanding of and tested the operating effectiveness of the relevant controls governing management's estimate of the transitional adjustment. We challenged the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the estimate to assess compliance with the requirements of the standard. We involved our actuarial specialists in performing procedures to challenge the Group's IFRS 17 calculation models, including those related to the estimate of the fulfilment cashflows and risk adjustment which form the Liability for Incurred Claims. We tested the journal entries resulting from the IFRS 17 model outputs which derive the Group's IFRS 17 position as at 1 January 2022 from the underlying IFRS 4 Balance Sheet through reconciling to the audited transition adjustments. We evaluated the disclosures related to the transition impact against the requirements of IAS 8 and reconciled the disclosed impact to underlying accounting records.
Key observations	Based on the procedures described above, we consider the assumptions, methodologies and models applied in preparing the IFRS 17 transition disclosure to be reasonable.

Independent Auditor's Report
continued

to the members of Admiral Group plc

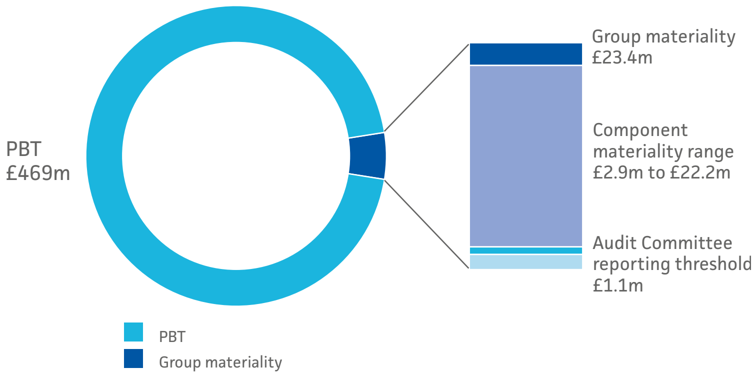
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£23.4 million (2021: £36.2 million)	£4.2 million (2021: £2.9 million)
Basis for determining materiality	5% of profit before tax (2021: 5% of profit before tax from continuing and discontinued operations excluding 'profit on sale').	3% of two-year average of net assets (2021: 3% of two-year average of net assets).
Rationale for the benchmark applied	We consider profit before tax to be the critical benchmark of the performance of the Group and consider this benchmark to be suitable having compared to other benchmarks. Our materiality equates to 1% of gross earned premium and 2% of equity (2021: 1% of gross earned premium and 3% of equity).	The Parent Company primarily exists as the holding company which carries investments in Group subsidiaries and is the issuer of listed securities. We consider that net assets is the critical benchmark for the Company. The measure uses a two-year average of net assets which we consider appropriate given the inherent volatility associated with the timing of dividend payments.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: · our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and · our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.1 million (2021: £1.8 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

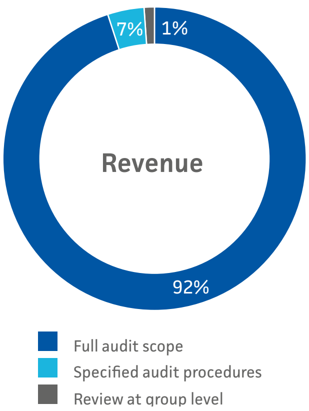
The five (2021: five) significant components of the Group which were identified in our audit planning are Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, EUI Limited, Admiral Europe Compañía de Seguros, and the Parent Company, Admiral Group plc.

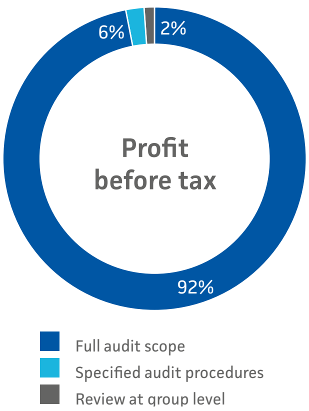
Each of these significant components was subjected to a full-scope audit, completed to individual component materiality levels which ranged from £2.9 million to £22.2 million (2021: £2.9 million to £31.4 million) dependent upon the relative significance of each individual component.

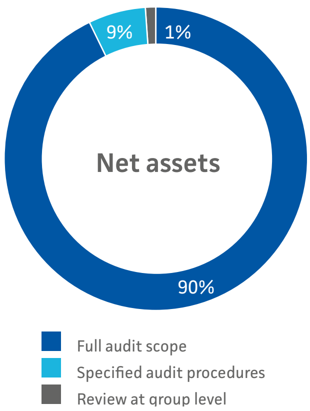
Additionally, we have completed specific audit procedures, designed to address specific audit risks, for eight (2021: seven) further components.

The components within the scope of our audit procedures account for 98% (2021: 99%) of the Group's profit before tax, 99% (2021: 99%) of the Group's revenue and 99% (2021: 99%) of the Group's net assets.

For the remaining components, which were not subject to full-scope audits or specified audit procedures, we performed analysis at an aggregated Group level to re-assess our evaluation that there were no significant risks of material misstatement in any of these components.







7.2. Our consideration of the control environment

We obtained an understanding of and tested the relevant controls within the Group, including controls over the following business processes: financial reporting, premiums written, other revenue, claims paid, claims reserves, reinsurance and coinsurance, cash and investments. We also identified the key IT systems in the UK that were relevant to the audit, including the policy administration system, claims administration systems and the data warehouse. Our audit approach was reliant upon the effectiveness of the controls over all these business processes.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the impact of climate change on the Group's operations and subsequent impact on its financial statements. The Group sets out its assessment of the potential impact on pages 121 to 124 of the Emerging Risks section.

In conjunction with our Task Force on Climate Related Financial Disclosures (TCFD) specialists, we have held discussions with the Group to understand management's:

- process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting of the Group; and
- long-term strategy to respond to climate-related risks as they emerge including the effect on the Group's forecasts.

In addition, our audit work also involved:

- challenging the completeness of the physical and transition risks identified and considered in the Group's climate risk assessment and the conclusion that there is no material impact of climate change risk on the current year financial reporting;
- assessing the Group's qualitative analysis which supports the Group's conclusion that there is no material financial statement impact of climate risk on expected credit losses; and
- assessing disclosures in the Annual Report against the requirements of the TCFD framework, paragraph 8(a) of Listing Rule 9.8.6R.

Independent Auditor's Report
continued

to the members of Admiral Group plc

We have not been engaged to provide assurance over the accuracy of TCFD disclosures set out on pages 97 to 111 of the Annual Report. As part of our procedures, we are required to read these disclosures and to consider whether they are materially inconsistent with the financial statements or our knowledge obtained during the course of our audit. We did not identify any material inconsistencies as a result of these procedures.

7.4. Working with other auditors

We engaged local component auditors, being Deloitte member firms in the US and Spain, to perform the audit work in these respective territories on our behalf. We directed and supervised the work of Deloitte Spain, including through visits to the operations in Madrid, and remote communication and review of their work.

Due to the relative significance of the Group's operations in the US, while we did not undertake visits to the operations in the US, we directed and supervised the work of the component auditor by having frequent phone calls with the component audit team, participating in video conferences and reviewing certain key audit documentation remotely.

8. Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company'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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, actuarial, financial instruments, IT, climate, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of gross insurance claims reserves and inflation assumptions applied to UK motor bodily injury claims reserves. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, Solvency II regulation and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence, and the Financial Conduct Authority and the Prudential Regulation Authority regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of gross insurance claims reserves and the inflation assumptions applied to UK motor bodily injury claims reserves as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Financial Conduct Authority and the Prudential Regulation Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report
continued

to the members of Admiral Group plc

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 210;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 122 to 124;
- the directors' statement on fair, balanced and understandable set out on page 212;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 114;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 114 to 120; and
- the section describing the work of the Audit Committee set out on page 171.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by shareholders' approval at the Annual General Meeting on 28 April 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is seven years, covering the years ending 31 December 2016 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format ('ESEF') prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Rush

David Rush
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

7 March 2023

Consolidated Income Statement

For the year ended 31 December 2022

Continuing operations	Note	Year ended 31 December 2022 £m	31 December 2021 £m
Insurance premium revenue		**2,705.4**	2,492.3
Insurance premium ceded to reinsurers		**(1,794.4)**	(1,637.3)
Net insurance premium revenue	5	**911.0**	855.0
Other revenue	8	**318.8**	314.8
Profit commission	5	**170.9**	304.5
Interest income	7	**58.7**	36.6
Interest expense	7	**(12.6)**	(6.1)
Net interest income from loans		**46.1**	30.5
Investment return – interest income at effective interest rate	6	**52.3**	40.6
Investment return – other	6	**12.3**	6.2
Investment return recoverable from co- and reinsurers	6	**(20.0)**	(1.6)
Net revenue		**1,491.4**	1,550.0
Insurance claims and claims handling expenses	5	**(2,081.4)**	(1,506.8)
Insurance claims and claims handling expenses recoverable from reinsurers		**1,575.3**	1,174.5
Net insurance claims	5	**(506.1)**	(332.3)
Operating expenses and share scheme charges	9	**(924.8)**	(970.1)
Operating expenses and share scheme charges recoverable from co- and reinsurers	9	**439.3**	491.1
Expected credit losses	6, 9	**(18.9)**	(13.3)
Net operating expenses and share scheme charges		**(504.4)**	(492.3)
Total expenses		**(1,010.5)**	(824.6)
Operating profit		**480.9**	725.4
Finance costs	6	**(13.4)**	(13.7)
Finance costs recoverable from co- and reinsurers	6	**1.5**	1.8
Net finance costs		**(11.9)**	(11.9)
Profit before tax from continuing operations		**469.0**	713.5
Taxation expense	10	**(97.2)**	(130.2)
Profit after tax from continuing operations		**371.8**	583.3
Profit before tax from discontinued operations		**–**	11.3
Gain on disposal		**–**	404.4
Taxation expense		**–**	(2.3)
Profit after tax from discontinued operations	13	**–**	413.4
Profit after tax from continuing and discontinued operations		**371.8**	996.7
Profit after tax attributable to:			
Equity holders of the parent		**373.0**	997.9
Non-controlling interests (NCI)		**(1.2)**	(1.2)
		371.8	996.7
Earnings per share – from continuing operations			
Basic	12	**124.3p**	196.7p
Diluted	12	**123.7p**	196.1p
Earnings per share – from continuing and discontinued operations			
Basic	12	**124.3p**	335.5p
Diluted	12	**123.7p**	334.5p
Dividends declared and paid (total)	12	**658.3**	720.9
Dividends declared and paid (per share)	12	**223.0p**	247.0p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit for the period – from continuing and discontinued operations		**371.8**	996.7
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		**(255.6)**	(50.1)
Deferred tax charge in relation to movement in fair value reserve	10	**13.0**	1.4
Exchange differences on translation of foreign operations		**6.9**	(10.4)
Movement in hedging reserve		**25.1**	6.6
Deferred tax charge in relation to movement in hedging reserve		**(7.0)**	–
Other comprehensive income for the period, net of income tax		**(217.6)**	(52.5)
Total comprehensive income for the period		**154.2**	944.2
Total comprehensive income for the period attributable to:			
Equity holders of the parent		**155.3**	945.7
Non-controlling interests		**(1.1)**	(1.5)
		154.2	944.2

Consolidated Statement of Financial Position

As at 31 December 2022

		As at	
	Note	**31 December 2022 £m**	31 December 2021 £m
ASSETS			
Property and equipment	11	**89.8**	103.2
Intangible assets	11	**248.3**	179.9
Deferred income tax	10	**18.5**	9.3
Corporation tax asset	10	**–**	10.6
Reinsurance assets	5	**2,714.0**	2,176.1
Loans and advances to customers	7	**823.9**	556.8
Insurance and other receivables	6	**1,335.8**	1,208.5
Financial investments	6	**3,411.2**	3,742.6
Cash and cash equivalents	6	**297.0**	372.7
Total assets		**8,938.5**	8,359.7
EQUITY			
Share capital	12	**0.3**	0.3
Share premium account		**13.1**	13.1
Other reserves	12	**(173.7)**	44.0
Retained earnings		**1,114.5**	1,348.8
Total equity attributable to equity holders of the parent		**954.2**	1,406.2
Non-controlling interests		**1.2**	2.3
Total equity		**955.4**	1,408.5
LIABILITIES			
Insurance contract liabilities	5	**4,792.5**	4,215.0
Subordinated and other financial liabilities	6	**939.1**	670.9
Trade and other payables	6, 11	**2,158.0**	1,960.0
Lease liabilities	6	**88.5**	105.3
Corporation tax liability	10	**5.0**	–
Total liabilities		**7,983.1**	6,951.2
Total equity and total liabilities		**8,938.5**	8,359.7

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 March 2023 and were signed on its behalf by:

Geraint Jones
Chief Financial Officer
Admiral Group plc

Company Number: 03849958

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	31 December 2021 £m
Profit after tax – from continuing and discontinued operations		**371.8**	996.7
Adjustments for non-cash items:			
– Depreciation of property, plant and equipment and right-of-use assets	11	**18.2**	23.6
– Impairment/Disposal of property, plant and equipment and right-of-use assets	11	**(1.2)**	23.8
– Amortisation and impairment of intangible assets	11	**23.7**	44.7
– Gain on disposal of Comparison entities held for sale	13	**–**	(404.4)
– Movement in expected credit loss provision	6	**11.7**	13.3
– Share scheme charges	9	**57.3**	65.2
– Accrued interest income from loans and advances to customers		**–**	(0.8)
– Interest expense on funding for loans and advances to customers		**12.6**	6.1
– Investment return	6	**(64.6)**	(45.2)
– Finance costs, including unwinding of discounts on lease liabilities		**13.4**	12.0
– Taxation expense	10	**97.2**	132.5
Change in gross insurance contract liabilities	5	**577.5**	133.7
Change in reinsurance assets	5	**(537.9)**	(92.9)
Change in insurance and other receivables	6, 11	**(129.8)**	(9.2)
Change in loans and advances to customers	7	**(280.6)**	(205.2)
Change in trade and other payables, including tax and social security	11	**198.0**	(56.1)
Cash flows from operating activities, before movements in investments		**367.3**	637.8
Purchases of financial instruments		**(3,198.0)**	(3,710.2)
Proceeds on disposal/maturity of financial instruments		**3,328.3**	3,397.1
Interest and investment income received	6	**58.7**	46.6
Cash flows from operating activities, net of movements in investments		**556.3**	371.3
Taxation payments		**(91.2)**	(126.7)
Net cash flow from operating activities		**465.1**	244.6
Cash flows from investing activities:			
Purchases of property, equipment and software	11	**(98.6)**	(69.2)
Investment in associates		**(2.4)**	–
Proceeds from sale of Comparison entities		**–**	471.8
Net costs paid on sale of Comparison entities		**–**	(14.8)
Net cash used in investing activities		**(101.0)**	387.8
Cash flows from financing activities:			
Proceeds on issue of loan backed securities	6	**267.8**	185.9
Finance costs paid, including interest expense paid on funding for loans	6, 7	**(25.3)**	(20.2)
Repayment of lease liabilities	6	**(9.2)**	(9.6)
Equity dividends paid	12	**(658.3)**	(720.9)
Net cash used in financing activities		**(425.0)**	(564.8)
Net (decrease) / increase in cash and cash equivalents		**(60.9)**	67.6
Cash and cash equivalents at 1 January		**372.7**	351.7
Cash and cash equivalents included in disposal of comparison entities		**–**	(41.3)
Effects of changes in foreign exchange rates		**(14.8)**	(5.3)
Cash and cash equivalents at 31 December	6	**297.0**	372.7

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

		Attributable to the owners of the Company								
	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2021		0.3	13.1	85.4	(3.6)	13.1	1,004.4	**1,112.7**	10.7	**1,123.4**
Profit/(loss) for the period – from continuing and discontinued operations		–	–	–	–	–	997.9	**997.9**	(1.2)	**996.7**
Other comprehensive income										
Movements in fair value reserve		–	–	(50.1)	–	–	–	**(50.1)**	–	**(50.1)**
Deferred tax credit in relation to movement in fair value reserve	10	–	–	1.4	–	–	–	**1.4**	–	**1.4**
Movement in hedging reserve		–	–	–	6.6	–	–	**6.6**	–	**6.6**
Currency translation differences		–	–	–	–	(10.1)	–	**(10.1)**	(0.3)	**(10.4)**
Total comprehensive income for the period		–	–	(48.7)	6.6	(10.1)	997.9	**945.7**	(1.5)	**944.2**
Transactions with equity holders										
Dividends	12	–	–	–	–	–	(720.9)	**(720.9)**	–	**(720.9)**
Share scheme credit	9	–	–	–	–	–	63.1	**63.1**	–	**63.1**
Deferred tax credit on share schemes credit	10	–	–	–	–	–	6.0	**6.0**	–	**6.0**
Transfer to gain on disposal of assets held for sale		–	–	–	–	1.3	(2.0)	**(0.7)**	0.1	**(0.6)**
Change in ownership interests on sale of comparison		–	–	–	–	–	–	–	(6.7)	**(6.7)**
Change in ownership interests without a change in control		–	–	–	–	–	0.3	**0.3**	(0.3)	**–**
Total transactions with equity holders		–	–	–	–	1.3	(653.5)	**(652.2)**	(6.9)	**(659.1)**
As at 31 December 2021		0.3	13.1	36.7	3.0	4.3	1,348.8	**1,406.2**	2.3	**1,408.5**
Balance 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 – from continuing and discontinued operations		–	–	–	–	–	373.0	**373.0**	(1.2)	**371.8**
Other comprehensive income										
Movements in fair value reserve		–	–	(255.6)	–	–	–	**(255.6)**	–	**(255.6)**
Deferred tax credit in relation to movement in fair value reserve	10	–	–	13.0	–	–	–	**13.0**	–	**13.0**
Movement in hedging reserve		–	–	–	25.1	–	–	**25.1**	–	**25.1**
Deferred tax on charge in relation to movement in hedging reserve		–	–	–	(7.0)	–	–	**(7.0)**	–	**(7.0)**
Currency translation differences		–	–	–	–	6.8	–	**6.8**	0.1	**6.9**
Total comprehensive income for the period		–	–	(242.6)	18.1	6.8	373.0	**155.3**	(1.1)	**154.2**
Transactions with equity holders										
Dividends	12	–	–	–	–	–	(658.3)	**(658.3)**	–	**(658.3)**
Share scheme credit	9	–	–	–	–	–	57.3	**57.3**	–	**57.3**
Deferred tax charge on share schemes credit	10	–	–	–	–	–	(6.3)	**(6.3)**	–	**(6.3)**
Change in ownership interests without a change in control		–	–	–	–	–	–	**–**	–	**–**
Total transactions with equity holders		–	–	–	–	–	(607.3)	**(607.3)**	–	**(607.3)**
As at December 2022		**0.3**	**13.1**	**(205.9)**	**21.1**	**11.1**	**1,114.5**	954.2	**1.2**	955.4

Notes to the Financial Statements

For the year ended 31 December 2022

1. General information

Admiral Group plc is a public limited company incorporated in England and Wales. Its registered office is at Tŷ Admiral, David Street, Cardiff CF10 2EH and its shares are listed on the London Stock Exchange. The nature of Admiral Group operations and its principal activities is set out in the Business model section on page 6.

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

2. Basis of preparation

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

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

- The Group's profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group's insurance businesses, including early indications of the impact of the FCA general insurance pricing reform which came into effect at the start of 2022
  - Potential impacts on the cost of settling claims across all insurance businesses, including the impact of inflationary pressures
  - Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
  - Projected contributions to profit from businesses other than the UK Car insurance business
  - Expected trends in unemployment in the context of credit risks and the growth of the Group's Loans business
- The 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 of the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, in particular focusing on regulatory guidance issued by the Group's regulators and ongoing communications between management and regulators
- A review of the Company's principal risks and uncertainties and the assessment of emerging risks

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

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report. Further information regarding the financial position of the Company, its cash flows, liquidity position and borrowing facilities are also described in the Strategic Report. In addition, notes 6 and 12 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. 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 Group and Company financial statements are presented in pounds sterling, rounded to the nearest £0.1 million.

Cash flows from operating activities before movements in investments comprise all cash flows arising from the Group's insurance and reinsurance activities, and from loans and advances issued to customers. Cash flows from financing activities include the cash flows on issues of loan backed securities, lease liabilities and other financial liabilities.

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 can affect those returns through its power over the entity.

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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 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.

The Group has securitised certain loans and advances to customers by the transfer of the loans to special purpose entities ("SPEs") controlled by the Group. Securitisation enables a subsequent issuance of debt by the SPEs to investors who gain the security of the underlying assets as collateral. These SPEs are fully consolidated into the Group financial statements under IFRS 10, as the Group controls the entity in line with the above definition.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is reviewed. To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, the movement is recognised by adjusting the carrying amount of the related asset or liability in the period in which the change occurs.

Adoption of new and revised standards
The Group has adopted the following IFRSs and interpretations during the year, which have been issued and endorsed:

- Amendments to IFRS 3 Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment–Proceeds before Intended Use (effective 1 January 2022)
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and IFRS 16 Leases (effective 1 January 2022)

New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction (effective 1 January 2023)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17: Accounting for Insurance contracts

IFRS 17 Insurance Contracts, as issued by the IASB and endorsed by the UK Endorsement Board on 16 May 2022, is a replacement for IFRS 4 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023, with a transition balance sheet date of 1 January 2022.

The adoption of IFRS 17 does not change the classification of the Group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group.

Applying IFRS 17 to the Group's contracts, the scope of the standard is aligned to IFRS 4, with insurance liabilities comprised of the Liability for Remaining Coverage ('LRC'), and the Liability for Incurred Claims ('LIC'). Reinsurance assets are comprised of the Asset for Remaining Coverage ('ARC') and Asset for Incurred Claims ('AIC').

IFRS 17 outlines a general model, which is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach ('PAA').

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA, given that:

- The Group's insurance contracts issued have coverage periods of 6 to 12 months in duration and therefore automatically qualify for the PAA under IFRS 17.53(b); and
- Whilst the Group's reinsurance contracts have coverage periods which extend beyond 12 months, modelling of these contracts shows that using the PAA produces a measurement of the LRC which is not materially different from the LRC produced using the general model. These contracts are therefore eligible to be measured applying the PAA under IFRS 17.53(a).

The Group therefore intends to apply the PAA across all of its insurance contracts issued and reinsurance contracts held.

Differences in measurement principles

The measurement principles of the PAA differ from the approach used by the Group under IFRS 4 in the following key areas:

- The measurement of insurance liabilities and reinsurance assets is performed at a more granular level than IFRS 4, taking into account:
  - the type of risk and how it is managed (a "portfolio" of insurance contracts);
  - the projected level of profitability; and
  - disaggregating the contracts into annual cohorts (i.e. each "group" of contracts is considered by underwriting year for the Group.
- The measurement of the liability for incurred claims (claims outstanding under IFRS 4, comprised of the best estimate of claims outstanding plus a margin held above actuarial best estimates for adverse development) is determined on a discounted probability-weighted expected value basis plus an explicit risk adjustment for non-financial risk, which is separately reported
- The measurement of the liability for remaining coverage reflects premiums received less any deferred insurance acquisition cash flows (unless these are expensed as incurred) and less amounts recognised in revenue for insurance services provided. This corresponds to items reported under IFRS 4 as the unearned premium reserve, less deferred acquisition costs and insurance receivables
- Where facts and circumstances exist indicating that a group of contracts may be onerous, the Group must assess whether an onerous loss component should be recognised. The calculation of the onerous loss component compares the fulfilment cashflows relating to the liability for remaining coverage measured using the general model (including the risk adjustment for non-financial risk) to the recognised liability for remaining coverage, with any deficiency recognised as an onerous loss component
- The asset for remaining coverage reflects reinsurance premiums paid for reinsurance held, less ceded earned reinsurance premiums. Ceded reinsurance premiums under IFRS 17 are presented and earned net of any ceded reinsurance expense recoveries, which were presented separately under IFRS 4 and recognised in line with the timing of the gross expenses incurred. In addition, the asset for remaining coverage is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses (on the underlying insurance contracts issued) where such contracts reinsure onerous direct contracts
- The asset for incurred claims reflects the expected reinsurance recoveries of claims related cashflows on a discounted, probability weighted expected value basis, inclusive of the risk adjustment
- Under IFRS 17, income that is currently recognised immediately as commission income on underwritten ancillary products is required to be recognised over the life of the policy as insurance revenue. This is because the commission income is not considered a separable component under IFRS 17. As a result, part of the income that was recognised under IFRS 4 at year end 2021 is deferred under IFRS 17

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Key accounting policy decisions

- As set out above, both the Group's insurance and reinsurance contracts have been deemed eligible for the PAA, and the Group is intending to apply the PAA across all of its insurance and reinsurance contracts
- The application of the disaggregation requirements of IFRS 17 have resulted in the Group determining its portfolios of insurance contracts as being by country of issue and line of business
- The Group intends to take the option to expense its insurance acquisition cashflows immediately (with all contracts eligible for this treatment, given the coverage period of < 12 months), having previously deferred these expenses under IFRS 4
- The Group will compute its discount yield curves using a risk-free rate, plus an illiquidity premium reflective of the illiquidity of the underlying claims. The illiquidity premium will be set by reference to several illiquidity data points, principally using illiquidity on internal asset information supplemented by quantitative analysis when required
- The Group intends to implement the option to take the difference arising from changes in the discount yield curve through Other Comprehensive Income rather than the Income Statement, with insurance finance expenses thereby only comprising the unwinding of discounting based on the locked-in rate at the time the claims are incurred
- Although IFRS 17 requires a risk adjustment to be included in the measurement of the liability for incurred claims, there is no prescribed methodology or range. The Group has made an accounting policy decision to base its risk adjustment on a confidence level approach, setting the risk adjustment between the 85th and 95th percentile at an entity level basis, based on Group risk appetite. At the date of transition, the Group expects the risk adjustment to be at the upper end of the corridor

Estimated impact of transition

The Group is in the advanced stages of implementing the standard. The Group will be applying the standard using a fully retrospective approach, and with its first reporting in 2023 will restate the 2022 comparatives, including the opening Balance Sheet under IFRS 17 as at 1 January 2022. The estimated impact on the opening Balance Sheet is expected to be a reduction in the Group's equity of between £100 million and £130 million. The final impact within the range presented is dependent on the final outcome of a small number of outstanding technical judgements in respect of the calculation of the risk adjustment for non-financial risk.

The key changes driving the estimated adverse impact on transition are:

- An adverse impact arising from the Group's accounting policy choice to expense acquisition costs, which results in a write off of the Group's gross deferred acquisition cost asset
- A reduction in quota share reinsurance assets as a result of the change in timing in recognition of ceded quota share expense recoveries
- An adverse impact due to the deferral of revenue in relation to underwritten ancillary products, which was previously recognised immediately as commission income
- An offsetting favourable impact due to changes in the Group's claims liabilities, net of reinsurance, as a result of the requirements for the liability and asset for incurred claims to be calculated using a probability weighted, discounted best estimate plus risk adjustment for non-financial risk.
- The tax treatment of the transition impact follows the accounting treatment, with no transitional relief available. The tax impact on transition has been calculated at an entity level, based on the tax rates that are expected to be in place in 2023, when the transition impacts will be realised. Deferred tax assets in relation to carried forward losses are recognised only to the extent that it is probable future taxable profit will be available against which the assets can be utilised, in accordance with the Group's accounting policy for taxation

These estimates are based on accounting policies, assumptions, judgements and estimation techniques that remain subject to change until the Group finalises and reports its interim results in August 2023.

In addition to the impact on equity at transition, there are a number of presentational changes that will result in a reduction in insurance contract liabilities and reinsurance contract assets, primarily as a result of these balances being offset by the related insurance receivables and reinsurance receivables and payables.

The cash flows and underlying capital generation of our businesses are not materially affected by IFRS 17, and we do not expect the standard to have an impact on the Group's Solvency II performance metrics.

3. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of the Group's contracts with reinsurers as reinsurance contracts

A contract is required to transfer significant insurance risk in order to be classified as such. Management reviews all terms and conditions of each such insurance and reinsurance contract in order to be able to make this judgement. In particular, all reinsurance contracts (both excess of loss and quota share contracts) held by the Group have been assessed and it has been concluded that all contracts transfer significant insurance risk and have therefore been classified and accounted for as reinsurance contracts within these financial statements.

Consolidation of the Group's special purpose entities ('SPEs')

The Group has set up SPEs in relation to the Admiral Loans business, whereby the Group securitises certain loans by the transfer of the loans to the respective SPEs. The securitisation enables a subsequent issue of debt by the SPEs to investors who gain the security of the underlying assets as collateral.

The accounting treatment of SPEs has been assessed and it has been concluded that the entities should be fully consolidated into the Group's financial statements under IFRS 10. This is due to the fact that despite not having legal ownership, the Group has control of the SPEs, being exposed to the returns and having the ability to affect those returns through its power over the SPEs.

The SPEs have been fully consolidated into the Group's financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of insurance claims provisions and reinsurance assets

The Group's reserving policy requires management to set provisions for outstanding claims for the purpose of the financial statements, above the projected best estimate outcome to allow for unforeseen adverse claims development. In the application of this policy, management applies judgement in:

- Calculating the best estimate of the gross ultimate total cost of settling claims that have been incurred prior to the balance sheet date;
- Calculating the best estimate of the non-proportional excess of loss reinsurance recoveries relating to outstanding claims; and
- Determining where, above the projected best estimate outcomes of gross outstanding claims and reinsurance recoveries, the insurance claims provisions should sit in line with the Group's reserving methodology

Estimation techniques are used in the calculation of the provisions for claims outstanding, which represent a projection of the ultimate estimated total cost of settling claims that have been incurred prior to the balance sheet date and remain unsettled at the balance sheet date, along with a margin to allow for unforeseen adverse claims development.

The primary areas of estimation uncertainty are as follows:

1) Calculation of gross best estimate claims provisions

The key area where estimation techniques are used is in the ultimate projected cost of reported claims, which includes the emergence of claims that occurred prior to the balance sheet date, but had not been reported at that date.

The Group, utilising internal actuarial teams, projects the best estimate claims reserves using a variety of different recognised actuarial projection techniques (for example incurred and paid chain ladders, and initial expected assumptions) to allow an actuarial assessment of their potential outcome. This includes an allowance for unreported claims. The projection techniques are subject to review by an independent external actuarial specialist to provide an impartial assessment.

Notes to the Financial Statements
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For the year ended 31 December 2022

Claims are segmented into groups with similar characteristics and which are expected to develop and behave similarly, for example bodily injury (attritional and large) and damage claims, with specific projection methods selected for each head of damage. Key sources of estimation uncertainty arise from both the selection of the projection methods and the assumptions made in setting claims provisions through the review of historical development of underlying case reserve estimates, overlaid with emerging market trends.

Allowance is made for changes arising from the internal and external environment which may cause future claim cost inflation to deviate from that seen in historic data. Examples of these factors include:

- Changes in the reporting patterns of claims impacting the frequency of bodily injury claims;
- Emerging inflationary trends on the average cost of bodily injury and damage claims;
- The likelihood of bodily injury claims settling as Periodic Payment Orders;
- Changes in the regulatory or legal environment that lead to changes in awards for bodily injury claims and associated legal costs;
- Changes to the underlying process and methodologies employed in setting and reviewing case reserve estimates

Implicit assumptions in the actuarial projections include average cost per claim and average claim numbers by accident year, future rates of claims inflation and loss ratios by accident year and underwriting year. These metrics are reviewed and challenged as part of the process for making allowance for the uncertainties noted.

2) Calculation of excess of loss reinsurance recoveries
The Group uses excess of loss reinsurance in order to mitigate the impact of large claims. The reinsurance is non-proportional and recoveries are made on individual claims above the relevant thresholds.

As for the underlying gross claims, actuarial teams project the best estimate excess of loss reinsurance recoveries using a variety of actuarial projection techniques that focus on both the ultimate frequency of reported recoveries and the average size of the recovery.

Key sources of estimation uncertainty arise from both the selection of the projection methods and the assumptions made in calculating the recoveries through the review of historical development of underlying case reserve estimates, overlaid with emerging market trends.

The most significant element of the estimation relates to large bodily injury claims. The key assumption in the calculation of excess of loss recoveries relates to the numbers of large claims in the Group's UK Motor insurance business that will attract recoveries, where the high retention means that a small number of additional large claims would potentially result in a material increase in the excess of loss recoveries.

3) Calculation of the margin held for adverse development
A wide range of factors inform management's recommendation in setting the margin held above actuarial best estimates, which is subject to approval from the Group's Reserving and Audit Committees, including:

- Reserve KPIs such as the level of margin as a percentage of the ultimate reserve;
- Results of stress testing of key assumptions underpinning key actuarial assumptions within best estimate reserves;
- A review of a number of individual and aggregated reserve scenarios which may result in future adverse variance to the ultimate best estimate reserve;
- Qualitative assessment of the level of uncertainty and volatility within the reserves and the change in that assessment compared to previous periods

In addition, for the Group's UK Car insurance business, the Group's internal reserve risk distribution is used to determine the approximate confidence level of the recommended booked reserve position which enables comparison of the reserve strength to previous periods and of it's compliance with IFRS 4.

For sensitivities in respect of the claims reserves, refer to note 5d(ii) of the financial statements. These sensitivities are provided based on booked loss ratios, as it is impractical to disaggregate the assumptions further, but for the disaggregated assumptions it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount. For further detail on objectives, policies and procedures for managing insurance risk, refer to note 5 of the financial statements.

Future changes in claims reserves also impact profit commission income, as the measurement of this income is dependent on the loss ratio booked in the financial statements, and cash receivable is dependent on actuarial projections of ultimate loss ratios.

Calculation of expected credit loss provision

The Group is required to calculate an expected credit loss ('ECL') allowance in respect of the carrying value of the Admiral loans book in line with the requirements of IFRS 9. Due to the size of the loan book, the calculation of the ECL is deemed to be a critical accounting judgement and includes key sources of estimation uncertainty. Management applies judgement in:

- Determining the appropriate modelling solution for measuring the ECL;
- Calibrating and selecting appropriate assumptions;
- Setting the criteria for what constitutes a significant increase in credit risk;
- Identification of key scenarios to include and determining the credit loss in these instances

The key areas of estimation uncertainty are in the calculation of the probability of default (PD) in the base scenario for stage 1 and 2 assets, and the determination, impact assessment and weighting of the forward-looking scenarios.

Refer to the analysis in note 7 to the financial statements for further detail on the Group's ECL methodology applied in the period.

4. Operating segments

4a. Accounting policies

(i) Group consolidation

The consolidated financial statements comprise the results and balances of the Company and all entities controlled by the Company, being its subsidiaries and SPEs (together referred to as the Group), for the year ended 31 December 2022 and comparative figures for the year ended 31 December 2021. The financial statements of the Company's subsidiaries and its SPEs are consolidated in the Group financial statements.

The Company controls 100% of the voting share capital of all its principal subsidiaries, except Admiral Law Limited, Inspop USA LLC, comparenow.com Insurance Agency LLC (indirect holding).

An SPE is fully consolidated into the Group financial statements under IFRS 10, where the Group has control over the SPE.

The parent company financial statements present information about the Company as a separate entity and not about its Group. In accordance with IAS 24, transactions or balances between Group companies that have been eliminated on consolidation are not reported as related party transactions in the consolidated financial statements.

(ii) Foreign currency translation

Items included in the financial records of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, the Group's presentational currency, rounded to the nearest £0.1 million.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items measured at cost are translated at their historic rate and non-monetary items held at fair value are translated using the foreign exchange rate on the date that the fair value was established.

The financial statements of foreign operations whose functional currency is not pounds sterling are translated into the Group presentation currency (pound sterling) as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement are translated at average monthly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction)
- All resulting exchange differences are recognised in other comprehensive income and in a separate component of equity except to the extent that the translation differences are attributable to non-controlling interests

On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

Notes to the Financial Statements
continued

For the year ended 31 December 2022

4. Operating segments continued
4b. Segment reporting
The Group has four (five for financial year 2021 including discontinued operations) reportable segments, as described below. These segments represent the principal split of business that is regularly reported to the Group's Board of Directors, which is considered to be the Group's chief operating decision maker in line with IFRS 8 Operating Segments.

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

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

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

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

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

The segment relates to the comparison businesses disposed of including: Confused.com in the UK, Rastreator in Spain, LeLynx in France, and Preminen entities.

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

An analysis of the Group's revenue and results for the year ended 31 December 2022, by reportable segment, is shown below. The accounting policies of the reportable segments are materially consistent with those presented in the notes to the financial statements for the Group.

	Year ended 31 December 2022					
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations*4 £m	Total £m
Turnover*1	**2,784.3**	**795.9**	**59.0**	**41.7**	**(0.3)**	**3,680.6**
Net insurance premium revenue	628.8	251.7	–	30.5	–	**911.0**
Other Revenue and profit commission	440.8	40.1	0.3	8.8	(0.3)	**489.7**
Net interest income	–	–	44.6	–	1.5	**46.1**
Investment return*2	35.0	2.3	–	(0.1)	(2.2)	**35.0**
Net revenue	1,104.6	294.1	44.9	39.2	(1.0)	**1,481.8**
Net insurance claims	(260.4)	(227.3)	–	(18.4)	–	**(506.1)**
Expenses	(228.3)	(120.6)	(42.8)	(40.0)	0.3	**(431.4)**
Segment profit/(loss) before tax	**615.9**	**(53.8)**	**2.1**	**(19.2)**	**(0.7)**	**544.3**
Other central revenue and expenses, including share scheme charges						**(75.3)**
Investment and interest income						**11.4**
Finance costs*3						**(11.4)**
Consolidated profit before tax						**469.0**
Taxation expense						**(97.2)**
Consolidated profit after tax						**371.8**
Other segment items:						
– Intangible and tangible asset additions	122.2	44.7	2.3	13.6	–	**182.8**
– Depreciation and amortisation	63.9	50.4	1.0	7.6	–	**122.9**

Notes to the Financial Statements
continued

For the year ended 31 December 2022

4. Operating segments continued

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 operations*6 £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	–	–	–	–	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 *5							713.5	1,129.2
Taxation expense							(130.2)	(132.5)
Consolidated profit after tax							583.3	996.7
Other segment items:								
– Intangible and tangible asset additions	94.8	47.6	0.6	1.2	–	–	144.2	144.2
– Depreciation and amortisation	65.5	44.5	0.7	0.2	–	–	110.9	110.9

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

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

*3 £0.5 million (2021: £0.6 million) of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the income statement has been reallocated to individual segments within expenses, in line with management segmental reporting

*4 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 £0.3 million (2021: £7.8 million) elimination of other revenue and profit commission, £nil (2021: £7.6 million) relates to discontinued operations, with the remaining £0.3 million (2021: £0.2 million) relating to compare.com. £1.5 million (2021: £2.7 million) of intra-group interest charges related to the UK Insurance and Admiral Money segment and £0.7 million (2021: £nil) related to UK Insurance and central finance costs have also been eliminated on consolidation

*5 Profit before tax for the year ended 31 December 2021 above of £1,129.2 million includes profit before tax from continuing operations (£713.5 million) and discontinued operations (£415.7 million, including £0.4 million of central expenses)

*6 See note 13 for further detail on discontinued operations

Segment revenues

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

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

Information about geographical locations

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

Segment assets and liabilities

The identifiable segment assets and liabilities at 31 December 2022 are as follows:

	As at 31 December 2022					
	UK Insurance £m	**International Insurance £m**	**Admiral Money £m**	**Other £m**	**Elimination £m**	**Total £m**
Reportable segment assets	6,908.0	1,313.8	929.2	285.3	(693.4)	**8,742.9**
Reportable segment liabilities	5,884.7	1,150.3	902.1	500.1	(683.5)	**7,753.7**
Reportable segment net assets	**1,023.3**	**163.5**	**27.1**	**(214.8)**	**(9.9)**	**989.2**
Unallocated assets and liabilities						**(33.8)**
Consolidated net assets						**955.4**

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

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

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

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

5. Premium, claims and profit commissions

5a. Accounting policies

(i) Revenue – premiums

Premiums relating to insurance contracts are recognised as revenue, net of expected cancellations and insurance premium tax, proportionally over the period of cover. Premiums with an inception date after the end of the period are held in the statement of financial position as deferred revenue. Outstanding collections from policyholders related to unexpired risk are recognised within policyholder receivables. A corresponding unearned premium provision is recognised (see note 5a(iii)).

(ii) Revenue – profit commission

Some of the co-insurance and reinsurance contracts under which motor premiums are shared or ceded, profit commission may be earned on a particular year of account, which is usually subject to performance criteria such as loss ratios and expense ratios. The commission is dependent on the ultimate outcome of any year, with revenue being recognised when loss and expense ratios used in the preparation of the financial statements move below a contractual threshold.

Profit commission receivable from reinsurance contracts is accounted for in line with IFRS 4, whereas profit commission receivable from co-insurance contracts with third parties is in line with IFRS 15. Further detail of the policy under IFRS 15 is set out in note 8.

(iii) Insurance contracts and reinsurance assets

Premiums

The proportion of premium receivable on in-force policies relating to unexpired risks is reported in insurance contract liabilities and reinsurance assets as the unearned premium provision – gross and reinsurers' share respectively.

Claims

Claims and claims handling expenses are charged as incurred, based on the estimated direct and indirect costs of settling all liabilities arising on events occurring up to the balance sheet date.

The provision for claims outstanding comprises provisions for the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. Anticipated reinsurance recoveries are disclosed separately as assets.

Whilst the Directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided.

Notes to the Financial Statements continued

For the year ended 31 December 2022

5. Premium, claims and profit commissions continued

Adjustments to the amounts of claims provisions established in prior years are reflected in the income statement for the period in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

A provision for unexpired risk is made where necessary for the estimated amount required over and above unearned premiums (net of deferred acquisition costs) to meet future claims and related expenses.

Co-insurance

The Group has entered into certain co-insurance contracts with external parties under which insurance risks are shared on a proportional basis, with the co-insurer taking a specific percentage of premium written and being responsible for the same proportion of each claim. The co-insurer therefore takes direct insurance risk from the policyholder and is directly responsible to the claimant for its proportion of the claim. As the contractual liability is several and not joint, neither the premiums nor claims relating to the co-insurance agreements with external parties are included in the income statement. Under the terms of these agreements, the co-insurers reimburse the Group for the same proportionate share of the costs of acquiring and administering the business.

Reinsurance assets

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on the insurance contracts issued by the Group are classified as reinsurance contracts. A contract is only accounted for as a reinsurance contract where there is significant insurance risk transfer between the insured and the insurer.

Reinsurance assets are comprised of balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a consistent manner with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

The Group assesses its reinsurance assets for impairment on a regular basis, and in detail every six months. If there is objective evidence that the asset is impaired, then the carrying value will be written down to its recoverable amount.

On commutation of reinsurance contracts, the reinsurer is discharged from all obligations relating to the contract. Reinsurance assets and liabilities relating to the commuted contracts are settled in the period in which the commutation agreement is signed.

5b. Net insurance premium revenue

	31 December 2022 £m	31 December 2021 £m
Total insurance premiums including co-insurers' share*1	**3,243.1**	3,098.7
Group gross premiums written excluding co-insurance	**2,849.7**	2,513.6
Outwards reinsurance premiums	**(1,922.4)**	(1,643.0)
Net insurance premiums written	**927.3**	870.6
Change in gross unearned premium provision	**(144.3)**	(21.3)
Change in reinsurers' share of unearned premium provision	**128.0**	5.7
Net insurance premium revenue	**911.0**	855.0

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

The Group's share of its insurance business was underwritten by Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, Admiral Europe Compania Seguros ('AECS') and Elephant Insurance Company. The vast majority of contracts are short term in duration, lasting for between 6 and 12 months.

5c. Profit commission

	31 December 2022 £m	31 December 2021 £m
Underwriting year (UK Motor only)		
2017 and prior	**54.4**	94.4
2018	**35.8**	18.6
2019	**31.5**	27.6
2020	**48.5**	150.0
2021	**–**	–
2022	**–**	–
Total UK Motor profit commission*1	**170.2**	290.6
Total UK Household and International profit commission*1	**0.7**	13.9
Total profit commission	**170.9**	304.5

*1 From the total UK Motor profit commission of £170.2 million (2021: £290.6 million), £130.4 million (2021: £162.9 million) relates to co-insurance arrangements and £39.8 million (2021: £127.7 million) to reinsurance arrangements. The UK Household and International profit commission relates solely to reinsurance arrangements

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

5d. Reinsurance assets and insurance contract liabilities

(i) Objectives, policies and procedures for the management of insurance risk

The Group's primary business is the issuance of insurance contracts that transfer risk from policyholders to the Group and its co-insurance partners.

Insurance risk involves uncertainty over the occurrence, amount or timing of claims arising on insurance contracts issued. It is primarily comprised of reserve risk; the risk that the value of insurance liabilities established is insufficient to cover the ultimate cost of claims incurred at the balance sheet date, and premium risk; the risk that the claims experience on business written but not earned is higher than allowed for in the premiums charged to policyholders.

The Board of Directors is responsible for the management of insurance risk, although as mentioned in note 6, it has delegated the detailed oversight of risk management to the Group Risk Committee.

The Group also has a Group Reserving Committee as well as local Reserving Committees which are comprised of senior managers within the finance, claims, pricing and actuarial functions in the respective businesses. The Reserving Committees primarily recommends the approach for insurance reserving but also reviews the systems and controls in place to support accurate reserving and considers material reserving issues such as large bodily injury claims frequency and severity.

The Board implements certain policies to mitigate and control the level of insurance risk accepted by the Group. These include pricing policies and claims management and administration processes, in addition to reserving policies and co- and reinsurance arrangements as detailed below.

Reserve risk

Reserve risk is mitigated through a series of processes and controls. The key processes are as follows:

- Regular management and internal actuarial review of individual and aggregate case claim reserves, including regular reporting of management information and exception reporting of significant movements;
- Regular management and internal actuarial review of large claims, including claims settled or potentially settled by PPOs for which the uncertainty is increased by factors such as the lifetime of the claimant and movements in the indexation for the cost of future care of the claimant;
- Bi-annual external actuarial review of best estimate claims reserves using a variety of recognised actuarial technique;
- Internal actuarial analysis of reserve uncertainty through qualitative analysis, scenario testing and a range of stochastic reserving techniques;
- Ad hoc external reviews of reserving related processes and assumptions;
- Use of a reserving methodology which informs management's reserving decisions for the purposes of the Group's financial statements. As described in note 3, critical accounting judgements and estimates, the methodology determines that reserves should be set above projected best estimate outcomes to allow for unforeseen adverse claims development

As noted above, the Group shares a significant amount of the insurance business generated with external underwriters. As well as these proportional arrangements, excess of loss reinsurance programmes are also purchased to protect the Group against very large individual claims and catastrophe losses.

Notes to the Financial Statements continued

For the year ended 31 December 2022

5. Premium, claims and profit commissions continued

Claims reserving

Admiral's reserving policy (both within the claims function and in the financial statements) is initially to reserve conservatively, above internal and independent projections of actuarial best estimates. This is designed to create a margin held in reserves to allow for unforeseen adverse development in open claims and typically results in Admiral making above industry average reserve releases. Admiral's booked claims reserves continue to include a significant margin above projected best estimates of ultimate claims costs.

The margin held above ultimate outcomes in the financial statement reserves remains both significant and prudent. In relative terms, it is lower than that held at the end of 2021, reflecting the crystallisation of some of the uncertainty previously held in the margin, in the best estimate reserves.

As profit commission income is recognised in the income statement in line with loss ratios accounted for on Admiral's own claims reserves, the reserving policy also results in profit commission income being deferred and recognised over time due to the application of constraint on variable consideration.

Premium risk

As noted above, the Group defines premium risk as the risk that claims cost on business written but not yet earned is higher than allowed for in the premiums charged to policyholders. This also includes catastrophe risk, the risk of incurring significant losses as a result of the occurrence of manmade catastrophe, or natural weather events.

Key processes and controls operating to mitigate premium risk are as follows:

- Experienced and focused senior management and teams in relevant business areas including pricing and claims management;
- A data-driven and analytical approach to regular monitoring of claims and underwriting performance;
- Observations of weather events trends to understand climate impacts on frequency and severity;
- Capability to identify and resolve underperformance promptly through changes to key performance drivers, in particular pricing

In addition, as mentioned above, excess of loss reinsurance programmes are also purchased to protect the Group against very large individual claims and catastrophe losses.

Other elements of insurance risk include reinsurance risk, the risk of placement of ineffective reinsurance arrangements, or the economic risk of reduced availability of co-insurance and reinsurance arrangements in future periods.

The Group mitigates these risks by ensuring that it has a diverse range of financially secure reinsurance partners, including a long-term relationship with Munich Re and a number of other large reinsurers.

Concentration of insurance risk

The Directors do not believe there are significant concentrations of insurance risk. This is because the risks are spread across a large number of policies and a wide regional base. The International Car insurance, UK Household, and UK Travel business further contribute to the diversification of the Group's insurance risk.

Information regarding reinsurance credit risk is provided in note 6j to the financial statements.

(ii) Sensitivity of recognised amounts to changes in assumptions

Underwriting year loss ratios – UK Car insurance

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2022 that would result from a 1%, 3% and 5% increase and decrease in the UK Car insurance loss ratios used for each underwriting year for which material amounts remain outstanding. This includes the impact on profit commission of the respective changes in booked loss ratios, which are also shown separately below.

	Underwriting year			
Total impact on income statement (including profit commission)	2019	2020	2021	2022
Booked loss ratio	67%	61%	89%	102%
Impact of 1% deterioration in booked loss ratio (£m)	(15.5)	(16.4)	(3.7)	(1.9)
Impact of 3% deterioration in booked loss ratio (£m)	(46.2)	(49.2)	(11.0)	(5.6)
Impact of 5% deterioration in booked loss ratio (£m)	(76.4)	(82.0)	(18.3)	(9.3)
Impact of 1% improvement in booked loss ratio (£m)	15.5	16.4	3.7	1.9
Impact of 3% improvement in booked loss ratio (£m)	46.6	49.2	11.0	5.6
Impact of 5% improvement in booked loss ratio (£m)	77.6	82.0	18.3	9.3

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

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2022 that would result from a 1%, 3% and 5% increase and decrease in the UK Car insurance loss ratios used for each underwriting year for which material amounts remain outstanding, on profit commission only.

	Underwriting year			
Impact on profit commission only	**2019**	**2020**	**2021**	**2022**
Booked loss ratio	67%	61%	89%	102%
Impact of 1% deterioration in booked loss ratio (£m)	(5.6)	(8.0)	–	–
Impact of 3% deterioration in booked loss ratio (£m)	(16.5)	(23.9)	–	–
Impact of 5% deterioration in booked loss ratio (£m)	(26.8)	(39.8)	–	–
Impact of 1% improvement in booked loss ratio (£m)	5.6	8.0	–	–
Impact of 3% improvement in booked loss ratio (£m)	16.8	23.9	–	–
Impact of 5% improvement in booked loss ratio (£m)	28.0	39.8	–	–

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

(iii) Analysis of recognised amounts

	31 December 2022 £m	31 December 2021 £m
Gross		
Claims outstanding*1	**3,456.1**	3,045.0
Unearned premium provision	**1,336.4**	1,170.0
Total gross insurance liabilities	**4,792.5**	4,215.0
Recoverable from reinsurers		
Claims outstanding	**1,807.5**	1,415.7
Unearned premium provision	**906.5**	760.4
Total reinsurers' share of insurance liabilities	**2,714.0**	2,176.1
Net		
Claims outstanding*2	**1,648.6**	1,629.3
Unearned premium provision	**429.9**	409.6
Total insurance liabilities – net	**2,078.5**	2,038.9

*1 Gross claims outstanding at 31 December 2022 is presented before the deduction of salvage and subrogation recoveries totalling £125.9 million (2021: £87.6 million)

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

Notes to the Financial Statements
continued

For the year ended 31 December 2022

5. Premium, claims and profit commissions continued

(iv) Analysis of claims incurred

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

	Financial year ended 31 December										
Analysis of claims incurred (gross amounts)	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021[*1] £m	**2022 £m**	**Total £m**
Underwriting year (UK insurance)											
2013 and prior	(680.7)	(196.3)	181.3	56.2	125.3	92.9	33.7	30.0	31.7	**15.1**	**(310.8)**
2014	–	(438.2)	(347.1)	25.6	17.1	52.0	15.7	22.5	19.0	**13.6**	**(619.8)**
2015	–	–	(428.4)	(411.2)	21.7	53.3	58.0	34.0	25.8	**18.9**	**(627.9)**
2016	–	–	–	(529.4)	(463.7)	82.1	54.8	46.1	50.3	**41.0**	**(718.8)**
2017	–	–	–	–	(691.8)	(615.0)	123.1	79.5	82.5	**37.5**	**(984.2)**
2018	–	–	–	–	–	(818.8)	(546.9)	52.8	80.3	**104.3**	**(1,128.3)**
2019	–	–	–	–	–	–	(812.4)	(476.2)	89.8	**71.1**	**(1,127.7)**
2020	–	–	–	–	–	–	–	(697.4)	(519.5)	**95.2**	**(1,121.7)**
2021	–	–	–	–	–	–	–	–	(864.5)	**(749.6)**	**(1,614.1)**
2022	–	–	–	–	–	–	–	–	–	**(1,089.0)**	**(1,089.0)**
UK insurance gross claims incurred	(680.7)	(634.5)	(594.2)	(858.8)	(991.4)	(1,153.5)	(1,074.0)	(908.7)	(1,004.6)	**(1,441.9)**	**(9,342.3)**
Underwriting year (International insurance)											
2013 and prior	(120.8)	(46.3)	11.2	18.3	7.7	10.6	4.4	(0.2)	0.8	**0.2**	**(114.1)**
2014	–	(85.2)	(65.5)	4.4	5.8	5.5	2.0	(0.4)	0.5	**(0.3)**	**(133.2)**
2015	–	–	(92.6)	(101.6)	7.7	3.1	0.1	(0.1)	0.1	**0.1**	**(183.2)**
2016	–	–	–	(138.9)	(125.3)	11.7	6.9	3.6	1.4	**0.9**	**(239.7)**
2017	–	–	–	–	(174.1)	(147.3)	16.5	8.6	5.0	**(0.4)**	**(291.7)**
2018	–	–	–	–	–	(204.9)	(165.7)	20.1	6.2	**2.8**	**(341.5)**
2019	–	–	–	–	–	–	(293.8)	(141.2)	13.3	**9.1**	**(412.6)**
2020	–	–	–	–	–	–	–	(233.6)	(160.6)	**19.6**	**(374.6)**
2021	–	–	–	–	–	–	–	–	(284.5)	**(225.5)**	**(510.0)**
2022	–	–	–	–	–	–	–	–	–	**(353.6)**	**(353.6)**
International insurance gross claims incurred	(120.8)	(131.5)	(146.9)	(217.8)	(278.2)	(321.3)	(429.6)	(343.2)	(417.8)	**(547.1)**	**(2,954.2)**
Other gross claims incurred	(2.2)	(7.1)	(5.4)	(0.1)	(3.6)	(1.1)	–	–	(18.4)	**(16.6)**	**(54.5)**
Claims handling costs	(22.9)	(21.4)	(22.6)	(27.1)	(35.5)	(37.9)	(64.5)	(66.7)	(66.0)	**(75.8)**	**(440.4)**
Total gross claims incurred	(826.6)	(794.5)	(769.1)	(1,103.8)	(1,308.7)	(1,513.8)	(1,568.1)	(1,318.6)	(1,506.8)	**(2,081.4)**	**(12,791.4)**

Analysis of claims incurred (net amounts)	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021[1] £m	**2022 £m**	**Total £m**
	Financial year ended 31 December										
Underwriting year (UK insurance)											
2013 and prior	(242.3)	(5.8)	165.2	91.1	133.1	85.2	26.5	25.3	29.4	**14.2**	**321.9**
2014	–	(187.0)	(144.1)	(16.4)	25.3	38.4	17.2	18.6	13.6	**11.3**	**(223.1)**
2015	–	–	(182.1)	(162.0)	(2.6)	42.6	48.2	26.1	27.8	**15.0**	**(187.0)**
2016	–	–	–	(219.4)	(180.7)	48.1	50.7	46.6	41.8	**33.5**	**(179.4)**
2017	–	–	–	–	(214.3)	(182.9)	77.8	67.1	72.6	**35.0**	**(144.7)**
2018	–	–	–	–	–	(261.0)	(165.2)	40.6	62.3	**98.0**	**(225.3)**
2019	–	–	–	–	–	–	(258.1)	(142.5)	56.9	**53.5**	**(290.2)**
2020	–	–	–	–	–	–	–	(218.5)	(157.8)	**52.5**	**(323.8)**
2021	–	–	–	–	–	–	–	–	(277.2)	**(231.0)**	**(508.2)**
2022	–	–	–	–	–	–	–	–	–	**(327.9)**	**(327.9)**
UK insurance net claims incurred	(242.3)	(192.8)	(187.0)	(306.7)	(239.2)	(229.6)	(202.9)	(136.7)	(130.6)	**(245.9)**	**(2,087.7)**
Underwriting year (International insurance)											
2013 and prior	(49.1)	(18.9)	5.1	9.2	3.1	5.3	2.1	–	0.3	**0.2**	**(42.7)**
2014	–	(31.6)	(23.3)	1.8	1.8	2.2	0.8	(0.1)	0.2	**(0.1)**	**(48.3)**
2015	–	–	(33.4)	(39.6)	5.1	1.3	1.3	–	0.1	**–**	**(65.2)**
2016	–	–	–	(47.9)	(43.5)	6.3	2.4	1.5	0.6	**0.3**	**(80.3)**
2017	–	–	–	–	(60.7)	(51.5)	5.5	3.2	2.3	**0.1**	**(101.1)**
2018	–	–	–	–	–	(71.2)	(58.4)	7.8	2.7	**0.9**	**(118.2)**
2019	–	–	–	–	–	–	(89.6)	(50.1)	4.9	**2.2**	**(132.6)**
2020	–	–	–	–	–	–	–	(95.4)	(64.0)	**5.3**	**(154.1)**
2021	–	–	–	–	–	–	–	–	(114.3)	**(88.0)**	**(202.3)**
2022	–	–	–	–	–	–	–	–	–	**(133.9)**	**(133.9)**
International insurance net claims incurred	(49.1)	(50.5)	(51.6)	(76.5)	(94.2)	(107.6)	(135.9)	(133.1)	(167.2)	**(213.0)**	**(1,078.7)**
Other net claims incurred	(2.1)	(6.9)	(5.4)	(0.2)	(2.6)	(1.1)	–	–	(11.6)	**(18.0)**	**(47.9)**
Claims handling costs	(9.5)	(8.9)	(9.4)	(11.2)	(11.1)	(11.8)	(20.5)	(23.4)	(22.9)	**(29.2)**	**(157.9)**
Total net claims incurred	(303.0)	(259.1)	(227.4)	(394.6)	(347.1)	(350.1)	(359.3)	(293.2)	(332.3)	**(506.1)**	**(3,372.2)**

*1 Financial Year 2021 has been restated to disclose gross claims and net claims incurred in relation to the other segment and net claims in relation to a reclassification between UK insurance and International insurance

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

UK Car insurance loss ratio development	2017	2018	2019	2020	2021	**2022**
	Financial year ended 31 December					
Underwriting year (UK Car only)						
2017	87%	83%	75%	70%	65%	**62%**
2018	–	92%	81%	78%	73%	**67%**
2019	–	–	92%	76%	72%	**67%**
2020	–	–	–	72%	66%	**61%**
2021	–	–	–	–	90%	**89%**
2022	–	–	–	–	–	**102%**

Notes to the Financial Statements
continued

For the year ended 31 December 2022

5. Premium, claims and profit commissions continued

(v) Analysis of claims reserve releases

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

	Financial year ended 31 December					
Gross	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Underwriting year (UK Motor insurance)						
2017 and prior	214.0	270.5	252.4	186.0	187.5	**109.4**
2018	–	–	83.2	57.3	64.1	**100.3**
2019	–	–	–	54.8	76.2	**70.6**
2020	–	–	–	–	52.9	**87.5**
2021	–	–	–	–	–	**13.8**
Total gross release (UK Motor insurance)	214.0	270.5	335.6	298.1	380.7	**381.6**
Total gross release (UK Household insurance)	1.6	4.6	8.3	9.2	6.0	**3.6**
Total gross release (UK Travel insurance)	–	–	–	–	2.2	**0.4**
Total gross release (International insurance)	23.2	35.2	39.1	53.2	52.0	**46.1**
Total gross release (Other insurance)	–	–	–	–	–	**5.6**
Total gross release	238.8	310.3	383.0	360.5	440.9	**437.3**

	Financial year ended 31 December					
Net	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Underwriting year (UK Motor insurance)						
2017 and prior	165.9	221.0	217.6	183.9	184.9	**108.2**
2018	–	–	25.8	40.7	61.9	**97.2**
2019	–	–	–	17.0	54.6	**52.7**
2020	–	–	–	–	15.9	**51.4**
2021	–	–	–	–	–	**3.6**
Total net release (UK Motor insurance)	165.9	221.0	243.4	241.6	317.3	**313.1**
Total net release (UK Household insurance)	0.5	1.4	2.5	2.8	2.5	**1.6**
Total net release (UK Travel insurance)	–	–	–	–	2.2	**0.4**
Total net release (International insurance)	9.5	13.5	14.4	18.6	16.4	**15.8**
Total net release (Other insurance)	–	–	–	–	–	**3.3**
Total net release	175.9	235.9	260.3	263.0	338.4	**334.2**
Analysis of net releases on UK Motor insurance:						
– Releases on original Admiral net share (UK Motor)	92.1	111.4	121.7	104.3	128.1	**124.0**
– Releases on commuted quota share reinsurance contracts (UK Motor)	73.8	109.6	121.7	137.3	189.2	**189.1**
Total UK Motor net release as above	165.9	221.0	243.4	241.6	317.3	**313.1**

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

	Financial year ended 31 December					
	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Underwriting year						
2017 and prior	73.8	109.6	121.7	113.9	116.4	**66.0**
2018	–	–	–	23.4	43.5	**66.5**
2019	–	–	–	–	29.3	**31.4**
2020	–	–	–	–	–	**25.2**
Total releases on commuted quota share reinsurance contracts (UK Motor)	73.8	109.6	121.7	137.3	189.2	**189.1**

Profit commission is analysed in note 5c.

(vi) Reconciliation of movement in claims outstanding

	31 December 2022		
	Gross £m	**Reinsurance £m**	**Net £m**
Claims outstanding at start of period	3,045.0	(1,415.7)	1,629.3
Claims incurred (excluding claims handling costs and releases)	2,443.0	(1,631.9)	811.1
Reserve releases	(437.3)	103.1	(334.2)
Movement in claims outstanding due to commutation	–	194.1	194.1
Claims paid and other movements*1	(1,594.6)	942.9	(651.7)
Claims outstanding at end of period	**3,456.1**	**(1,807.5)**	**1,648.6**

	31 December 2021		
	Gross £m	Reinsurance £m	Net £m
Claims outstanding 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 outstanding due to commutation	–	318.4	318.4
Claims paid and other movements*1	(1,315.8)	716.7	(599.1)
Claims outstanding at end of period	3,045.0	(1,415.7)	1,629.3

*1 Claims and other movements includes foreign exchange impacts of £33.9 million adverse (2021: £3.8 million adverse) on a gross basis, £28.3 million gain (2021: £3.4 million gain) on a reinsurance basis resulting in a £5.6 million adverse (2021: £0.4 million) impact on a net basis

(vii) Reconciliation of movement in net unearned premium provision

	31 December 2022		
	Gross £m	**Reinsurance £m**	**Net £m**
Unearned premium provision at start of period	1,170.0	(760.4)	409.6
Written in the period	2,849.7	(1,922.4)	927.3
Earned in the period	(2,705.4)	1,794.4	(911.0)
Translation differences	22.1	(18.1)	4.0
Unearned premium provision at end of period	**1,336.4**	**(906.5)**	**429.9**

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

Notes to the Financial Statements
continued

For the year ended 31 December 2022

6. Investment income and costs
6a. Accounting policies
i) Financial assets
Classification and measurement

The classification and subsequent measurement of the financial asset under IFRS 9 depends on:

a. the Group's business model for managing the financial assets; and

b. the contractual cash flow characteristics of the financial asset.

Based on these factors, the financial asset is classified into one of the following categories:

- Amortised cost – assets which are held in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding (SPPI), where the asset is not designated as fair value through profit or loss (FVTPL)

For the Group, these include deposits with credit institutions, cash and cash equivalents, insurance receivables, trade and other receivables and loans and advances to customers.

The interest income generated from these assets is included in investment returns, with the exception of loans and advances to customers, where the interest receivable is recognised in interest income.

Impairment is recognised on these assets using the expected credit loss model.

- Fair value through other comprehensive income (FVOCI) – assets which are held both to collect contractual cash flows and to sell the asset, where the contractual terms of the financial asset give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding (SPPI), where the asset is not designated as FVTPL

For the Group, these assets include corporate, government and private debt securities.

In addition, IFRS 9 allows an irrevocable election at initial recognition to designate equity investments at FVOCI that otherwise would be held at FVTPL, provided these are not held for trading. The Group has made this election for certain equity investments.

Movements in the carrying amount are taken through OCI, with the exception of recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in profit or loss.

- Fair value through profit or loss (FVTPL) – assets which do not meet the criteria for amortised cost or FVOCI, or which are designated as FVTPL

For the Group these assets include liquidity funds investing in short duration assets, other funds and derivative financial instruments.

A gain or loss on disposal of an investment measured at FVOCI is presented within investment return in the period in which it arises.

Impairment

The expected credit loss model is used to calculate any impairment to be recognised for all assets measured at amortised cost, as well as financial investments measured at FVOCI. The general approach, which utilises the three-stage model, is used for Loans and advances to customers (see note 7) whilst impairment for the remaining assets is measured using the simplified approach.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from that asset have expired, or when the Group transfers the asset and all the attached substantial risks and rewards relating to the asset to a third party.

ii) Financial liabilities
Classification and subsequent measurement

All financial liabilities are classified as subsequently measured at amortised cost using the effective interest method, except for derivatives that are classified at fair value through profit or loss and subsequently measured at fair value.

Movements in the amortised cost are recognised through the income statement.

Derecognition

A financial liability is derecognised when the obligation under that liability is discharged, cancelled or expires.

iii) Investment return and finance costs

Investment return from financial assets comprises distributions as well as net realised and unrealised gains on financial assets classified as FVTPL, interest income and net realised gains from financial assets classified as FVOCI, and interest income from financial assets classified as amortised cost.

Finance costs from financial liabilities comprise interest expense on subordinated notes, loan backed securities, credit facilities and lease liabilities, calculated using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset or liability (or group of financial assets or financial liabilities) and allocates the interest income or expense over the expected life of the asset or liability.

6b. Investment return

	31 December 2022 £m			31 December 2021 £m		
	At EIR	**Other**	**Total**	At EIR	Other	Total
Investment return						
On assets classified as FVTPL	–	8.4	**8.4**	–	3.6	3.6
On assets classified as FVOCI*1*3	50.3	2.3	**52.6**	40.0	2.3	42.3
On assets classified as amortised costs*1	2.0	–	**2.0**	0.6	–	0.6
Net unrealised losses						
Unrealised gains on forward contracts	–	0.5	**0.5**	–	–	–
Share of associate profit/ loss	–	(0.1)	**(0.1)**	–	–	–
Accrual for reinsurers' share of investment return	–	(20.0)	**(20.0)**	–	(1.6)	(1.6)
Interest receivable on cash and cash equivalents*1	–	1.2	**1.2**	–	0.3	0.3
Total investment and interest income *2	**52.3**	**(7.7)**	**44.6**	40.6	4.6	45.2

*1 Interest received during the year was £58.7 million (2021: £46.6 million)
*2 Total investment return excludes £2.2 million of intra-group interest (2021: £2.7 million)
*3 Realised gains on sales of debt securities classified as FVOCI are £2.2 million (2021: £2.3 million)

6c. Finance costs

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Interest payable on subordinated loan notes and other credit facilities*1*2	**11.4**	11.4
Interest payable on lease liabilities	**2.0**	2.3
Interest recoverable from co- and reinsurers	**(1.5)**	(1.8)
Total finance costs on continuing operations	**11.9**	11.9

*1 Interest paid during the year was £13.4 million (2021: £14.1 million)
*2 See note 7e for details of credit facilities

Finance costs represent interest payable on the £200.0 million (2021: £200.0 million) subordinated notes and other financial liabilities.

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

6d. Expected credit losses

		31 December 2022 £m	31 December 2021 £m
Expected credit losses/(gains) on financial investments	6f	**(1.8)**	2.6
Expected credit losses on Loans and advances to customers*1	7b	**20.7**	10.7
Total expense for expected credit losses		**18.9**	13.3

*1 Includes £7.2 million (2021: £2.5 million) of write-offs, with total movement in the expected credit loss provision being £20.7 million (2021: £10.7 million)

See note 6f and note 7b for details of the impairment methodology.

Notes to the Financial Statements continued

For the year ended 31 December 2022

6. Investment income and costs continued

6e. Financial assets and liabilities

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

Continuing operations	31 December 2022 £m	31 December 2021 £m
Financial investments measured at FVTPL		
Money market funds	**706.5**	868.0
Other funds	**188.8**	187.6
Derivative financial instruments	**33.0**	5.2
Equity Investments (designated FVTPL)	**6.4**	2.2
Investment in Associate	**2.4**	–
	937.1	1,063.0
Financial investments classified as FVOCI		
Corporate debt securities	**1,701.2**	2,101.0
Government debt securities	**479.8**	348.5
Private debt securities	**166.6**	125.5
	2,347.6	2,575.0
Equity investments (designated FVOCI)	**25.1**	19.3
	2,372.7	2,594.3
Financial assets measured at amortised cost		
Deposits with credit institutions	**101.4**	85.3
Total financial investments	**3,411.2**	3,742.6
Other financial assets		
Insurance receivables	**1,009.5**	956.6
Trade and other receivables (measured at amortised cost)	**326.3**	251.9
Insurance and other receivables	**1,335.8**	1,208.5
Loans and advances to customers (note 7)	**823.9**	556.8
Cash and cash equivalents	**297.0**	372.7
Total financial assets	**5,867.9**	5,880.6
Financial liabilities		
Subordinated notes	**204.4**	204.4
Loan backed securities	**714.7**	446.5
Other borrowings	**20.0**	20.0
Subordinated and other financial liabilities	**939.1**	670.9
Trade and other payables*1	**2,158.0**	1,960.0
Lease liabilities	**88.5**	105.3
Total financial liabilities	**3,185.6**	2,736.2

*1 Trade and other payables total balance of £2,158.0 million (2021: £1,960.0 million) above includes £1,807.6 million (2021: £1,528.4 million) in relation to tax and social security, deferred income and reinsurer balances that are outside the scope of IFRS 9

*2 Insurance receivables are treated under IFRS4

The maturity profile of financial assets and liabilities under the scope of IFRS 4 and 9 at 31 December 2022 is as follows:

	On demand £m	< 1 year £m	Between 1 and 2 years £m	> 2 years £m
Financial investments				
Money market funds and derivative financial instruments	–	915.2	8.8	4.3
Deposits with credit institutions	–	101.4	–	–
Debt securities	33.3	398.1	263.1	1,653.1
Total financial investments	33.3	1,414.7	271.9	1,657.4
Trade and other receivables	–	1,335.8	–	–
Loans and advances to customers	–	235.1	237.3	351.5
Cash and cash equivalents	297.0	–	–	–
Total financial assets	330.3	2,985.6	509.2	2,008.9
Financial liabilities				
Subordinated notes*2	–	11.0	211.0	–
Loan backed securities	–	241.0	187.8	285.8
Other borrowings	–	20.0	–	–
Trade and other payables*1	–	1,864.1	–	–
Total financial liabilities	–	2,136.1	398.8	285.8

*1 Of the £1,864.1 million held within trade and other payables in the maturity table, £1,513.7 million do not meet the definition of a financial liability under IFRS 9 but fall within the scope of IFRS 4 hence are included in the above maturity profile

*2 Maturity analysis has been performed on a cash-settled basis

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

	On demand £m	< 1 year £m	Between 1 and 2 years £m	> 2 years £m
Financial investments				
Money market funds and derivative financial instruments	–	1,057.9	1.7	1.1
Deposits with credit institutions	–	75.3	10.0	–
Debt securities	–	713.2	362.4	1,499.2
Total financial investments	–	1,846.4	374.1	1,500.3
Trade and other receivables	–	1,208.5	–	–
Loans and advances to customers	–	171.3	174.7	210.8
Cash and cash equivalents	372.7	–	–	–
Total financial assets	372.7	3,226.2	548.8	1,711.1
Financial liabilities				
Subordinated notes*2	–	11.0	11.0	211.0
Loan backed securities	–	170.2	126.7	172.0
Other borrowings	–	20.0	–	–
Trade and other payables*1	–	1,706.5	–	–
Total financial liabilities	–	1,907.7	137.7	383.0

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

*2 Maturity analysis has been performed on a cash-settled basis

Notes to the Financial Statements continued

For the year ended 31 December 2022

6. Investment income and costs continued

The maturity profile of discounted gross insurance liabilities at the end of 2022 was as follows

	< 1 year £m	1 –3 years £m	> 3years £m
Claims outstanding	1,342.0	886.3	1,227.8
Unearned premium provision	1,336.4	–	–
Total gross insurance liabilities	2,678.4	886.3	1,227.8

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

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

6f. Financial investments

	31 December 2022			
	FVTPL £m	**FVOCI £m**	**Amortised Cost*2 £m**	**Total £m**
AAA- AA	410.5	922.8	23.5	**1,356.8**
A	328.3	847.3	355.4	**1,531.0**
BBB	56.4	410.2	19.2	**485.8**
Sub BBB	33.4	43.4	–	**76.8**
Not rated*1	106.1	149.0	0.3	**255.4**
Total financial investments	**934.7**	**2,372.7**	**398.4**	**3,705.8**

*1 £59.4 million of the unrated exposure stems from money market funds, which are rated AAA, but the underlying securities are not. The remaining unrated exposure is a mixture of private debt (£123.9 million) and other holdings (£71.8 million)

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

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

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

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

Classification and measurement

At initial recognition, the Group measures financial investments at fair value plus or minus, in the case of financial instruments not measured at fair value through profit and loss, directly attributable transaction costs. Transaction costs of financial instruments measured at fair value through profit and loss are expensed to the profit and loss when incurred.

Money market funds and derivative financial instruments are measured at FVTPL. The regulatory capital within the Group is used to invest in these instruments in addition to any surplus funds which may be held. Buying and selling activity occurs depending on timing of different cash flows.

Debt securities are measured at FVOCI and as such fall under the scope of the ECL model. These assets are held to match policyholder liabilities or interest on debt liabilities. If sold before maturity, gains or losses on these assets impact the P&L.

Private Equity investments have been designated as being reported through FVOCI due to these being long term, strategic investments. Dividends are recognised in the income statement whilst a change in fair values will be reflected in OCI. Other funds are measured at FVTPL.

Impairment

All financial investments held at FVOCI and at amortised cost have been assessed for impairment using the expected credit loss model under IFRS 9. The assessment has been made based on the credit ratings of the entities and externally available credit loss ratios.

The calculated impairment loss within the fair value is recognised through the income statement whilst fair value movements are recognised in other comprehensive income. Deposits are held with well rated institutions and are held at book value, with impairment calculated in a similar manner to debt securities.

All assets which require a calculation of impairment, are considered based on an external credit rating agency or an assessment from Admiral's external asset managers. The credit rating of all assets is regularly monitored. As at the year-end reporting date, the vast majority of financial assets are of investment grade and considered low risk under IFRS 9. These therefore remain within stage 1 and a 12-month expected loss is used to calculate the impairment provision required.

Any assets downgraded to below BBB or any sub BBB asset that is downgraded by 1 full credit rating, are considered by the Group to have significantly increased in credit risk, and therefore are stage 2 under IFRS 9.

The impairment provision at 31 December 2022 is £9.4 million (£11.3 million at 31 December 2021). Given there is no material change in the credit quality or type of financial assets in the year and the movement in provision is immaterial, no further disclosure has been made.

Fair value measurement

IFRS 13 requires assets and liabilities that are held at fair value to be classified according to a hierarchy which reflects the observability of significant market inputs, based on three levels. The Group policy is to recognise transfer between fair value hierarchy levels as at the end of the reporting period. There were no transfers between fair value hierarchy levels in the reporting period (2021: none).

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

	31 December 2022		31 December 2021	
	FVTPL £m	**FVOCI £m**	FVTPL £m	FVOCI £m
Level one (quoted prices in active markets)	**900.2**	**2,180.9**	1,060.8	2,449.5
Level two (use of observable inputs)	**28.1**	**–**	–	–
Level three (use of significant unobservable inputs)	**6.4*1**	**191.8**	2.2*1	144.8
Total	**934.7**	**2,372.7**	1,063.0	2,594.3

*1 Gains through the income statement are recognised within Investment return. See note 6b for further information

Fair value measurement using significant unobservable inputs (level three)

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

Equity securities are primarily 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.

Notes to the Financial Statements
continued

For the year ended 31 December 2022

6. Investment income and costs continued

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

	31 December 2022		
Level Three Investments	Equity Securities £m	Debt Securities £m	Total £m
Balance as at 1 January 2022	21.5	125.5	**147.0**
Gains/(losses) recognised in IS	1.8	3.9	**5.7**
Gains/(losses) recognised in OCI	1.1	(9.6)	**(8.5)**
Purchases	9.4	74.4	**83.8**
Disposals	(2.5)	(27.6)	**(30.1)**
Translation differences	0.3	–	**0.3**
Balance as at 31 December 2022	**31.6**	**166.6**	**198.2**

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

6g. Cash and cash equivalents

	31 December 2022 £m	31 December 2021 £m
Cash at bank and in hand*1	**297.0**	372.7
Total cash and cash equivalents	**297.0**	372.7

*1 Cash at bank and in hand includes £36.6 million (2021: £37.6 million) related to special purpose entities which is not available for use by the Group

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

An assessment has been completed for impairment purposes in line with that set out in note 6f above. Given the short-term duration of these assets and low risk of these assets, no impairment provision has been recognised.

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

6h. Other assets
Insurance and other receivables

	31 December 2022 £m	31 December 2021 £m
Insurance receivables*1	**1,009.5**	956.6
Amounts owed by co- and reinsurers*2	**48.4**	–
Trade and other receivables	**236.6**	221.5
Prepayments and accrued income	**41.3**	30.4
Total insurance and other receivables	**1,335.8**	1,208.5

*1 Insurance receivables include £125.9 million in respect of salvage and subrogation recoveries (2021: £87.6 million)

*2 Amounts owed by co- and reinsurers include £44.6 million for amounts owed by reinsurers. The amount owed by reinsurers has been included within the credit rating analysis within note 6j

Insurance receivables

Insurance receivables are measured at historic cost. Given that non-repayment would result in a withdrawn policy and the short-term duration of these assets no bad debt provision has been recognised.

Trade and other receivables

Classification. Trade and other receivables are measured at amortised cost, being made up of multiple types of receivable balances.

Impairment. Where a provision is required for these receivables, it is calculated in line with the simplified method for trade receivables per IFRS 9, whereby lifetime expected credit losses are recognised irrelevant of the credit risk. In this case, the provision is based on a combination of:

(i) aged debtor analysis;

(ii) historic experience of write-offs for each receivable,

(iii) any specific indicators of credit deterioration observed, and

(iv) management judgement.

The level of provision is immaterial.

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

Contract balances

The following table provides information about receivables and contract assets from contracts with customers. Both balances are included in trade and other receivables.

Continuing operations	31 December 2022 £m	31 December 2021 £m
Receivables	**20.0**	16.8
Contract assets	**19.3**	23.8

The contract asset relates to the Group's right to consideration for work undertaken in the law companies on behalf of clients which is ongoing or where the final fee has not yet been billed. The contract asset is transferred to trade receivables once the fee has been billed.

Significant changes in the contract asset balance during the period are as follows:

Contract asset balance	31 December 2022 £m
At 1 January 2022	**23.8**
Revenue recognised	**16.3**
Transferred to trade receivables	**(20.2)**
Write-offs	**(0.6)**
At 31 December 2022	**19.3**

The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous periods in relation to the above contract balances is £nil (2021: £nil). See note 5c for details of profit commission recognised on previous underwriting years.

Notes to the Financial Statements
continued

For the year ended 31 December 2022

6. Investment income and costs continued

6i. Financial and lease liabilities

	31 December 2022				
	Subordinated notes £m	**Loan backed securities £m**	**Other borrowings and derivatives £m**	**Lease liabilities £m**	**Total £m**
Financial liability at the start of the period	204.4	446.5	20.0	105.3	**776.2**
Interest payable per income statement	11.0	11.7	1.3	2.0	**26.0**
Cash flows*1	(11.0)	256.5	(0.9)	(11.3)	**233.3**
Other foreign exchange and non-cash movements	–	–	(0.4)	(7.5)	**(7.9)**
Financial liability at the end of the period	**204.4**	**714.7**	**20.0**	**88.5**	**1,027.6**

*1 Cash amounts relating to the interest proportion of the lease liability were £2.1 million in 2022 (2021: £2.7 million)

	31 December 2021				
	Subordinated notes £m	Loan backed securities £m	Other borrowings and derivatives £m	Lease liabilities £m	Total £m
Financial liability at the start of the period	204.3	260.7	23.6	122.8	611.4
Interest payable per income statement	11.1	5.5	0.9	2.3	19.8
Cash flows*1	(11.0)	180.3	(0.9)	(12.3)	156.1
Other foreign exchange and non-cash movements	–	–	(3.6)	(7.5)	(11.1)
Financial liability at the end of the period	204.4	446.5	20.0	105.3	776.2

*1 Cash amounts relating to the interest proportion of the lease liability were £2.1 million in 2022 (2021: £2.7 million)

Subordinated notes

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

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

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

The fair value of subordinated notes (level one valuation based on quoted prices in active markets) at 31 December 2022 is £196.4 million (2021: £217.1 million).

Other borrowings

The Group holds various revolving credit facilities including a £200.0 million facility which expires in April 2023, a £20.0 million facility which expires in August 2023 and a €100.0 million facility which expires in August 2024. £20.0 million was drawn under the agreement expiring in August 2023 as at 31 December 2022 (2021: £20.0 million), which is shown within other borrowings in the table above.

The carrying value is a reasonable approximation of fair value.

Loan backed securities

Asset backed senior loan note facilities of £1,000.0 million have been established in relation to the Admiral Money business (see note 3 for details of the accounting treatment of SPEs). As at the year end, £714.7 million (2021: £446.5 million) of these facilities had been utilised.

The carrying value is a reasonable approximation of fair value.

Lease liabilities

The Group leases various properties, with rental contracts typically for fixed periods of 5 to 25 years although these may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

For each lease, a right-of-use asset and corresponding lease liability is recognised at the date at which the leased asset becomes available for use by the Group.

The lease liability is initially measured at the present value of remaining lease payments, which include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment, with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate.

Subsequently, lease payments are allocated to the lease liability, split between repayments of principal and interest. A finance cost is charged to the profit and loss so as to produce a constant period rate of interest on the remaining balance of the lease liability.

Whereby a change in lease term is identified, the lease liability is recalculated based on the present value of the remaining lease payments.

6j. Objectives, policies and procedures for managing financial assets and liabilities

The Group's activities expose it primarily to financial risks of credit, interest rate, liquidity and foreign exchange risk. The Board of Directors has delegated the task of supervising risk management and internal control to the Group Risk Committee. There is also an Investment Committee that makes recommendations to the Group and subsidiary Boards on investment strategy, and overseas the Group's investments.

There are several key elements to the risk management environment throughout the Group. These are detailed in full in the Corporate Governance Statement. Specific considerations for the risks arising from financial assets and liabilities are detailed below.

Credit risk

The Group defines credit risk as the risk of financial loss if another party fails to perform its obligations. The key areas of exposure to credit risk for the Group result through its reinsurance programme, investments, bank deposits, loans and advances to customers and policyholder receivables.

The Directors consider credit quality and counterparty exposure frequently and in significant detail. The Directors consider that the policies and procedures in place to manage credit exposure continue to be appropriate for the Group's risk appetite and, during 2022 and historically, no material credit losses have been experienced by the Group.

The impact on equity of 100 and 200 basis point increases in credit spreads at the relevant valuation date, is as follows:

	31 December 2022 £m	31 December 2021 £m
Reduction in equity – 100bps	**(64.4)**	(71.0)
Reduction in equity – 200bps	**(128.7)**	(142.0)

The impact on the income statement from movements in credit spreads on the portfolio classified as FVOCI is £nil. There is no significant exposure to credit risk for assets classified as FVTPL.

Also see notes 7 and 6f for further information on credit risk in relation to loans and advances to customers, and financial investments.

Financial investments and cash

Credit and counterparty risk is managed by the Group by investing in high quality money market funds, and setting suitable parameters for asset managers to adhere to when purchasing debt securities. Cash balances and deposits are placed only with highly rated credit institutions. The detailed holdings are reviewed regularly by the Investment Committee.

Invested assets

As noted above, the Group primarily invests the following asset types:

- Debt securities are held within segregated mandates and investment funds. This includes government debt, private debt and asset backed securities. The guidelines of the investments ensure management of credit risk. Generally, the duration of the securities is relatively short and similar to the duration of the on book claims liabilities
- Liquidity funds, which in turn invest in a mixture of short-dated fixed and variable rate securities, such as cash deposits, certificates of deposits, floating rate notes and other commercial paper
- Deposits with well rated institutions and are short in duration (one to three years). These are classified as held at amortised cost. Therefore, neither the carrying value of the asset, nor the interest return will be impacted by fluctuations in interest rates

Reinsurance assets

To mitigate the risk arising from exposure to reinsurers (in the form of reinsurance recoveries and profit commissions), the Group only conducts business with companies of appropriate financial strength ratings. In addition, many reinsurance contracts are operated on a funds withheld basis, which substantially reduces credit risk, as the Group retains the cash received from policyholders.

Notes to the Financial Statements continued

For the year ended 31 December 2022

6. Investment income and costs continued

Loans and advances to customers

The risk appetite for the lending business is set to ensure that the risk taken is commensurate with the expected returns. Management has defined an amber and a red loan loss limit, representing points at which action is required. These limits have been defined by management to reflect the business maturity, the business' ambitions and the economic climate. Risk appetite is assessed at least annually, while the limits are continuously monitored.

Insurance assets

A further principal form of credit risk is in respect of amounts due from policyholders, largely due to the potential for default by instalment payers. The impact of this is mitigated by the large customer base and low average level of balance recoverable. There is also mitigation by the operation of numerous high- and low-level controls in this area, including payment on policy acceptance as opposed to inception and automated cancellation procedures for policies in default.

The amount of bad debt expense relating to policyholder debt charged to the income statement in 2022 and 2021 is insignificant.

Trade and other receivables

Trade receivables and other debtors are also subject to credit risk, although this is mitigated by a review of the credit worthiness of all counterparties prior to them being accepted.

Other assets

All other assets are assessed as low credit risk under IFRS 9, with no significant amounts past due or impaired. No further disclosure is provided due to this having an immaterial impact on the financial statements.

The Group's credit risk exposure to assets with external ratings is as follows:

	Rating	**31 December 2022 £m**	31 December 2021 Restated £m
Financial institutions – credit institutions	AAA	**324.6**	355.0
Financial institutions – credit institutions	AA	**556.1**	746.6
Financial institutions – credit institutions	A	**1,529.4**	1,801.5
Financial institutions – credit institutions	BBB and below	**818.2**	863.7
Government securities	AAA	**266.6**	103.1
Government securities	AA	**209.4**	231.4
Government securities	A	**1.7**	14.0
Government securities	BBB and below	**2.1**	–
Reinsurers	AA	**816.5**	685.5
Reinsurers	A	**421.8**	210.3
Reinsurers	BBB and below	**6.6**	5.4

*1 BBB and below includes not rated.

The Group's maximum exposure to credit risk at 31 December 2022 is 31 December is £5,901.3 million (2021: £5,675.4 million), being the carrying value of financial investments and cash, the carrying value of loans and advances to customers, and the excess of reinsurance assets over amounts owed to reinsurers under funds withheld arrangements which are settled on a net basis. The Group does not use credit derivatives or similar instruments to mitigate exposure.

There were no further significant financial assets that were past due at the close of either 2022 or 2021

Interest rate risk

The Group considers interest rate risk to be the risk that unfavourable movements in interest rates could adversely impact on the capital values of financial assets and liabilities.

The impact on equity of 50 and 100 basis point increases and decreases in interest rates at the relevant valuation date, is as follows:

	31 December 2022 £m	31 December 2021 £m
Increase in interest rates – 50bps	**(37.6)**	(51.0)
Increase in interest rates – 100bps	**(75.2)**	(101.9)
Decrease in interest rates – 50bps	**37.6**	51.0
Decrease in interest rates – 100bps	**75.2**	101.9

The impact reflects movements in the Group's asset portfolio and is stated before any offsetting movements in liabilities. The Group's solvency II balance sheet, which includes technical provisions discounted using Bank of England and EIOPA yield curves reflects a low sensitivity to interest rates as a result of well-matched durations of assets and liabilities.

Loans and advances to customers

The Group's loan portfolio consists of fixed rate loans, which are funded at a floating variable rate. The Group has interest rate swap arrangements, the risk management objective of which is to eliminate the majority of the interest rate risk variability in the cash flows payable on the loan backed securities. This relates to the difference between fixed rate on loans written and floating variable rate on funding.

Hedge accounting

Hedge accounting is applied when the criteria specified in IFRS 9 (including amendments, as set out above) are met. In line with IFRS 9, the gain or loss on the hedged position as at the balance sheet date is recognised through other comprehensive income.

This results in a hedging reserve in relation to the interest rate swap.

Financial liabilities

The Group also holds a financial liability in the form of £200.0 million of subordinated notes with a ten year maturity and fixed rate coupon of 5.5%. This liability is valued at amortised cost and therefore neither the carrying value of the deposits, nor the interest payable, will be impacted by fluctuations in interest rates.

Other financial assets and liabilities

There is no significant exposure to interest rate risk for other financial assets and liabilities due to these being held at amortised cost.

Liquidity risk

Liquidity risk is defined as the risk that the Group does not have sufficient available financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The Group holds appropriate liquidity buffers at the parent company and subsidiary levels.

The Group is strongly cash-generative due to the large proportion of revenue arising from non-underwriting activity. Further, as noted above, a significant portion of insurance funds are invested in investment funds with same day liquidity, meaning that a large proportion of the Group's cash and investments are immediately available.

A breakdown of the Group's other borrowings, trade payables and other payables is shown in note 11.

The subordinated notes have a maturity date of July 2024, whereas all trade and other payables will mature within three to six months of the balance sheet date (Refer to the maturity profile at the start of this note for further detail).

In practice, the Group's Directors expect actual cash flows to be consistent with this maturity profile except for amounts owed to co-insurers and reinsurers. Of the total amounts owed to co-insurers and reinsurers of £1,623.2 million (2021: £1,436.8 million), £1,389.4 million (2021: £1,169.8 million) is held under funds withheld arrangements and therefore not expected to be settled within 12 months.

A maturity analysis for insurance contract liabilities is included in note 6e. The maturity profile for financial assets is included at the start of this note.

The Group's Directors believe that the cash flows arising from these assets will be consistent with this profile. Liquidity risk is not, therefore, considered to be significant.

Foreign exchange risk

Foreign exchange risk arises from unfavourable movements in foreign exchange rates that could adversely impact the valuation of overseas assets and liabilities.

The Group is exposed to foreign exchange risk through its operations overseas. Although the relative size of the international operations means that the risks are relatively small, increasingly volatile foreign exchange rates could result in larger potential gains or losses. Assets held to fund insurance liabilities are held in the currency of the liabilities; however, surplus assets held as regulatory capital in foreign currencies remain exposed.

The Group's exposure to net assets and profits in currencies other than the reporting currency is immaterial other than for US dollars and euros. The Group's exposure to net assets held in dollars at the balance sheet date was £34.7 million (2021: £21.3 million); the exposure to net assets held in euros was £124.4 million (2021: £102.8 million).

If the sterling exchange rates against US dollars had strengthened/weakened by 10%, the Group's profit before tax for the year would increase/decrease by £5.1 million (2021: £1.9 million).

If the sterling rates with euros had strengthened/weakened by 10%, the Group's profit before tax for the year would increase/decrease by £1.0 million (2021: £1.1 million).

Notes to the Financial Statements continued

For the year ended 31 December 2022

6. Investment income and costs continued

6k. Investment in Associates

	31 December 2022 £m	31 December 2021 £m
Investment in Associates	**2.4**	–

On 21 September 2022, Admiral Group announced a £2.5m investment into Wagonex Limited resulting in a holding of 23.56% of the company.

7. Loans and advances to customers

7a. Accounting policies

Loans and advances to customers relate to the Admiral Money's business, consisting of unsecured personal loans and car finance products.

Classification

Loans and advances to customers are measured at amortised cost. This is because assets are held in order to collect contractual cash flows and the contractual terms of the financial asset demand cash inflows which are solely payments of principal and interest on the principal amount outstanding.

Interest income and expense

Interest income received in relation to loans and advances to customers is calculated using the effective interest method which allocates interest, direct and incremental fees and costs over the expected lives of the assets and liabilities. There has been no change in recognition of interest income from the comparative period.

Interest expense is calculated using the process appropriate to each source of funding, which is not linked to individual accounts.

Finance leases

Included within loans and advances to customers are personal contract purchase (PCP) and hire purchase (HP) arrangements which are classified as finance leases under IFRS 16. A receivable equal to the net investment in the lease has been recognised. The net investment is equal to the gross investment in the lease discounted at the rate implicit in the lease.

Lease interest income is recognised within interest income in the income statement over the term of the lease using the effective interest rate method.

The title to the underlying vehicle remains with the Group until the lessee has made all contractual payments, at which point ownership is transferred to the lessee. In the event of breach of contract, such as non-payment, the vehicle itself acts as collateral for the finance lease, becoming available for repossession in most cases.

Some of the ways in which the Group maintains its rights to the vehicle, and thus manages the risk of loss associated with the finance lease, include:

- The Group does not enter into any finance leases with a maximum loan-to-value limit, reducing the risk of shortfall on termination of the contract
- The Group requires the lessee to insure the underlying vehicle at all times, reducing the risk of non-recovery if the asset is stolen or destroyed
- The estimated future value of each vehicle, which is sourced externally, is considered in the pricing of the lease contracts to provide protection against deterioration in that value.

7b. Loans and advances to customers

	31 December 2022 £m	31 December 2021 £m
Loans and advances to customers – gross carrying amount	**887.6**	607.0
Loans and advances to customers – provision	**(63.7)**	(50.2)
Total net loans and advances to customers	**823.9**	556.8

Loans and advances to customers are comprised of the following:

	31 December 2022 £m	31 December 2021 £m
Unsecured personal loans	**856.0**	566.9
Finance leases	**31.6**	40.1
Total loans and advances to customers, gross	**887.6**	607.0

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

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

- Probability of Default (PD): The likelihood of an account defaulting; calibrated through analysis of historic customer behaviour. Where customers have already met the definition of default this is 100%. For customers that are not in default the PD is determined through analysis of historic data at a credit grade level. A behavioural PD is then used after 2 months based on observed default rates by month on book and risk grade
- Exposure at Default: The amount of balance at the time of default. For loans that are in arrears the EAD is taken as the current balance plus any expected interest arrears. For up-to-date loans the EAD is calculated as the expected balance 3 months prior to each period, plus 3 months of interest arrears to account for the time it takes to default following falling into arrears
- Loss Given Default (LGD): The amount of the asset not recovered following a borrower's default, determined through analysis of historic recovery performance

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

Loan assets are segmented into three stages of credit impairment:

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

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

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

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

- the loan is 1 to 2 loan payments in arrears, or
- the behavioural PD has moved outside a specified threshold from the application PD
- the customer is identified as being two or more payments in arrears on a product reported to the credit reference agency

Credit impaired (stage 3)
The Group does not rebut the presumption within IFRS 9 that default has occurred when an exposure is greater than 90 days past due, which is consistent with a customer being three or more payments in arrears. In addition, a loan is deemed to be credit impaired where:

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

Notes to the Financial Statements
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For the year ended 31 December 2022

7. Loans and advances to customers continued

Judgments required – Post Model Adjustments (PMAs)

As at 31 December 2022, the expected credit loss allowance included PMAs totalling £11.3 million (2021: £9.1 million).

Post Model Adjustments	**31 December 2022 £m**	31 December 2021 £m
Model performance	**3.9**	2.0
Inflation	**4.0**	2.5
Economic scenarios	**0.9**	4.6
Mortgage contagion	**2.5**	–
	11.3	9.1

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

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 higher 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.

Mortgage contagion

Captures the risk that as mortgage rates rise, customers may experience payment shocks when their standard variable or fixed term mortgages come to an end, and may have to prioritise mortgage payments over other debts.

Write off policy

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

Forward-looking information

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

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

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

The scenario weighting assumptions used are detailed below, along with the unemployment rate assumed in each scenario at 31 December 2022.

	31 December 2022 Scenario peak Unemployment rate	**31 December 2022 Weighting**	31 December 2021 Scenario peak Unemployment rate	31 December 2021 Weighting
Base	**4.8%**	**40%**	4.3%	40%
Upturn	**3.5%**	**10%**	4.0%	10%
Downturn	**6.0%**	**40%**	6.3%	30%
Severe	**7.9%**	**10%**	6.6%	20%

The economic scenarios and forecasts have been updated in conjunction with a third party economics provider. The probability weightings reflect the view that there is a probability of 90% attached to recessionary outcomes.

Sensitivities to key areas of estimation uncertainty

The key areas of estimation uncertainty identified, as per note 3 to the financial statements, are in the PD and the forward-looking scenarios.

	31 December 2022 Weighting	**31 December 2022 Sensitivity £m**	31 December 2021 Weighting	31 December 2021 Sensitivity £m
Base	**40%**	**(1.3)**	40%	(2.5)
Upturn	**10%**	**(6.9)**	10%	(9.7)
Downturn	**40%**	**1.4**	30%	6.9
Severe	**10%**	**5.7**	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. At 31 December 2022 the implied weighted peak unemployment rate is 5.5%: the table shows that in a downturn scenario with a 6.0% peak unemployment rate the provision would increase by £1.4 million, whilst the upturn would reduce the provision by £6.9 million, base case reduce by £1.3 million and severe increase the provision by £5.7 million.

Stage 1 assets represent 82% of the total loan assets; 0.1% increase in the stage 1 PD, i.e. from 2.4% to 2.5% would result in a £0.7 million increase in ECL.

Amounts arising from ECL: loans and advances to customers

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

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

All probability of default figures included in this paragraph allow for forward-looking information, i.e. the PDs are a weighted average from the economic scenarios considered. The average probability of default in for stage 1 assets is 2.7% (2021: 2.4%) reflecting the expectation of defaults within 12 months of the reporting date. The average PD for assets in stage 2 is 36.6% (2021: 30.0%) reflecting expected losses over the remaining life of the assets. The PD for assets in stage 3 is 100% (2021: 100%) as these assets are deemed to have defaulted.

	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	**31 December 2022 Total £m**	31 December 2021 Total £m
Credit Grade*1					
Higher	506.4	94.0	–	**600.4**	405.1
Medium	176.0	24.0	–	**200.0**	141.9
Lower	46.0	7.2	–	**53.2**	32.0
Credit impaired	–	–	34.0	**34.0**	28.0
Gross carrying amount	**728.4**	**125.2**	**34.0**	**887.6**	607.0
Expected credit loss allowance	(13.4)	(23.5)	(26.2)	**(63.1)**	(49.9)
Other loss allowance*2	(0.6)	–	–	**(0.6)**	(0.3)
Carrying amount	**714.4**	**101.7**	**7.8**	**823.9**	556.8

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

*2 Other loss allowance covers losses due to a reduction in current or future vehicle value or costs associated with recovery and sale of vehicles and those as a result of changes in the performance of the EIR asset

Notes to the Financial Statements
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For the year ended 31 December 2022

7. Loans and advances to customers continued

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

2022	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	**Total £m**
Gross carrying amount as at 1 January 2022	510.6	68.4	28.0	**607.0**
Transfers				
Transfers from stage 1 to stage 2	(62.6)	62.6	–	**–**
Transfers from stage 1 to stage 3	(9.4)	–	9.4	**–**
Transfers from stage 2 to stage 1	25.3	(25.3)	–	**–**
Transfers from stage 2 to stage 3	–	(4.2)	4.2	**–**
Transfers from stage 3 to stage 1	0.2	–	(0.2)	**–**
Transfers from stage 3 to stage 2	–	0.4	(0.4)	**–**
Principal redemption payments	(235.3)	(39.9)	(5.9)	**(281.1)**
Write offs	–	–	(7.2)	**(7.2)**
EIR adjustment	3.4	0.4	–	**3.8**
New financial assets originated or purchased	496.1	62.9	6.1	**565.1**
Gross carrying amount as at 31 December 2022	**728.3**	**125.3**	**34.0**	**887.6**

The EIR adjustment represents incremental acquisition costs incurred when advancing loans. These costs are spread over the expected economic lives of the loans under the effective interest rate method.

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

2022	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	**Total £m**
Expected credit loss allowance as at 1 January 2022	13.7	12.7	23.5	**49.9**
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(1.5)	4.4	–	**2.9**
Transfers from stage 1 to stage 3	(0.4)	–	1.0	**0.6**
Transfers from stage 2 to stage 1	1.8	(3.9)	–	**(2.1)**
Transfers from stage 3 to stage 1	–	–	(0.1)	**(0.1)**
Changes in PDs/LGDs/EADs	(10.1)	(2.4)	4.4	**(8.1)**
New financial assets originated or purchased	9.9	12.7	4.6	**27.2**
Total net profit and loss charge in the period	**(0.3)**	**10.8**	**9.9**	**20.4**
Write-offs	–	–	(7.2)	**(7.2)**
Expected credit loss allowance as at 31 December 2022	**13.4**	**23.5**	**26.2**	**63.1**
Other movements with no profit and loss impact				
Transfers				
Transfers from stage 2 to stage 3	–	(1.3)	1.3	–
Transfers from stage 3 to stage 2	–	–	–	–

2021	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Expected credit loss allowance as at 1 January 2022	10.9	12.7	17.9	41.5
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(1.3)	2.3	–	1.0
Transfers from stage 1 to stage 3	(0.4)	–	0.6	0.2
Transfers from stage 2 to stage 1	3.1	(5.1)	–	(2.0)
Transfers from stage 3 to stage 1	0.1	–	(0.2)	(0.1)
Changes in PDs/LGDs/EADs	(8.8)	(4.8)	5.6	(8.0)
New financial assets originated or purchased	10.1	7.6	2.0	19.7
Total net profit and loss charge in the period	2.8	–	8.0	10.8
Write-offs	–	–	(2.4)	(2.4)
Expected credit loss allowance as at 31 December 2022	13.7	12.7	23.5	49.9
Other movements with no profit and loss impact				
Transfers				
Transfers from stage 2 to stage 3	–	(4.0)	4.0	–
Transfers from stage 3 to stage 2	–	0.1	(0.1)	–

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continued

For the year ended 31 December 2022

7. Loans and advances to customers continued

7c. Finance lease receivables

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

	31 December 2022 £m	31 December 2021 £m
Gross investment in finance leases, receivable		
Less than 1 year	**9.8**	11.7
Between 1 to 5 years	**25.7**	33.3
More than 5 years	**–**	–
	35.5	45.0
Unearned finance income	**(4.0)**	(5.2)
Net investment in lease receivables	**31.5**	39.8
Less impairment allowance	**(0.8)**	(1.3)
	30.7	38.5
Net investment in finance leases, receivable		
Less than 1 year	**7.9**	9.2
Between 1 to 5 years	**23.7**	30.6
More than 5 years	**–**	–
	31.6	39.8

The net investment in finance leases shown above includes an unguaranteed residual value of £0.3 million (2021: The net investment in finance leases shown above is net of the unguaranteed residual value of £0.4 million).

7d. Interest income

Post Model Adjustments	31 December 2022 £m	31 December 2021 £m
From loans and advances to customers	**56.1**	34.0
From finance leases	**2.6**	2.6
Total interest income	**58.7**	36.6

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

7e. Interest expense

Post Model Adjustments	31 December 2022 £m	31 December 2021 £m
Interest payable on loan backed securities	**11.7**	5.5
Interest payable on other credit facilities	**0.9**	0.6
Total interest expense*1	**12.6**	6.1

*1 Interest paid in total during the year was £11.9 million (2021: £6.1 million)

8. Other revenue

8a. Accounting policy

(i) Contribution from additional products and fees and other revenue

Revenue is credited to the income statement over the period matching the Group's obligations to provide services. Where the Group has no remaining obligations, the revenue is recognised immediately. An allowance is made for expected cancellations where the customer may be entitled to a refund of amounts charged.

Commission from the provision of insurance intermediary services is credited to revenue on the sale of the underlying insurance policy.

There has been no change in revenue recognition from the comparative period.

(ii) Nature of goods and services

The following is a description of the principal activities within the scope of IFRS 15 from which the Group generates its other revenue.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Fee and commission revenue: Commission on underlying products	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time. Payment of the commission is due within 30 days of the period close.
Fee and commission revenue: Administration fees	The performance obligation is the change requested being made to the underlying policy, at which point the performance obligation is met. Revenue is therefore recognised at a point in time and is collected immediately or in line with direct debit instalments.
Revenue from law firm	The performance obligation is the pursuit of the compensation from the at fault party's insurer on behalf of the customer. Once the case is settled the performance obligation is fully satisfied. Revenue is therefore recognised over time using the expected value method. This method values revenue by multiplying hours incurred on open cases by a 12-month realisable rate. The realisable rate is a probability weighted transaction price based on settled cases. The expected value method therefore results in revenue recognised being constrained to that where there is a high probability of no significant reversal. Revenue is recognised over time because as the Group has an enforceable right to payment for performance completed to date and the work performed to date has no alternative use to the Group. A contract asset is recognised equal to the work performed up to the balance sheet date but not yet billed. Refer to note 6h for further detail of this balance. Payment is due within 28 days of invoice.
Profit commission from co-insurers	The Group's profit commission revenue falling within the scope of IFRS 15 Revenue from Contracts with Customers relates to a contractual arrangement between the Group's insurance intermediary EUI Limited, and an external co-insurer (Great Lakes) which underwrites a share of the UK Car Insurance business generated by EUI Limited. The variable consideration, being the profit commission recognised in respect of each underwriting year at the end of each reporting period, is recognised at a point in time, and calculated based on a number of detailed inputs, the most material of which are as follows: · Premiums, defined as gross premiums ceded including any instalment income, less reinsurance premium (for excess of loss reinsurance) · Insurance expenses incurred · Claims ratio (more typically referred to as a loss ratio) Whilst the premiums and insurance expenses related to an underwriting year are typically fixed at the conclusion of each underwriting year and are not subject to judgement, the claims ratio is calculated from the underwriting year loss ratios that result from the setting of claims reserves in the financial statements meaning it is subject to inherent uncertainty. As stated in note 5d, Admiral's reserving policy is initially to reserve conservatively, above internal and independent projections of actuarial best estimates. This is designed to create a margin held in reserves to allow for unforeseen adverse development in open claims. Admiral's financial statement loss ratios, used in the calculation of profit commission income, continue to include a significant margin above projected best estimates of ultimate claims costs. It is this margin for uncertainty, included in the financial statement loss ratios, which creates the constraint over the recognition of the variable consideration, as using the booked loss ratio rather than the actuarial best estimate constrains the profit commission income to a level where there is a high probability of no significant reversal of the revenue recognised. The key methods, inputs and assumptions used to estimate the variable consideration of profit commission are therefore in line with those used for the calculation of claims liabilities, as set out in note 3 to the financial statements, with further detail also included in note 5. There are no further critical accounting estimates or judgements in relation to the recognition of profit commission.
Comparison	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time.

Notes to the Financial Statements continued

For the year ended 31 December 2022

8. Other revenue continued

Instalment income on insurance premium paid via instalments is using the effective interest rate, and as such is not within the scope of IFRS 15. Profit commission from reinsurers is within the scope of IFRS 4, and not within the scope of IFRS 15 Revenue from Contracts with Customers due to the nature of the income.

8b. Disaggregation of revenue

In the following tables, other revenue is disaggregated by major products/service lines and timing of revenue recognition. The total revenue disclosed in the table of £489.7 million (2021: £678.9 million) represents total other revenue and profit commission and is disaggregated into the segments included in note 4.

	Year ended 31 December 2022				
	UK Insurance £m	**International Insurance £m**	**Admiral Money £m**	**Other £m**	**Total £m**
Major products/service line					
Instalment income	93.0	5.9	–	–	**98.9**
Fee and commission revenue	149.9	33.8	0.3	–	**184.0**
Revenue from law firm	15.8	–	–	–	**15.8**
Comparison*1	–	–	–	8.3	**8.3**
Other	11.6	–	–	0.2	**11.8**
Total other revenue	**270.3**	**39.7**	**0.3**	**8.5**	**318.8**
Profit commission	170.5	0.4	–	–	**170.9**
Total other revenue and profit commission	**440.8**	**40.1**	**0.3**	**8.5**	**489.7**
Timing of revenue recognition					
Point in time	289.9	33.8	0.3	8.5	**332.5**
Over time	17.8	–	–	–	**17.8**
Revenue outside the scope of IFRS 15	133.1	6.3	–	–	**139.4**
	440.8	**40.1**	**0.3**	**8.5**	**489.7**

	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 firms	25.0	–	–	–	25.0	–	25.0
Comparison*1	–	–	–	5.3	5.3	59.6	64.9
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 £0.3 million (31 December 2021: £7.8 million) of income from other Group companies, including £nil million (2021: £7.5 million) from discontinued operations

9. Expenses

9a. Accounting policies

(i) Acquisition costs and operating expenses

Acquisition costs incurred in obtaining new and renewal business are charged to the income statement over the period in which those premiums are earned. All other operating expenses are charged to the income statement as incurred.

(ii) Employee benefits

As detailed in the Remuneration Committee Report, the key elements of employee remuneration are:

- Base salaries and pension contributions;
- Share based incentive plans;
- A discretionary bonus, (the 'DFSS Bonus'), rather than an annual cash bonus, that is based on the number of DFSS awards held and actual dividends paid out to shareholders

Within note 9b, the charges for base salaries and pension contributions (and the related social security costs) are recognised within insurance contract expenses or administration and other marketing costs, based on the role of the employee.

Charges for the share-based incentive plans (and related social security costs) and discretionary bonus are included within share scheme charges. These charges are not shown as part of the result for each reportable segment, or within the expense ratio, due to them being materially comprised of an accounting charge in line with IFRS 2 Share-based payments which does not result in a cash payment to employees but instead results in an issue of new shares (resulting in a dilution of existing shares).

The rules of the share schemes ensure that the actual dilution level does not exceed 10% in any rolling ten-year period.

Base salaries and pension contributions

Base salaries and the related employer social security costs are charged to the income statement in the period that they are incurred.

The Group contributes to defined contribution personal pension plans for its employees. The contributions payable to these schemes are charged in the accounting period to which they relate.

Share based incentive plans and related social security costs

The Group operates a number of equity and cash settled compensation schemes for its employees, the main ones being:

- A Share Incentive Plan (SIP), which is in place for all UK employees encouraging wide share ownership across employees, and
- The Discretionary Free Share Scheme (DFSS). DFSS shares are typically awarded to managers, and for the majority of employees 50% of the DFSS shares awarded are subject to three performance conditions being Earnings per Share growth, Return on Equity and Total Shareholder Return vs. the FTSE 350 (excluding investment companies) over a three-year period. The other 50% are guaranteed with continued employment

For both schemes, employees must remain in employment three years after the award date (i.e. at the vesting date), otherwise the shares are forfeited.

The majority of these schemes are classed as equity settled under IFRS 2, due to the employees receiving shares (rather than cash) as consideration for the services provided.

For equity settled schemes, the charge, which reflects the fair value of the employee services received in exchange for the grant of the free shares, is recognised as an expense, with a corresponding increase in equity, as shown in the consolidated statement of changes in equity (2022: £57.3 million; 2021: £63.1 million).

For the cash settled schemes, the expense recognised for the fair value of services received results in a corresponding increase in liabilities.

The key drivers and assumptions used to calculate the charge for the schemes over the three year vesting period are:

- The number of shares awarded, which is set at the start of each scheme. Details of the number of shares awarded for each scheme where shares remain unvested is set out in note 9f(iii)
- The fair value of the shares;
  - For the SIP, the fair value of the shares awarded is the share price at the award date. Awards under the SIP are entitled to receive dividends, and hence no adjustment is made to this fair value
  - For the DFSS equity settled awards, awards are not eligible for dividends, although a discretionary bonus is currently paid equivalent to the dividend that would have been paid on the shareholding, hence the fair value of the shares is revised downwards to take account of these expected dividends
  - For the DFSS cash settled awards, the fair value is based on the share price at the vesting date. The closing share price at the end of each reporting period is used as an approximation for the closing price at the end of the vesting period

Notes to the Financial Statements continued

For the year ended 31 December 2022

9. Expenses continued

- Staff attrition rates, which impact the ultimate number of shares that vest
- In the case of the DFSS, the vesting rates based on the performance conditions, which also impact the ultimate number of shares that vest

The number of shares that have ultimately vested compared to those originally awarded is set out in note 9f(iv).

At each balance sheet date, the Group revises its assumptions on the number of shares which will ultimately vest based on the latest forecast information for attrition rates and, for the DFSS, the extent to which the performance conditions are met.

The financial impact as a result of any change in the assumptions is recognised through the income statement. Any significant changes in assumptions may therefore result in an increased / decreased charge in an accounting period as a result of this true-up of the expected cumulative charge required.

Social security costs on share-based incentive plans

Social security costs are incurred by the Group in respect of the share-based incentive plans, with the expense recognised over the vesting period for each share scheme. For the SIP, these costs are paid when the employees sell the shares after vesting (typically 3–5 years after the grant date). For the DFSS, the costs are paid immediately upon vesting.

The total social security costs are calculated based on the following:

- The taxable value of the shares, being:
  - For the SIP, the lower of the share price at award date and the share price at the balance sheet date
  - For the DFSS, the share price at the balance sheet date
- the number of shares expected to vest for each scheme, driven by the number of shares awarded, attrition rates and, for the DFSS, the vesting rate based on performance conditions
- the appropriate social security rate

These assumptions are updated at the end of each reporting period. The financial impact as a result of any change in the assumptions is recognised through the income statement. Any significant changes in assumptions may therefore result in an increased / decreased charge in an accounting period as a result of this true-up of the expected cumulative charge required.

Discretionary bonus on shares allocated but unvested

The cost of the DFSS bonus is recognised and paid in each period equivalent to the dividends on shares allocated to employees that are still entitled to vest but have not yet vested. The cost shown also includes the social security costs on the discretionary bonus. No accrual is made for future discretionary bonus payments due to there being no contractual obligation for such a bonus at the balance sheet date.

9b. Operating expenses and share scheme charges

Continuing operations	31 December 2022 Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts *1	178.8	(98.1)	80.7
Administration and other marketing costs (insurance contracts)	530.5	(313.6)	216.9
Insurance contract expenses	**709.3**	**(411.7)**	**297.6**
Administration and other marketing costs (other)	136.2	–	136.2
Share scheme charges	79.3	(27.6)	51.7
Movement in expected credit loss provision	18.9	–	18.9
Total expenses and share scheme charges – continuing operations	**943.7**	**(439.3)**	**504.4**

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

*1 Acquisition of insurance contracts expense excludes £0.3 million (2021: £0.2 million) of aggregator fees from other Group companies

The £216.9 million (2021: £196.2 million) administration and marketing costs allocated to insurance contracts is principally made up of salary costs.

Analysis of other administration and other marketing costs:

Continuing operations	31 December 2022 £m	31 December 2021 £m
Expenses relating to additional products and fees	**74.5**	91.9
Loans expenses (excluding movement on ECL provision)	**22.2**	23.7
Other expenses	**39.5**	35.9
Total	**136.2**	151.5

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

Notes to the Financial Statements continued

For the year ended 31 December 2022

9. Expenses continued

9c. Employee costs and other expenses

	31 December 2022		31 December 2021	
Continuing operations	**Total £m**	**Net £m**	Total £m	Net £m
Salaries	**397.0**	**127.9**	338.2	111.9
Social security charges	**41.4**	**15.1**	35.4	12.8
Pension costs	**14.6**	**5.0**	17.7	6.0
Share scheme charges (see note 9f)	**79.3**	**51.7**	99.1	64.8
Total employee expenses	**523.3**	**199.7**	490.4	195.5
Depreciation charge:				
– Owned assets	**10.1**	**2.8**	13.4	3.4
– ROU assets	**8.1**	**2.2**	10.2	2.7
Amortisation charge:				
– Software	**23.7**	**7.2**	19.3	5.6
– Deferred acquisition costs	**179.1**	**81.0**	180.6	68.0
Auditor's remuneration (including VAT) (total Group):				
– Fees payable for the audit of the Company's annual accounts	**0.1**	**0.1**	0.1	0.1
– Fees payable for the audit of the Company's subsidiary accounts	**1.7**	**0.9**	1.5	0.6
– Fees payable for audit related assurance services pursuant to legislation or regulation	**1.0**	**0.5**	0.8	0.5

£10,800 (inclusive of VAT) (2021: £34,800) was payable to the auditor for other services in the year.

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

Refer to the Corporate Governance Report for details of the Audit Committee's policy on fees paid to the Company's auditor for non-audit services. Audit fees are 65% (2021: 64%) of total fees and 35% (2021: 36%) of total fees are for non-audit services, which are classed as audit related assurance services under the FRC rules on non-audit services.

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

9d. Employee numbers (including Directors)

	Average for the year	
	2022 Number	2021 Number
Direct customer contact employees	**7,490**	7,271
Support employees	**3,845**	3,454
Total	**11,335**	10,725

Total average employees in 2021 relating to comparison entities disposed of during the year were 222.

9e. Directors' remuneration

(i) Directors' remuneration

	31 December 2022 £m	31 December 2021 £m
Directors' emoluments	**1.1**	1.1
Amounts receivable under SIP and DFSS share schemes	**2.2**	3.0
Company contributions to money purchase pension plans	**–**	–
Total[*1]	**3.3**	4.1

*1 Directors' remuneration is stated as that of the executive directors. For information on non-executive directors' remuneration see the remuneration report

(ii) Number of Directors

	2022 Number	2021 Number
Retirement benefits are accruing to the following number of Directors under:		
– Money purchase schemes	**2**	2

9f. Employee share schemes

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

	31 December 2022					
	SIP charge (i)		DFSS charge (ii)		Total charge	
	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	18.0	12.1	39.3	25.6	**57.3**	**37.7**
IFRS 2 charge for cash settled share schemes	–	–	0.2	0.2	**0.2**	**0.2**
Total IFRS 2 charge	**18.0**	**12.1**	**39.5**	**25.8**	**57.5**	**37.9**
Social security costs on IFRS 2 charge	0.7	0.5	0.4	0.3	**1.1**	**0.8**
Discretionary bonus on shares allocated but unvested	–	–	20.7	13.0	**20.7**	**13.0**
Total share scheme charges	**18.7**	**12.6**	**60.6**	**39.1**	**79.3**	**51.7**

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

Total share scheme costs for discontinued operations in 2021 were £0.4 million. The total IFRS 2 charge for equity settled share schemes for discontinued operations in 2021 were £0.5 million.

Notes to the Financial Statements continued

For the year ended 31 December 2022

9. Expenses continued

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

	Financial year ended 31 December				
Analysis of gross cost	2019 and prior £m	2020 £m	2021 £m	**2022 £m**	**Total cumulative charge to date £m**
Year of share scheme – SIP					
2018	9.3	5.9	2.4	**–**	**17.6**
2019	3.4	6.0	6.4	**4.1**	**19.9**
2020*1	–	3.1	6.7	**5.4**	**15.2**
2021*1	–	–	4.4	**5.4**	**9.8**
2022*1	–	–	–	**3.1**	**3.1**
Gross IFRS 2 costs – SIP			19.9	**18.0**	
Year of share scheme – DFSS					
2018	18.5	16.6	12.6	**–**	**47.7**
2019	3.4	10.9	15.8	**8.0**	**38.1**
2020*2	–	4.7	13.0	**14.6**	**32.3**
2021*2	–	–	4.9	**13.4**	**18.3**
2022*2	–	–	–	**3.5**	**3.5**
Gross IFRS 2 costs – DFSS			46.3	**39.5**	
Total IFRS 2 costs – continuing operations			66.2	**57.5**	

*1 Awards are made in March and September of each year, and vest over 36 months from award date. On the 2020 scheme, an average of 5 months' charge remains outstanding, on the 2021 scheme an average of 17 months' charge remains outstanding, and on the 2022 schemes an average of 29 months' charge remains outstanding

*2 The main award is made in September of each year, with smaller awards made at other points through the year. The shares vest over 36 months from award date. On the 2020 main DFSS, 9 months' charge remains outstanding; on the 2021 main DFSS 21 months' charge remains outstanding, and on the 2022 main DFSS, 33 months' charge remains outstanding

(i) The Approved Share Incentive Plan (the SIP)

Eligible UK based employees qualify for awards under the SIP based upon the performance of the Group in each half-year period. The maximum award for each year is £3,600 per employee and the maximum number of shares that can vest relating to the 2022 schemes is 872,728 (2021 schemes: 688,384; 2020 schemes: 982,643).

The awards are made at the discretion of the Remuneration Committee, taking into account the Group's performance.

(ii) The Discretionary Free Share Scheme (the DFSS)

Under the DFSS, details of which are contained in the remuneration policy section of the Directors' Remuneration Report, individuals receive an award of free shares at no charge.

The maximum number of shares that can vest relating to the 2022 schemes is 3,070,323 (2021 scheme: 2,850,114; 2020 scheme: 2,795,261).

The vesting percentage for most employees for the 2019 DFSS scheme which vested during 2022 was 98.9% (2018 DFSS scheme: 99.3%).

(iii) Number of free share awards committed at 31 December 2022

	Awards outstanding*1
SIP 2020*2	982,643
SIP 2021*2	688,384
SIP 2022*2	872,728
DFSS 2020*3	2,795,261
DFSS 2021*3	2,850,114
DFSS 2022*3	3,070,323
Total awards committed	11,259,453

*1 Being the maximum number of awards committed before accounting for expected staff attrition and vesting conditions

*2 Shares are awarded in March and September of each year, and vest three years later

*3 The main award is made in September of each year, with smaller awards made at other points through the year

(iv) Number of free share awards vesting during the year ended 31 December 2022

During the year ended 31 December 2022, awards under the SIP H1 19 and H2 19 schemes and the DFSS 2019 schemes vested. The total number of awards vesting for each scheme is as follows.

	Original awards	Awards vested
SIP 2019 schemes	1,113,496	907,466
DFSS 2019 schemes	2,637,196	2,262,590

The difference between the original and vested awards reflects employee attrition (SIP schemes) and both employee attrition and the vesting outcomes based on performance conditions noted above (DFSS schemes).

The weighted average fair value of the shares granted in the year was £19.45 (2021: £31.16).

The weighted average market share price at the date of exercise for shares exercised during the year was £21.51 (2021: £31.92).

10. Taxation

10a. Accounting policy

Income tax on the profit or loss for the periods presented comprise of current and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the balance sheet date, and includes any adjustment to tax payable in respect of previous periods.

Current tax related to items recognised in other comprehensive income is also recognised in other comprehensive income and not in the income statement.

(ii) Deferred tax

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that have been enacted or substantially enacted by the balance sheet date and that are expected to apply in the period when the liability is settled, or the asset is realised.

The principal temporary differences arise from carried forward losses, depreciation of property and equipment and share scheme charges. The resulting deferred tax is charged or credited in the income statement, except in relation to share scheme charges where the amount of tax benefit credited to the income statement is limited to an equivalent credit calculated on the accounting charge. Any excess is recognised directly in equity.

Deferred tax assets relating to carried forward losses are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The probability of the availability of future taxable profits is determined by a combination of the classification of the status of the businesses holding cumulative tax losses and the business plan profit projections for that business, subject to appropriate stress testing.

10b. Taxation

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Current tax		
Corporation tax on profits for the year	**107.6**	129.2
(Over)/under-provision relating to prior periods	**(0.9)**	4.2
Current tax charge	**106.7**	133.4
Deferred tax		
Current period deferred taxation movement	**(10.2)**	(1.5)
(Over)/under- provision relating to prior periods	**0.7**	(1.7)
Total tax charge per consolidated income statement	**97.2**	130.2

Notes to the Financial Statements
continued

For the year ended 31 December 2022

10. Taxation continued

Factors affecting the total tax charge are:

Continuing operations	31 December 2022 £m	31 December 2021 £m
Profit before tax	**469.0**	713.5
Corporation tax thereon at effective UK corporation tax rate of 19.0% (2021: 19.0%)	**89.1**	135.6
Expenses and provisions not deductible for tax purposes	**2.3**	2.2
Non-taxable income	**(8.7)**	(8.3)
Impact of change in UK tax rate on deferred tax balances	**(2.2)**	(3.6)
Adjustments relating to prior periods	**(0.2)**	2.5
Impact of different overseas tax rates	**4.5**	(1.4)
Unrecognised deferred tax	**12.4**	3.2
Total tax charge for the period as above	**97.2**	130.2

The corporation tax liability as at 31 December 2022 was £5.0 million (2021: £10.6 million recoverable for continuing operations).

In 2021, over 130 countries reached a historic agreement to reform the international tax framework. The main aim of the agreement was to ensure that large, multinational corporations pay their fair share of tax in the countries in which they operate and this included the introduction of a new global minimum corporate income tax rate of 15%. In November 2022, the UK Tax Authorities confirmed that, for accounting periods beginning on or after 31 December 2023, it would introduce rules requiring UK headquartered multinational groups to pay a top-up tax where their foreign operations had an effective tax rate of less than 15%. These new rules are not expected to have a material impact on the Admiral Group.

10c. Deferred income tax asset/(liability)

Analysis of deferred tax asset/(liability)

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve £m	Hedging reserve £m	Other differences £m	Total £m
Balance brought forward at 1 January 2021	8.8	(1.7)	–	(7.2)	–	(0.8)	**(0.9)**
Tax treatment of share scheme charges through income or expense	(6.3)	–	–	–	–	–	**(6.3)**
Tax treatment of share scheme charges through reserves	6.0	–	–	–	–	–	**6.0**
Capital allowances	–	9.5	–	–	–	–	**9.5**
Movement in fair value reserve	–	–	–	1.4	–	–	**1.4**
Other difference	–	–	–	–	–	(0.4)	**(0.4)**
Balance carried forward at 31 December 2021	8.5	7.8	–	(5.8)	–	(1.2)	**9.3**
Tax treatment of share scheme charges through income or expense	1.2	–	–	–	–	–	**1.2**
Tax treatment of share scheme charges through reserves	(6.3)	–	–	–	–	–	**(6.3)**
Capital allowances	–	(0.7)	–	–	–	–	**(0.7)**
Carried forward losses	–	–	7.9	–	–	–	**7.9**
Movement in fair value reserve	–	–	–	13.0	–	–	**13.0**
Movement in hedging reserve	–	–	–	–	(7.0)	–	**(7.0)**
Other difference	–	–	–	(0.3)	–	1.4	**1.1**
Balance carried forward at 31 December 2022	**3.4**	**7.1**	**7.9**	**6.9**	**(7.0)**	**0.2**	**18.5**

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

The average effective rate of tax for 2022 is 19.0% (2021: 19.0%). An increase to the main rate of corporation tax in the UK to 25% was announced in the 2021 Budget and is expected to come into effect in 2023. This will increase the Group's future tax charge accordingly.

The deferred tax asset has increased during the year, mainly relating to the movements in the fair value reserve.

The deferred tax asset in relation to carried forward losses in the US remains at £nil at the year-end (2021: £nil) due to uncertainty over the availability of future taxable profits against which to offset or utilise any deferred tax asset.

At 31 December 2022, the Group had unused tax losses amounting to £322.0 million (2021: £261.8 million), relating primarily to the Group's US businesses Elephant Auto and compare.com, for which no deferred tax asset has been recognised. The earliest expiry date for any of these tax losses is 2029. The total aggregated unrecognised deferred tax liabilities on temporary differences associated with subsidiaries is £nil (2021: £nil).

11. Other assets and other liabilities

11a. Accounting policy

(i) Property and equipment, and depreciation

All property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their useful economic lives. These useful economic lives are as follows:

Improvements to short leasehold buildings	– four to ten years
Computer equipment	– two to four years
Office equipment	– four years
Furniture and fittings	– four years
Motor vehicles	– four years
Right-of-use assets	– two – twenty years, aligned to lease agreement

As set out further in note 6i to the financial statements, a right-of-use asset is established in relation the Group's lease arrangements.

The right-of-use asset is measured at cost, which comprises the following:

- the amount of the initial measurement of lease liability (note 6i to the financial statements)
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is subsequently depreciated over the shorter of the lease term and the asset's useful life on a straight-line basis.

The Group does not have any significant leases which qualify for the short-term leases or leases of low-value assets exemption.

(ii) Impairment of property and equipment

In the case of property and equipment, carrying values are reviewed at each balance sheet date to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated and compared to the carrying value. The carrying value is the higher of the fair value of the asset less costs to sell and the asset's value in use. Impairment losses are recognised through the income statement.

(iii) Intangible assets

Goodwill

All business combinations are accounted for using the acquisition method. Goodwill has been recognised in acquisitions of subsidiaries and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

The classification and accounting treatment of acquisitions occurring before 1 January 2004 have not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004 due to the exemption available in IFRS 1 (First time adoption). In respect of acquisitions prior to 1 January 2004, goodwill is included at the transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP, which was tested for impairment at the transition date. On transition, amortisation of goodwill has ceased as required by IAS 38.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units (CGUs) according to business segment and is reviewed annually for impairment.

The goodwill held on the balance sheet at 31 December 2022 and 2021 is allocated solely to the UK Insurance segment.

Impairment of goodwill

The annual impairment review involves comparing the carrying amount to the estimated recoverable amount (by allocating the goodwill to CGUs) and recognising an impairment loss if the recoverable amount is lower. Impairment losses are recognised through the income statement and are not subsequently reversed.

Notes to the Financial Statements continued

For the year ended 31 December 2022

11. Other assets and other liabilities continued

The recoverable amount is the greater of the fair value of the asset less costs to sell and the value in use of the CGU.

The value in use calculations use cash flow projections based on financial budgets approved by management covering a period of up to three years. Cash flows beyond this period are considered, but not included in the calculation.

The key assumptions used in the value in use calculations are those regarding revenue growth, along with expected changes in pricing and expenses incurred during the forecast period. Management estimates revenue growth rates and changes in pricing based on past practices and expected future changes in the market.

The headroom above the goodwill carrying value is very significant, and there is no foreseeable event that would eliminate this margin.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs represent the proportion of acquisition costs incurred that correspond to the unearned premiums provision at the balance sheet date. This balance is held as an intangible asset. It is amortised over the term of the contract as premium is earned.

Software

Purchased software is recognised as an intangible asset and amortised over its expected useful life (generally the licence term). Internally generated software is recognised as an intangible asset, with directly attributable costs incurred in the development stage capitalised. The internally generated software assets are amortised over the expected useful life of the systems and amortisation commences when the software is available for use.

The carrying value of software is reviewed every six months for evidence of impairment, with the value being written down if any impairment exists. Impairment may be reversed if conditions subsequently improve.

(iv) Provisions, contingent liabilities and contingent assets

Provisions are recognised when a legal or constructive obligation arises as a result of an event that occurred before the balance sheet date, when a cash-outflow relating to this obligation is probable and when the amount can be estimated reliably.

Where a material obligation exists, but the likelihood of a cash outflow or the amount is uncertain, or where there is a possible obligation arising from a past event that is contingent on a future event, a contingent liability is disclosed.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of future events. Where it is probable that a cash inflow will arise from a contingent asset, this is disclosed.

11b. Property and equipment

	Improvements to short leasehold buildings £m	Computer equipment £m	Office equipment £m	Furniture and fittings £m	ROU Asset – Leasehold buildings £m	Total £m
Cost						
At 1 January 2021	36.0	78.6	22.6	10.2	124.2	271.6
Additions	1.9	7.6	0.4	0.7	5.6	16.2
Impairment	(0.2)	–	(0.7)	(0.6)	(17.8)	(19.3)
Disposals	(0.3)	(17.1)	(0.1)	(0.3)	(8.2)	(26.0)
Foreign exchange and other movements	(0.4)	(0.2)	(0.3)	(0.1)	(0.5)	(1.5)
At 31 December 2021	37.0	68.9	21.9	9.9	103.3	241.0
Depreciation						
At 1 January 2021	23.0	59.6	20.0	9.1	19.5	131.2
Charge for the year	3.9	8.2	0.9	0.4	10.2	23.6
Impairment	(0.2)	–	(0.7)	(0.6)	–	(1.5)
Disposals	(0.2)	(10.4)	(0.1)	(0.3)	(3.8)	(14.8)
Foreign exchange and other movements	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.7)
At 31 December 2021	26.3	57.3	19.9	8.5	25.8	137.8
Net book amount						
At 1 January 2021	13.0	19.0	2.6	1.1	104.7	140.4
Net book amount						
At 31 December 2021	10.7	11.6	2.0	1.4	77.5	103.2
Cost						
At 1 January 2022	37.0	68.9	21.9	9.9	103.3	**241.0**
Additions	1.7	7.0	0.6	0.7	1.3	**11.3**
Impairment	–	–	–	–	(1.3)	**(1.3)**
Disposals	(1.6)	(2.7)	(1.5)	(0.1)	(9.7)	**(15.6)**
Foreign exchange and other movements	0.4	0.7	0.4	0.2	1.4	**3.1**
At 31 December 2022	37.5	73.9	21.4	10.7	95.0	**238.5**
Depreciation						
At 1 January 2022	26.3	57.3	19.9	8.5	25.8	**137.8**
Charge for the year	3.2	5.5	0.8	0.6	8.1	**18.2**
Impairment	–	–	–	–	(0.7)	**(0.7)**
Disposals	(1.6)	(2.4)	(1.5)	–	(3.2)	**(8.7)**
Foreign exchange and other movements	0.2	0.7	0.3	0.1	0.8	**2.1**
At 31 December 2022	28.1	61.1	19.5	9.2	30.8	**148.7**
Net book amount						
At 31 December 2022	**9.4**	**12.8**	**1.9**	**1.5**	**64.2**	**89.8**

Notes to the Financial Statements continued

For the year ended 31 December 2022

11. Other assets and other liabilities continued

11c. Intangible assets

	Goodwill £m	Deferred acquisition costs £m	Software – Internally generated*1 £m	Software – Other*1 £m	Total £m
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)
Disposals	–	–	–	–	–
Impairment	–	–	(25.4)	–	(25.4)
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	–	82.9	83.4	5.2	**171.5**
Amortisation charge	–	(81.0)	(18.3)	(5.4)	**(104.9)**
Disposals	–	–	–	–	**–**
Impairment	–	–	–	–	**–**
Foreign exchange movement and other	–	0.6	6.9	(5.9)	**1.6**
At 31 December 2022	**62.3**	**30.7**	**136.4**	**18.9**	**248.3**

*1 Gross carrying amount and accumulated amortisation of internally generated software as at the end of 2022 are £173.7 million (2021: £119.7 million) and £37.3 million respectively (2021: £55.3 million). Gross carrying amount and accumulated amortisation of other software as at the end of 2022 are £91.5 million (2021: £55.9 million) and £72.6 million respectively (2021: £30.9 million). During the period, there are reclassifications on gross cost and accumulated depreciation between internally generated software and other software

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

Internally generated software includes a new claims system implemented within the UK business during 2022 which has a net carrying amount of £33.4m as at 31 December 2022 and a remaining amortisation period of 4 years.

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

Refer to the accounting policy for goodwill for further information.

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

	Gross £m	Reinsurance £m	Total £m
At 1 January 2021	77.6	(50.3)	27.3
Additions	181.4	(112.0)	69.4
Amortisation	(180.6)	112.6	(68.0)
Foreign exchange movement	(1.5)	1.0	(0.5)
At 31 December 2021	76.9	(48.7)	28.2
Additions	174.3	(91.4)	**82.9**
Amortisation	(179.1)	98.1	**(81.0)**
Foreign exchange movement	0.6	–	**0.6**
At 31 December 2022	**72.7**	**(42.0)**	**30.7**

11d. Trade and other payables

	31 December 2022 £m	31 December 2021 £m
Trade payables	**30.0**	39.8
Amounts owed to co-insurers	**109.5**	161.9
Amounts owed to reinsurers	**1,513.7**	1,274.9
Other taxation and social security liabilities	**90.2**	71.7
Other payables	**96.2**	112.4
Accruals and deferred income (see below)	**318.4**	299.3
Total trade and other payables	**2,158.0**	1,960.0

Of amounts owed to reinsurers (recognised under IFRS 4), £1,389.4 million (2021: £1,169.8 million) is held under funds withheld arrangements.

Analysis of accruals and deferred income:

	31 December 2022 £m	31 December 2021 £m
Premium received in advance of policy inception	**136.6**	117.4
Accrued expenses	**114.7**	117.5
Deferred income	**67.1**	64.4
Total accruals and deferred income as above	**318.4**	299.3

11e. Leases

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

	31 December 2022 £m	31 December 2021 £m
Maturity analysis – contractual undiscounted cash flows		
Within one year	**10.2**	12.9
Between two to five years	**35.0**	41.8
Between five to ten years	**26.8**	32.7
Over ten years	**30.9**	35.4
Total	**102.9**	122.8

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

	31 December 2022 £m	31 December 2021 £m
Lease liabilities		
Current	**8.3**	10.5
Non-Current	**80.2**	94.8
Total	**88.5**	105.3

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

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

Notes to the Financial Statements
continued

For the year ended 31 December 2022

11. Other assets and other liabilities continued

11f. 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 some of the tax authorities in the other countries in which it operates. 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 provision has been made in these financial statements in relation to the matters noted above.

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

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

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

12. Share capital

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

12a. Accounting policies

(i) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(ii) Dividends

Dividends are recorded in the period in which they are declared and paid.

(iii) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to equity holders of the Group parent company, Admiral Group plc by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to equity holders of the Group parent company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

12b. Dividends

Dividends were proposed, approved and paid as follows.

	31 December 2022 £m	31 December 2021 £m
Proposed March 2021 (86.0 pence per share approved April 2021 and paid June 2021)	**–**	250.8
Declared August 2021 (161.0 pence per share paid October 2021)	**–**	470.1
Proposed March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	**348.1**	–
Declared August 2022 (105.0 pence per share, paid October 2022)	**310.2**	–
Total dividends	**658.3**	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 dividends declared in August are interim distributions in respect of 2021 and 2022.

A 2022 final dividend of 52.0 pence per share (approximately £155.0 million) has been proposed. Refer to the Chair's Statement and financial narrative for further detail.

12c. Earnings per share

	31 December 2022 £m	31 December 2021 £m
Profit for the financial year after taxation attributable to equity shareholders – continuing operations	**373.0**	585.0
Profit for the financial year after taxation attributable to equity shareholders – discontinued operations	**–**	412.9
Profit for the financial year after taxation attributable to equity shareholders – continuing and discontinued operations	**373.0**	997.9
Weighted average number of shares – basic	**300,207,330**	297,480,041
Unadjusted earnings per share – basic – continuing operations	**124.3p**	196.7p
Unadjusted earnings per share – basic – discontinued operations	**–**	138.8p
Unadjusted earnings per share – basic – continuing and discontinued operations	**124.3p**	335.5p
Weighted average number of shares – diluted	**301,543,390**	298,351,248
Unadjusted earnings per share – diluted – continuing operations	**123.7p**	196.1p
Unadjusted earnings per share – diluted – discontinued operations	**–**	138.4p
Unadjusted earnings per share – diluted – continuing and discontinued operations	**123.7p**	334.5p

The difference between the basic and diluted number of shares at the end of 2022 (being 1,336,060 2021: 871,207) relates to awards committed, but not yet issued under the Group's share schemes. Refer to note 9 for further detail.

12d. Share capital

	31 December 2022 £m	31 December 2021 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		
302,837,726 ordinary shares of 0.1 pence	**0.3**	–
299,554,720 ordinary shares of 0.1 pence	**–**	0.3
	0.3	0.3

During 2022, 3,283,006 (2021: 2,862,657) new ordinary shares of 0.1 pence were issued to the trusts administering the Group's share schemes.

675,927 (2021: 632,657) of these were issued to the Admiral Group Share Incentive Plan Trust for the purposes of this share scheme resulting in cumulative shares issued to the Trust at 31 December 2022 of 13,693,299 (31 December 2021: 13,017,372). Of the shares issued, 3,851,967 remain in the Trust at 31 December 2022 (2021: 4,078,496). These shares are entitled to receive dividends.

2,607,079 (2021: 2,230,000) shares were issued to the Admiral Group Employee Benefit Trust for the purposes of the Discretionary Free Share Scheme resulting in cumulative shares issued to the Trust of 30,549,027 (31 December 2021: 27,941,948). Of the shares issued 5,111,601 remain in the Trust at 31 December 2022 (2021: 4,767,112) to be used for future vesting, the remaining issued shares having vested.

The balance of awards made to employees under the Discretionary Free Share Scheme that have not either vested or lapsed is 8,302,363 (2021: 7,981,132).

The Trustees have waived the right to dividend payments, other than to the extent of 0.001 pence per share, unless and to the extent otherwise directed by the Company from time to time.

There is one class of share with no unusual restrictions.

Notes to the Financial Statements continued

For the year ended 31 December 2022

12. Share capital continued

12e. Objectives, policies and procedures for managing capital

The Group's capital management policy defines the Board oversight, risk appetite and tier structure of the Group's capital in addition to management actions that may be taken in respect of capital, such as dividend payments.

The Group aims to operate a capital-efficient business model by transferring a significant proportion of underwriting risk to co-insurance and reinsurance partners. This in turn reduces the amount of capital the Group needs to retain to operate and grow and allows the Group to distribute the majority of its earnings as dividends.

The Board has determined that it will hold capital as follows:

- Sufficient Solvency II Own Funds to meet all of the Group's Solvency II capital requirements (over a 1 year and ultimate time horizon)
- An additional contingency to cover unforeseen events and losses that could realistically arise. This risk appetite buffer is assessed via stress testing performed on an annual basis and is calibrated in relation to the one-year regulatory SCR

The Group's current risk appetite buffer is 30% above the regulatory SCR. This forms the lower bound of the longer-term solvency target operating range of 130% to 150%.

The Group's dividend policy is to:

- Pay a normal dividend equal to 65% of post-tax profits for the period
- Pay a special dividend calculated with reference to distributable reserves and surplus capital held above the risk appetite buffer

This policy gives the Directors flexibility in managing the Group's capital.

As noted above, the Group's regulatory capital position is calculated under the Solvency II Framework. The Solvency Capital Requirement (SCR) is based on the Solvency II Standard Formula, with a capital-add-on to reflect limitations in the Standard Formula with respect to Admiral's risk profile (predominately in respect of profit commission arrangements in co-and reinsurance agreements and risks relating to Periodic Payment Order (PPO) claims).

Solvency ratio (unaudited)

At the date of this report, the Group's regulatory solvency ratio, calculated using a capital add-on that has not been subject to regulatory approval, is 180% (2021: 195%). This includes the recognition of the 2022 final dividend of 52 pence per share (2021: 118 pence per share).

The Group's 2022 Solvency and Financial Condition Report (SFCR) will, when published, disclose a solvency ratio that is calculated at the balance sheet date rather than annual report date, using the capital add-on that was most recently subject to regulatory approval. The estimated and unaudited SFCR solvency ratio is 150%, with the reconciliation between this ratio and the 180% noted above being as follows:

	31 December 2022 £m	31 December 2021 £m
Regulatory Solvency ratio (Unaudited)		
Solvency Ratio reported in the Annual Report	**180%**	195%
Change in valuation date	**(11%)**	(5%)
Other (including impact of updated, unapproved capital add-on)	**(19%)**	(9%)
Solvency Ratio to be reported in the SFCR	**150%**	181%

The Group has complied with its regulatory capital requirements throughout the period.

Subsidiaries

The Group manages the capital of its subsidiaries to ensure that all entities within the Group are able to continue as going concerns and also to ensure that regulated entities meet regulatory requirements with an appropriate risk appetite buffer. Excess capital above these levels within subsidiaries is paid up to the Group holding company in the form of dividends on a regular basis.

12f. Group related undertakings

The parent company's subsidiaries are as follows:

Subsidiary	Class of shares held	% ownership	Principal Activity
Incorporated in England and Wales			
Registered office: Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH			
Admiral Law Limited	Ordinary	95	Legal company
Registered office: Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH			
Able Insurance Services Limited	Ordinary	100	Insurance Intermediary
Registered office: Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH			
EUI Limited*2	Ordinary	100	Insurance Intermediary
Admiral Insurance Company Limited	Ordinary	100	Insurance company
Admiral Life Limited	Ordinary	100	Dormant*1
Admiral Syndicate Limited	Ordinary	100	Dormant*1
Admiral Syndicate Management Limited	Ordinary	100	Dormant*1
Bell Direct Limited	Ordinary	100	Dormant*1
Diamond Motor Insurance Services Limited	Ordinary	100	Dormant*1
Elephant Insurance Services Limited	Ordinary	100	Dormant*1
Admiral Financial Services Limited	Ordinary	100	Financial services company
Incorporated in Gibraltar			
Registered office: 2Aa 2nd Floor, Leisure Island Business Centre, 23 Ocean Village Promenade, Gibraltar, GX11 1AA			
Admiral Insurance (Gibraltar) Limited	Ordinary	100	Insurance company
Incorporated in France			
Registered office: 4 Rue Marceau 92300 Levallois Perret			
Pioneer Intermediary Europe Services	Ordinary	100 (indirect)	Insurance intermediary
Incorporated in Italy			
Registered office: Via Della Bufalotta 374, Romat			
Admiral Financial Services Italia S.P.A.	Ordinary	100	Financial services company
Incorporated in Spain			
Registered office: Calle Rodríguez Marín 61 1ª Planta, 28016 Madrid			
Admiral Europe Compañía de Seguros, S.A.	Ordinary	100	Insurance company
Registered office: Calle Albert Einstein, 10 41092 Sevilla			
Admiral Intermediary Services S.A.*3	Ordinary	100	Insurance Intermediary
Incorporated in the United States of America			
Registered office: Deep Run 1; Suite 400, 9950 Mayland Drive, Henrico, VA 23233			
Elephant Insurance Company	Ordinary	100 (indirect)	Insurance company
Grove General Agency Inc	Ordinary	100 (indirect)	Insurance intermediary
Platinum General Agency Inc	Ordinary	100 (indirect)	Insurance intermediary
Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801			
Elephant Insurance Services LLC	Ordinary	100 (indirect)	Insurance intermediary
Elephant Holding Company LLC	Ordinary	100	Holding company
Registered office: 6802 Paragon Place Suite 410 Richmond, VA 23230			
compare.com Insurance Agency LLC	Ordinary	70.98 (indirect)	Internet-based Comparison Site
Inspop USA LLC	Ordinary	70.98	Holding company

Notes to the Financial Statements continued

For the year ended 31 December 2022

12. Share capital continued

Subsidiary	Class of shares held	% ownership	Principal Activity
Subsidiaries by virtue of control			
The related undertakings below are subsidiaries in accordance with IFRS 10, as Admiral can exercise dominant influence or control over them:			
Registered office: 10th Floor, 5 Churchill Place, London E14 5HU			
Seren One Limited	n/a	0	Special purpose entity
Seren Two Limited	n/a	0	Special purpose entity
Associates			
Registered office: Tramshed Tech, Pendyris Street, Cardiff, Wales, CF11 6BH			
Wagonex Limited	Ordinary	23.56 (indirect)	Internet-based Subscription Platform

*1 Exempt from audit under S480 of Companies Act 2006
*2 EUI Limited has branches in India and Canada
*3 Admiral Intermediary Services S.A. has branches in Italy and France

For further information on how the Group conducts its business across the UK, Europe and the US, refer to the Strategic Report.

12g. Related party transactions

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

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

Key management personnel received short term employee benefits in the year of £3,058,170 (2021: £3,077,686), post-employment benefits of £30,000 (2021: £30,643) and share based payments of £1,561,768 (2021: £2,149,734). Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff, typically at a reduction of 15%.

12h. Post balance sheet events

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

On 4 March 2023, the Group reached an agreement with Insurify, Inc. ("Insurify") whereby, Insurify will purchase 100% of the shares of Inspop USA, LLC ("Compare") from the Group and Compare's minority shareholders, in return for a minority shareholding in Insurify.

The total transaction value, including amounts attributable to minority shareholders is immaterial based on an assessment of the fair value of shares in Insurify and related options to be received as consideration, as at the date of the agreement. The Group will not receive any cash consideration. As at 31 December 2022, the net assets of Compare and the carrying value of the Group parent company's investment in Compare net of impairment provisions, were both £nil.

The transaction is expected to complete during the first half of 2023 and is subject to regulatory approval.

13. Discontinued Operations

13a. Accounting policy

Disposal groups are classified as held for sale in accordance with IFRS 5 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. A discontinued operation is a component of the business that has been disposed of or is classified as held for sale and represents a separate major line of business or is part of a single co-ordinated plan to dispose of such a line of business.

The assets and liabilities of a disposal group classified as held for sale are presented separately from the other assets and liabilities in the Statement of Financial Position. The results of discontinued operations are presented separately in the Statement of Comprehensive Income. The result comprises the profit or loss after tax from discontinued operations and other comprehensive income attributable to discontinued operations.

13b. Description

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

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

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

13c. Financial performance and cash flow information

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

	Gross £m	Eliminations £m	Net £m
Revenue (Other Revenue)	67.2	(7.6)	59.6
Interest Income	–	–	–
Net Revenue	67.2	(7.6)	59.6
Operating expenses and share scheme charges	(55.8)	7.6	(48.2)
Operating profit	11.4	–	11.4
Finance costs	(0.1)	–	(0.1)
Gain on disposal sale of Comparison entities held for sale	404.4	–	404.4
Profit before tax from discontinued operations	415.7	–	415.7
Taxation expense	(2.3)	–	(2.3)
Profit after tax from discontinued operations	413.4	–	413.4

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

Operating expenses and share scheme charges include £0.5 million of share scheme expenses that are not included in the segmental result in note 4. The net cash flows incurred by the disposal group are as follows:

	31 December 2021 £m
Net cash inflow from operating activities	10.6
Net cash (outflow) from investing activities	(0.2)
Net cash (outflow) from financing activities	(22.6)
Net cash (outflow)/inflow from discontinued operations	(12.2)

Notes to the Financial Statements continued

For the year ended 31 December 2022

13. Discontinued Operations continued

13d. Assets disposed of

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

The carrying amount of assets and liabilities as at the date of sale (30 April 2021) are outlined below. All assets previously held for sale have been disposed of as at 31 December 2021 and as at 31 December 2022.

	Note	30 April 2021 £m
Assets		
Property and equipment	11b	5.4
Intangible assets	11c	1.1
Deferred tax asset	10c	4.2
Trade and other receivables		41.9
Corporation tax asset		0.2
Cash and cash equivalents		41.3
Assets associated with disposal group held for sale		94.1
Liabilities		
Trade and other payables		33.3
Lease liabilities		3.6
Corporation tax liability		–
Liabilities directly associated with disposal group held for sale		36.9

13e. Gain on disposal

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

14. Reconciliations

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

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

	31 December 2022 £m	31 December 2021 £m
Gross premiums written after co-insurance per note 5b of financial statements	**2,849.7**	2,513.6
Premiums underwritten through co-insurance arrangements	**393.4**	585.1
Total premiums written	**3,243.1**	3,098.7
Other Revenue *1	**318.8**	314.8
Admiral Loans interest income	**58.7**	36.6
	3,620.6	3,450.1
Other*2	**60.0**	57.2
Turnover as per note 4b of financial statements*1	**3,680.6**	3,507.3
Intra-group income elimination*3	**0.3**	0.2
Total turnover – continuing operations *1	**3,680.9**	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 in the Group from other Group companies

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

December 2022	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	Group £m
Net insurance claims (note 5)	159.8	51.8	220.3	74.2	506.1
Deduct claims handling costs	(12.0)	(1.7)	(14.3)	(1.2)	(29.2)
Prior year release/strengthening – net original share	124.0	1.1	15.8	3.7	144.6
Prior year release/strengthening – commuted share	189.1	0.5	–	–	189.6
Impact of reinsurer caps	–	–	(10.5)	–	(10.5)
Impact of weather events	–	(17.8)	–	–	(17.8)
Attritional current period claims	**460.9**	**33.9**	**211.3**	**76.7**	**782.8**
Net insurance premium revenue	**471.0**	**55.6**	**241.8**	**142.6**	**911.0**
Loss ratio – current period attritional	97.8%	61.1%	87.4%	–	85.9%
Loss ratio – current period weather events	–	32.0%	–	–	2.0%
Loss ratio – prior year release/strengthening (net original share)	(26.3%)	(1.9%)	(6.5%)	–	(15.9%)
Loss ratio – reported	**71.5%**	**91.2%**	**80.9%**	**–**	**72.0%**

Notes to the Financial Statements continued

For the year ended 31 December 2022

14. Reconciliations continued

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%

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

December 2022	**UK Motor £m**	**UK Home £m**	**Int. Ins £m**	**Other £m**	**Group £m**
Net insurance expenses (note 9)	125.7	17.0	114.8	40.1	297.6
Claims handling costs	12.0	1.7	14.3	1.2	29.2
Intra-group expenses elimination*1	–	–	0.3	–	0.3
Impact of co- and reinsurers recoveries*2	(35.6)	–	(21.7)	–	(57.3)
Net IFRS 16 finance costs	0.4	–	–	–	0.4
Adjusted net insurance expenses	**102.5**	**18.7**	**107.7**	**41.3**	**270.2**
Net insurance premium revenue	**471.0**	**55.6**	**241.8**	**142.6**	**911.0**
Expense ratio – reported	**21.8%**	**33.5%**	**44.5%**	**–**	**29.7%**

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*3	(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 business, Compare.com to other Group companies: given the re-presentation of other comparison businesses to discontinued operations, those expenses are now included in net insurance expenses in note 9, as acquisition costs

*2 Impact of co- and reinsurers recoveries relates to the impact of reinsurer caps and ceding commissions

*3 For the year ended 31 December 2021, restructure costs of £8.0 million relate to ancillary costs. Total restructure costs incurred for the year ended 31 December 2021 within UK insurance are £54.0 million

Parent Company Financial Statements

Parent Company Income Statement

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Administrative expenses	2	**(26.3)**	(19.7)
Operating loss		**(26.3)**	(19.7)
Investment and interest income	3	**320.1**	630.4
Impairment expense	4	**(37.0)**	(16.0)
Gain on disposal of subsidiaries		**–**	445.2
Interest payable	6	**(12.0)**	(11.3)
Profit before tax		**244.8**	1,028.6
Taxation credit	7	**5.7**	3.3
Profit after tax		**250.5**	1,031.9

Parent Company Statement of Comprehensive Income

		Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Profit for the period		**250.5**	1,031.9
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		**(20.9)**	(10.1)
Deferred tax in relation to movement in fair value reserve	7	**5.2**	0.8
Other comprehensive income for the period, net of income tax		**(15.7)**	(9.3)
Total comprehensive income for the period		**234.8**	1,022.6

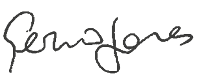
Parent company financial statements
continued

Parent Company Statement of Financial Position

	Note	As at 31 December 2022 £m	31 December 2021 £m
ASSETS			
Investments in group undertakings	4	**421.6**	315.1
Intangible assets	5	**0.4**	0.4
Financial investments	6	**167.5**	557.0
Corporation tax asset	7	**4.6**	3.5
Deferred tax asset	7	**0.9**	–
Trade and other receivables	8	**184.5**	187.1
Cash and cash equivalents	6	**3.5**	11.2
Total assets		**783.0**	1,074.3
EQUITY			
Share capital	10	**0.3**	0.3
Share premium account		**13.1**	13.1
Fair value reserve	10	**(1.6)**	14.1
Retained earnings		**96.7**	447.3
Total equity		**108.5**	474.8
LIABILITIES			
Subordinated and other financial liabilities	6	**224.4**	224.3
Deferred tax	7	**–**	4.3
Trade and other payables	9	**450.1**	370.9
Total liabilities		**674.5**	599.5
Total equity and total liabilities		**783.0**	1,074.3

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 March 2023 and were signed on its behalf by:



Geraint Jones
Chief Financial Officer
Admiral Group plc

Company Number: 03849958

Parent Company Statement of Changes in Equity

	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Retained earnings £m	**Total equity £m**
At 1 January 2021		0.3	13.1	23.4	73.0	**109.8**
Profit for the period		–	–	–	1,031.9	**1,031.9**
Other comprehensive income						
Movements in fair value reserve		–	–	(10.1)	–	**(10.1)**
Deferred tax charge in relation to movements in fair value reserve	7	–	–	0.8	–	**0.8**
Total comprehensive income/(expense) for the period		–	–	(9.3)	1,031.9	**1,022.6**
Transactions with equity holders						
Dividends	10	–	–	–	(720.9)	**(720.9)**
Issues of share capital	10	–	–	–	–	**–**
Share scheme credit		–	–	–	63.1	**63.1**
Deferred tax on share scheme credit		–	–	–	0.2	**0.2**
Total transactions with equity holders		–	–	–	(657.6)	**(657.6)**
As at 31 December 2021		0.3	13.1	14.1	447.3	**474.8**
At 1 January 2022		0.3	13.1	14.1	447.3	**474.8**
Profit for the period		–	–	–	250.5	**250.5**
Other comprehensive income						
Movements in fair value reserve		–	–	(20.9)	–	**(20.9)**
Deferred tax charge in relation to movements in fair value reserve	7	–	–	5.2	–	**5.2**
Total comprehensive income for the period		–	–	(15.7)	250.5	**234.8**
Transactions with equity holders						
Dividends	10	–	–	–	(658.3)	**(658.3)**
Issues of share capital	10	–	–	–	–	**–**
Share scheme credit		–	–	–	57.3	**57.3**
Deferred tax on share scheme credit		–	–	–	(0.1)	**(0.1)**
Total transactions with equity holders		–	–	–	(601.1)	**(601.1)**
As at 31 December 2022		**0.3**	**13.1**	**(1.6)**	**96.7**	**108.5**

Notes to the Parent Company Financial Statements

For the year ended 31 December 2022

1. Accounting policies

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared on the historical cost basis except for the revaluation of financial assets classified as fair value through the profit or loss or as fair value through other comprehensive income. The parent company financial statements are presented alongside the consolidated financial statements which can be found on page 293.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Admiral Group plc is considered to be the parent entity and the ultimate parent company of the Group.

1.2 Changes to accounting policies

No changes to accounting policies have been made in the period which have a material impact.

1.3 Disclosure exemptions applied under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- FRS 101.8 (a): the requirements of paragraph 45(b) and 46 to 52 of IFRS 2 Share-based payment
- FRS 101.8 (d): the requirement of IFRS 7 Financial Instruments: Disclosure to make disclosures about financial instruments
- FRS 101.8 (f): the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 118(3) of IAS 38 Intangible Assets
- FRS 101.8 (g): the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements to produce a cash flow statement, a third balance sheet and to make an explicit and unreserved statement of compliance with IFRSs
- FRS 101.8 (h): the requirements of IAS 7 Statements of Cash Flows to produce a cash flow statement
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to include a list of new IFRSs that have been issued but that have yet to be applied
- FRS 101.8 (k): the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to transaction is wholly owned by such a member

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

1.4 Going concern

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

1.5 Critical accounting judgements and key source of estimation uncertainty

In applying the Company's accounting policies as described below, management consider there to be a key source of estimation uncertainty within the impairment testing of the Company's investments in group undertakings. Management recognises the estimation involved in determining whether the carrying value of the investment may be supported by the recoverable amount calculation based on the 'value in use' of the asset (the net present value of future cash-flows arising from the asset).

In calculating the net present value of future cash-flows, Management has made assumptions over the timing and amount of underlying profit projections of the relevant undertakings, long term growth rates in those projections and the discount rate applied to these projections that is appropriate to reflect the market's view of the risk of the relevant investment. Sensitivity of these assumptions is also considered in calculating the net present value and suitably incorporated in Management's valuations.

No key accounting judgements have been made in the process of applying the Company's accounting policies.

1.6 Shares in Group undertakings

Shares in Group undertakings are valued at cost less any provision for impairment in value.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investments in subsidiaries. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with it's carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. See note 4 to these financial statements for further detail.

1.7 Employee share schemes

The Company operates a number of share schemes for employees of the Group's subsidiaries. For equity settled schemes, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an increase in equity in the Company. A corresponding intercompany charge is made to the subsidiaries whose employees receive the free shares. For further detail, see note 9 in the consolidated financial statements.

1.8 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

1.9 Financial assets and financial liabilities

Under IFRS 9, classification and subsequent measurement of financial assets depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset

Based on these factors, the Company classifies its financial assets into one of the three categories below:

- Amortised cost: assets held for collection of contractual cash flows where the cash flows represent solely payments of principal and interest, that are not designated as FVTPL
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI, or which are designated as FVTPL at initial recognition

In line with the above:

- Gilts and other debt securities are measured at FVOCI. Unrealised changes in the fair value of these assets are recognised in Other Comprehensive Income (OCI). The recognition of impairment gains or losses and interest revenue are recognised in the profit or loss
- Investments measured at FVTPL are primarily money market funds. Interest income is recognised in the Income statement

The expected credit loss model is used to calculate any impairment to be recognised for all assets measured at amortised cost, as well as financial investments measured at FVOCI. Impairment is measured using the simplified approach. Most of the investments held at AICL at amortised costs and FVOCI are of investment grade.

Cash and cash equivalents include cash in hand and deposits held at call with banks. All cash and cash equivalents are measured at amortised cost.

The Company's financial liabilities comprise of subordinated notes which are held at amortised cost using the effective interest method.

1.10 Intangible Assets

Purchased software licences are classified as an intangible asset and stated in the balance sheet at a cost less accumulated amortisation. Software is amortised from the point at which the asset is operational and is amortised over the licence period.

1.11 Trade and other receivables

Trade and other receivables are measured at amortised cost, less any impairment.

1.12 Trade and other payables

Trade and other payables are measured at amortised cost.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2022

2. Administrative expenses

Included within administrative expenses are re-charges of £6.1 million (2021: £4.2 million) relating to employees within the Group who perform services on behalf of the Company. No staff are directly employed by the Company.

3. Investment and interest income

	31 December 2022 £m	31 December 2021 £m
Dividend income from subsidiary undertakings	**310.0**	626.0
Interest income – other	**1.3**	0.3
Interest income at effective interest rate	**8.8**	4.1
Total investment and interest income	**320.1**	630.4

4. Investments in Group undertakings

	£m
Investments in subsidiary undertakings:	
At 1 January 2021	327.3[1]
Additions	13.0
Disposals	(9.2)
Impairment	(16.0)
At 31 December 2021	**315.1**
Additions	**143.5**
Disposals	**–**
Impairment	**(37.0)**
At 31 December 2022	**421.6**

1 Of this amount, £9.2 million relates to Assets held for sale. See note 11 for further detail

A full list of the Company's subsidiaries is disclosed in note 12 of the consolidated financial statements.

The additions to investments in the period of £143.5 million relate to the following:

- Further investment in Elephant Insurance Company ('Elephant') (£65.7 million);
- Further investment in Admiral Europe Compañía de Seguros ('AECS') (£34.3 million);
- Further investment in Able Insurance Services Limited ('Able') (£5.0 million);
- Further investment in Admiral Insurance (Gibraltar) Limited ('AIGL') (£30.0 million);
- Initial investment in and a further capital contribution in Admiral Financial Services Italia S.P.A ('AFSI') (£5.0m and £3.5m respectively)

An annual impairment review is performed over the carrying value of the investments in subsidiary undertakings, which involves comparing the carrying amount to the estimated recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell, and the value in use of the subsidiary, calculated using cash flow projections based on financial budgets approved by the Group Board.

Elephant

In 2022 a non-cash impairment loss of £35.2 million (2021: £14.1 million) has been recognised by the parent company in respect of its investment in the Group's US Insurance business Elephant. The impairment charge is to reflect the loss incurred during 2022 to bring the value of the investment to its recoverable amount, being its fair value less costs to sell (equivalent to net asset value), of £56.3 million (2021: £25.8 million). The impairment charge is presented within the "impairment losses" line of the parent company Income Statement.

The carrying value is based on fair value less costs of disposal, for which the net assets has been used as a reasonable approximation, using tier 3 of the fair value hierarchy. Due to limitations on evidential market information and restrictions in readily available information, net assets have been used to estimate fair value less costs to sell.

As the valuation is based on net assets, any movement in future profits will impact the investment held. The Board continues to support Elephant in the achievement of its goals.

Compare.com

In 2022 a non-cash impairment loss of £1.8 million (2021: £1.9 million) has been recognised by the parent company in respect of its investment in the Group's US comparison business compare.com. The impairment charge is to reflect the loss incurred during 2022 to bring the value of the investment to its recoverable amount, being its fair value less costs to sell (equivalent to the Group's share of net asset value), of £nil (2021: £1.8 million). The impairment charge is presented within the "impairment losses" line of the parent company Income Statement.

The carrying value is based on fair value less costs of disposal, for which the Group's share of net assets has been used as a reasonable approximation following a review of the carrying value of those assets compared to fair value, using tier 3 of the fair value hierarchy.

5. Intangible Assets

	Software £m	Total £m
Cost		
At 1 January 2022	0.4	0.4
Additions	–	–
Disposal	–	–
At 31 December 2022	0.4	0.4
Amortisation		
At 1 January 2022	–	–
Charge for the year	–	–
Disposal	–	–
At 31 December 2022	–	–
Net Book Value		
At 31 December 2021	0.4	0.4
At 31 December 2022	**0.4**	**0.4**

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2022

6. Financial assets and liabilities

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

	31 December 2022 £m	31 December 2021 £m
Investments classified as FVOCI		
Gilts (level 1 of the IFRS 13 hierarchy)	**143.6**	166.4
Debt securities (level 1 of the IFRS 13 hierarchy)	**–**	242.0
	143.6	408.4
Investments classified as FVTPL		
Money market and other similar funds (level 1 of the IFRS 13 hierarchy)	**23.9**	148.6
	23.9	148.6
Total financial investments	**167.5**	557.0
Financial assets held at amortised cost		
Trade and other receivables (Note 8)	**184.5**	187.1
Cash and cash equivalents	**3.5**	11.2
Total financial assets	**355.5**	755.3
Financial liabilities		
Subordinated notes	**204.4**	204.3
Other borrowings	**20.0**	20.0
Trade and other payables (Note 9)	**450.1**	370.9
Total financial liabilities	**674.5**	595.2

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

The table below compares the carrying value of subordinated notes (as per the Statement of Financial Position) with the fair value of the subordinated notes using a level one valuation:

	31 December 2022		31 December 2021	
	Carrying amount £m	Fair value £m	Carrying Amount £m	Fair Value £m
Financial liabilities				
Subordinated notes	**204.4**	**196.4**	204.3	217.1

The subordinated notes were issued on 25 July 2014 at a fixed rate of 5.5%, with a redemption date of 25 July 2024.

Total interest payable of £12.0 million (2021: £11.4 million) was recognised, of which £11.1 million (2021: £11.1 million) was in relation to the subordinated loan notes.

7. Taxation

7a. Taxation credit

	31 December 2022 £m	31 December 2021 £m
Current tax		
Corporation tax credit on profits for the year	**4.6**	(3.5)
Change in provision relating to prior periods	**1.0**	0.1
Current tax credit	**5.6**	(3.4)
Deferred tax		
Current period deferred taxation movement	**0.1**	0.1
Change in provision relating to prior periods	**–**	–
Total tax credit per income statement	**5.7**	(3.3)

Factors affecting the total tax credit are:

	31 December 2022 £m	31 December 2021 £m
Profit before tax	**244.8**	1,028.6
Corporation tax thereon at effective UK corporation tax rate of 19.0% (2021: 19.0%)	**46.5**	195.4
Expenses and provisions not deductible for tax purposes	**6.2**	4.8
Non-taxable income	**(58.4)**	(203.5)
Total tax credit for the period as above	**(5.7)**	(3.3)

At the year end, the corporation tax asset was £4.6 million (2021: £3.5 million).

7b. Deferred income tax (asset)/ liability

Analysis of deferred tax (asset)/liability

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve £m	Other differences £m	Total £m
Balance brought forward at 1 January 2021	(0.2)	–	–	5.4	–	5.2
Tax treatment of share scheme charges through income or expense	0.1	–	–	–	–	0.1
Tax treatment of share scheme charges through reserves	(0.2)	–	–	–	–	(0.2)
Movement in fair value reserve	–	–	–	(0.8)	–	(0.8)
Balance carried forward at 31 December 2021	(0.3)	–	–	4.6	–	4.3
Tax treatment of share scheme charges through income or expense	(0.1)	–	–	–	–	**(0.1)**
Tax treatment of share scheme charges through reserves	0.1	–	–	–	–	**0.1**
Movement in fair value reserve	–	–	–	(5.2)	–	**(5.2)**
Balance carried forward at 31 December 2022	**(0.3)**	**–**	**–**	**(0.6)**	**–**	**(0.9)**

The average effective rate of tax for 2022 is 19.0% (2021: 19.0%). An increase to the main rate of corporation tax in the UK to 25% was announced in the 2021 Budget and is expected to come into effect in the year ending 2023. This will increase the Company's future tax charge accordingly.

The deferred tax liability at 31 December 2022 has been calculated based on the rate at which each timing difference is most likely to reverse.

Notes to the Parent Company Financial Statements continued

For the year ended 31 December 2022

8. Trade and other receivables

	31 December 2022 £m	31 December 2021 £m
Trade and other receivables	**1.2**	1.6
Amounts owed by subsidiary undertakings	**183.3**	185.5
Total trade and other receivables	**184.5**	187.1

Held within amounts owed by subsidiary undertakings is £182.2 million (2021: £184.5 million) which relate to loans with formal agreements in place between the parent and the subsidiary. The estimated credit losses of these loans has been considered and any expected credit loss is considered to immaterial due to the assessment of credit risk being low due to the positive net value of assets of the subsidiaries and future trading projections.

The exception to the above is the intercompany receivable from compare.com where future trading forecast indicate the intercompany balance will not be repaid which has resulted in a provision of 50% being booked against this loan (£2.7 million).

Of the above amount, £155.1 million is due in greater than one year (2021: £151.0 million).

9. Trade and other payables

	31 December 2022 £m	31 December 2021 £m
Trade and other receivables	**7.2**	9.5
Amounts owed by subsidiary undertakings	**442.9**	361.4
Total trade and other receivables	**450.1**	370.9

Held within amounts owed to subsidiary undertakings is £198.2 million (2021: £0.5 million) which relate to loans with formal agreements in place between the parent and the subsidiary.

10. Share capital and reserves

Capital within the Company is comprised of share capital and the share premium account, the fair value reserve (which reflects movements in the fair value of assets classified as FVOCI) and retained earnings. Further information can be found within note 12 of the consolidated financial statements.

10a. Share capital

	31 December 2022 £m	31 December 2021 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		
302,837,726 (2021: 299,554,720) ordinary shares of 0.1 pence	**0.3**	0.3
	0.3	0.3

10b. Dividends

Dividends were proposed, approved and paid as follows:

	31 December 2022 £m	31 December 2021 £m
Proposed March 2021 (86.0 pence per share, approved April 2021 and paid June 2021)	**–**	250.8
Declared August 2021 (161.0 pence per share, paid October 2021)	**–**	470.1
Proposed March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	**348.1**	–
Declared August 2022 (105.0 pence per share, paid October 2022)	**310.2**	–
Total dividends	**658.3**	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 dividends declared in August are interim distributions in respect of 2021 and 2022.

A final dividend of 52.0 pence per share (£155.0 million) has been proposed in respect of the 2022 financial year. Refer to the Chair's Statement and Strategic Report for further detail.

The profit and loss account of the Parent Company does not include any unrealised profits, therefore the amount available for distribution by reference to these accounts is £96.7 million. Interim accounts will be laid before Companies House prior to payment of the 2022 Final Dividend in order to demonstrate that profits are available for distribution.

The Group also has substantial retained profits in its subsidiary companies which are expected to flow up to the Parent Company in due course, such that surplus cash generated can continue to be returned to shareholders.

11. Assets held for sale

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

These entities are determined to be the disposal group. Further information can be found within the consolidated accounts.

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

12. Related party transactions

The Company has taken advantage of the exemptions permitted by Financial Reporting Standard 101.8 (k) and not disclosed details of transactions with other wholly owned group undertakings. Transactions with group undertakings that are not wholly owned by Admiral Group plc are disclosed below.

	Transaction Value 2022 £m	**Balance at 31 December 2022 due/(to) related party £m**	Transaction Value 2021 £m	Balance at 31 December 2021 due/(to) related party £m
compare.com Insurance Agency LLC (Subsidiary undertaking)	**0.3**	**2.6**	0.2	4.5

The balance owed from compare.com relates to a convertible loan issued for which interest is being accrued.

13. Guarantees and contingent liabilities

During 2018, a Special Purpose Entity (SPE) was set up in order to secure additional funding for the Admiral Money business, with a second such SPE set up in October 2021. The Company acts as guarantor for certain operational performance conditions of its subsidiary, AFSL, as seller and servicer for the SPEs, and indemnifies AFSL in respect of any amount that would have been payable by AFSL for non-compliance with such performance conditions.

One of the Groups' 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.

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 Admiral Group plc.

14. Post balance sheet events

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

On 4 March 2023, the Group reached an agreement with Insurify, Inc. ("Insurify") whereby, Insurify will purchase 100% of the shares of Inspop USA, LLC ("Compare") from the Group and Compare's minority shareholders, in return for a minority shareholding in Insurify.

The total transaction value, including amounts attributable to minority shareholders is immaterial based on an assessment of the fair value of shares in Insurify and related options to be received as consideration, as at the date of the agreement. The Group will not receive any cash consideration. As at 31 December 2022, the net assets of Compare and the carrying value of the Group parent company's investment in Compare net of impairment provisions, were both £nil.

The transaction is expected to complete during the first half of 2023 and is subject to regulatory approval.

15. Continued application of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework

Following the first time application of FRS 101 Reduced Disclosure Framework in 2015, the Board considers that it is in the best interests of the Group for Admiral Group plc to continue to apply the FRS 101 Reduced Disclosure Framework in future periods. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Admiral Group plc may serve objections to the use of the disclosure exemptions on Admiral Group plc, in writing, to its registered office (Tŷ Admiral, David Street, Cardiff CF10 2EH) no later than 30 June 2022.

Consolidated Financial Summary (unaudited)

Basis of preparation

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

Income statement

	2022 £m	2021 £m	2020 £m	2019*1 £m	2018 £m
Total premiums	**3243.1**	3,098.7	2,957.2	2,938.6	2,766.4
Net insurance premium revenue	**911.0**	855.0	751.6	709.4	671.8
Other Revenue	**364.9**	345.3	359.0	348.8	460.6
Profit commission	**170.9**	304.5	134.0	114.9	93.2
Investment and interest income	**44.6**	45.2	60.7	35.7	36.0
Net revenue	**1491.4**	1,550.0	1,305.3	1,208.8	1,261.6
Net insurance claims	**(506.1)**	(332.3)	(293.2)	(359.3)	(350.1)
Net expenses	**(504.4)**	(492.3)	(391.6)	(331.9)	(424.0)
Operating profit	**480.9**	725.4	620.5	517.6	487.5
Net finance costs	**(11.9)**	(11.9)	(12.3)	(12.5)	(11.3)
Profit before tax from continuing operations	**469.0**	713.5	608.2	505.1	–
Profit before tax from discontinued operations	**–**	415.7	29.4	17.5	–
Profit before tax from continuing and discontinued operations	**469.0**	1,129.2	637.6	522.6	476.2

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

Balance sheet

	2022 £m	2021 £m	2020*1 £m	2019 £m	2018 £m
Property and equipment	**89.8**	103.2	146.3	154.4	28.1
Intangible assets	**248.3**	179.9	167.9	160.3	162.0
Deferred income tax	**18.5**	9.3	3.3	–	0.2
Corporation tax asset	**–**	10.6	17.9	–	–
Reinsurance assets	**2714.0**	2,176.1	2,083.2	2,071.7	1,883.5
Insurance and other receivables	**1335.8**	1,208.5	1,200.2	1,227.7	1,082.0
Loans and advances to customers	**823.9**	556.8	359.8	455.1	300.2
Financial investments	**3411.2**	3,742.6	3,506.0	3,234.5	2,969.7
Cash and cash equivalents	**297.0**	372.7	351.7	281.7	376.8
Total assets	**8938.5**	8,359.7	7,836.3	7,585.4	6,802.5
Equity	**955.4**	1,408.5	1,123.4	918.6	771.1
Insurance contracts	**4792.5**	4,215.0	4,081.3	3,975.0	3,736.4
Subordinated and other financial liabilities	**939.1**	670.9	488.6	530.1	444.2
Trade and other payables	**2158.0**	1,960.0	2,016.1	1,975.9	1,801.5
Lease liabilities	**88.5**	105.3	126.9	137.1	–
Deferred income tax	**–**	–	–	0.4	–
Current tax liabilities	**5.0**	–	–	48.3	49.3
Total equity and total liabilities	**8938.5**	8,359.7	7,836.3	7,585.4	6,802.5

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

Additional Information

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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 or 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 subject to certain adjustments as explained in this glossary. 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 14a to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total value of the revenue generated by the Group and analysis of this measure over time provides a clear indication of the size and growth of the Group. The measure was developed as a result of the Group's business model. The UK Car insurance business has historically shared a significant proportion of the risks with Munich Re, a third-party reinsurance Group, through a co-insurance arrangement, with the arrangement subsequently being replicated in some of the Group's international insurance operations. Premiums and claims accruing to the external co-insurer are not reflected in the Group's income statement and therefore presentation of this metric enables users of the Annual Report to see the scale of the Group's insurance operations in a way not possible from taking the income statement in isolation.
Total Premiums Written	Total premiums written are the total forecast premiums, net of forecast cancellations written in the underwriting year within the Group, including co-insurance. It is reconciled to financial statement line items in note 14a to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total premiums written by the Group's insurance intermediaries and analysis of this measure over time provides a clear indication of the growth in premiums, irrespective of how co-insurance agreements have changed over time. The reasons for presenting this measure are consistent with that for the Turnover APM noted above.
Group profit before tax	Group profit before tax represents profit before tax from continuing operations.
Earnings per share, continuing operations	Earnings per share from continuing operations before restructure costs represents the profit after tax attributable to equity shareholders excluding restructure costs, divided by the weighted average number of basic shares.
Underwriting result (profit or loss)	For each insurance business an underwriting result is presented showing the segment result prior to the inclusion of profit commission, other income contribution and instalment income. It demonstrates the insurance result, i.e. premium revenue and investment income on insurance assets less claims incurred and insurance expenses.

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

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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 calculating 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 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.
Coverage period	The period during which the entity provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract.
Liability for incurred claims ("LIC")	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.
Liability for remaining coverage ("LRC")	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period).
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.
Premium Allocation Approach ("PAA")	Under the PAA, the general measurement model may be simplified for certain contracts to measure the liability for remaining coverage. Generally, the PAA measures the liability for remaining coverage as the amount of premiums received net of acquisition cash flows paid, less the amount of premiums and acquisition cash flows that have been recognised in the profit and loss over the expired portion of the coverage period based on the passage of time.
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).
Retrospective approach (full – IFRS 17)	The method of transition to IFRS 17 meaning an entity shall at the transition date: identify, recognise and measure each group of insurance contracts as if IFRS 17 had always applied.
Risk adjustment for non-financial risk	The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.
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.

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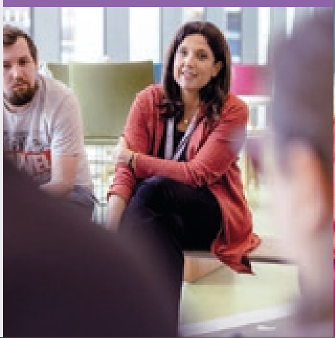

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