BRIT LIMITED
PRESS RELEASE
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UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

A STRONG AND ROBUST UNDERWRITING RESULT AND SIGNIFICANT GROWTH

Key points

- Combined ratio[1] of 96.6% (2021: 95.7%) and an underwriting profit of $95.4m (2021: $90.6m).
- GWP of $3,970.0m, an increase of 24.7% over 2021 ($3,238.3m) at constant rates of exchange.
- Risk adjusted premium rates increases on renewal business of 12.4% (2021: 12.9%), giving an compound increase since 1 January 2018 of 54.1%.
- A strong full year attritional ratio[1] of 51.0% (2021: 47.7%).
- Major losses of $338.5m, impacting the CoR by 12.0pps (2021: $324.4m / 15.5pps).
- Investment return[2] of -$132.1m or -2.3%, including $131.5m of unrealised losses, reflecting the market conditions (2021: gains of $171.9m or +3.3%).
- Result on ordinary activities before tax and FX of -$92.8m (2021: +$247.1m) and result after tax of -$96.3m (2021: +$236.9m).
- Return on net tangible assets of -3.6%[3] (2021: +19.4%).
- Capital position remains strong, with our capital surplus increasing to $709.8m (2021: $617.9m). Strong capital ratio[4] of 152.8% (2021: 139.1%).
- A highly successful second year of trading for Ki, recording GWP of $834.1m (2021: $395.6m), an increase at constant FX rates of 115.4%, and a combined ratio of 99.4%.
- Key developments include:
  - Agreed the sale of our Ambridge MGA companies to Amynta Group;
  - Executed our catastrophe strategy;
  - Relaunched our Data and Digital strategy, supported by our new CTO and CDO; and
  - Continued to focus on our customers through claims innovation, including deploying our algorithm to enable a faster claims response following Hurricane Ian, and by launching the Direct Pay payment solution in the US.

Martin Thompson, Group Chief Executive Officer[5], commented:

'In late October, Matthew Wilson took the decision to step down from his roles of Group CEO and Executive Chairman of Ki to focus on his health and his family. Matthew leaves a business that is in good shape and I am excited about our potential and how much more we have to achieve.

I am pleased to report that our strategy has delivered a resilient underwriting performance for 2022 with a combined ratio of 96.6%. In a year that saw significant losses arising from natural catastrophes and the Ukraine crisis, this is a robust result and testament to our underwriting discipline, further evidenced by our healthy attritional ratio.

Alongside delivering a profitable underwriting result, we were able to grow our premium written to $3,970.0m, an increase of 24.7% at constant rates of exchange. This growth reflects a combination of both new business and rate increases across our direct and reinsurance portfolios as well as Ki's continued expansion. Ki continues to develop at pace and has already gained significant traction in the market, writing $834.1m of premium in 2022 and reporting a very creditable combined ratio of 99.4%. We are hugely optimistic about the prospects for Ki in 2023 and beyond as we continue to see growing demand for its capacity and consistently high broker engagement with its digital business model.

Brit's result for all operations before FX and tax was a loss of $92.8m and our return on net tangible assets was -3.6%. This reflected our underwriting profit offset by negative investment return, corporate expenses and finance costs.

During the year we also made progress with our technology and data strategy. This will be a priority in the coming year and will help shape Brit as a lead underwriter of the future. This strategy will see us deliver an innovative, data-driven and technology enabled platform that empowers our underwriting and claims teams to thrive.

The major loss events of 2022 bought into sharp focus the crucial role insurance plays in times of crisis, and our ability to deliver a best-in-class claims service continues to be a core focus. We have supported our clients when they need it most, with innovation at the heart of our claims approach. In the immediate aftermath of Hurricane Ian, using our proprietary machine learning algorithm in tandem with ultra-high-resolution aerial imagery, we were able to make our first claim payments one week after the event.

Going into 2023, the industry faces a number of challenges and uncertainties, driven by the volatile geopolitical and economic landscapes, including ongoing inflationary pressures. Wider challenges also continue to exist such as the potential for increased frequency and magnitude of major loss events, excess capacity, the cost of doing business in the London Market, and increased competition. However, against this backdrop we believe Brit is uniquely placed. We have enviable scale and reputation as a lead market, a clear digital and data strategy that will make us more efficient and easier to do business with, and a proven commitment to investing in innovative solutions that improve outcomes for our customers. Underpinning this is a differentiated culture and some of the industry's best talent, taken together we are excited about how Brit is positioned to respond to the opportunities and challenges ahead.'

Notes

1 The calculation of the 2021 underwriting ratios contains an adjustment whereby the premium paid for the loss portfolio reinsurance ($344.1m) is added back to premium earned net of reinsurance, with an equal and opposite adjustment to net claims incurred. The benefit of a $35.0m reserve release resulting from the additional protection afforded by the contract is included in the calculation. This contract was endorsed in 2022, which is reflected in the 2022 ratio calculations, with a return premium ($37.2m) deducted from premium earned net of reinsurance, with an equal and opposite adjustment to net claims incurred, and with the resulting reserve strengthening of $0.7m included in the calculation. The Directors believe that the ratios when calculated after these adjustments present a more consistent and understandable view of the Group's performance.

2 Inclusive of return on investment related derivatives, return on associates and after deducting investment management expenses.

3 Return on net tangible assets (RoNTA) shows the return generated by our operations for the owners of Brit Limited before foreign exchange movements, compared to the adjusted net tangible assets deployed in our business attributable to them. The impact of the Group's defined benefit pension schemes are excluded from the calculation. Adjusted net tangible assets are defined as total equity, less intangible assets net of the deferred tax liability on those intangible assets, less non-controlling interest.

4 The capital ratio is calculated as total available resources divided by management entity capital requirements. The management entity capital requirement is the capital required for business strategy and regulatory requirements.

5 Mr Thompson was appointed as Group Chief Executive Officer on 31 October 2022. His appointment is subject to regulatory approval.

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Disclaimer

Brit at a Glance

Brit is a market leader in global specialty insurance and reinsurance, writing a broad range of commercial insurance. Brit is a highly regarded and an influential name in the Lloyd's market and we pride ourselves on our specialist underwriting and claims expertise.

We operate globally via a combination of our own international distribution network that benefits from Lloyd's global licences, and through our broker partners. Our underwriting capabilities are underpinned by a strong financial position, our underwriting expertise and discipline and customer service, enhanced by a data led approach and strong focus on innovation.

We have a strong track record and are passionate about our business, our people and our clients and we have focused on cultivating a franchise that is built on delivering exceptional service. Our culture is centred on achievement and we have established a framework that identifies and rewards strong performance.

Brit is a member of the Fairfax Financial Holdings Limited group of companies (Fairfax). The Fairfax financial result for the six months ended 30 June 2022, published on 28 July 2022, includes the Brit financial result.

www.britinsurance.com

The Fairfax Group

Since June 2015, Brit has been a member of the Fairfax Financial Holdings Limited group (Fairfax), a Canadian company whose shares are listed on the Toronto Stock Exchange (www.fairfax.ca).

At 31 December 2022, Fairfax owned 86.2% of Brit Limited while the remaining 13.8% was owned by OMERS Administration Corporation (OMERS), the defined benefit pension plan for municipal sector employees in the Province of Ontario, Canada. Fairfax has the option to purchase OMERS' interest in Brit at certain dates commencing in October 2023.

We believe that Fairfax is an excellent partner for Brit, enabling us to enhance our global product offering. It provides us with a strong and stable base for long-term growth and provides us with opportunities to expand our underwriting and distribution channels, combined with the freedom to pursue our own identity, philosophy and ambitions.

Business Review

Overview

For the twelve months to 31 December 2022, Brit returned a CoR of 96.6% (2021: 95.7%) and an underwriting profit of $95.4m (2021: $90.6m).

The underlying quality of our result has increased significantly compared to 2021. The 2022 CoR of 96.6% was achieved despite a marginal strengthening of 0.2pps to prior year reserves (2021: 4.8pps benefit), and in the absence of a loss portfolio reinsurance benefit (2021: 1.7pps). The impact of major loss in 2022 was reduced, despite another year of significant catastrophe activity and significant market losses, reflecting our focus on managing our exposures and the benefit of our reinsurance programme.

Our premium growth in 2022 was also significant, with GWP increasing by 24.7% at constant FX rates to $3,970.0m (2021: $3,238.3m). Our retention ratio, the proportion of our premium that renews, remained stable at 83.7% (2021: 83.7%). Across all lines, we have retained our underwriting discipline and remain prepared to discontinue accounts that we believe are inadequately priced or outside of our appetite.

Ki has continued to outperform its growth plans and has had a successful second year of trading.

Market conditions

The market has continued to benefit from strengthening premium rates during 2022. Brit achieved an overall risk adjusted rate increase of 12.4% (2021: 12.9%). All Divisions achieved rate increases, with the largest increases achieved in Financial and Professional, Programmes and Facilities, Property Treaty, Ambridge Re and Ambridge Specialty.

The compound risk adjusted rate increase since 1 January 2018 now totals a very strong +54.1%. Rating increases since 2020 by portfolio are as follows:

	2020 %	**2021 %**	**2022 %**
Financial and Professional Liability	11.9	39.8	30.8
Programmes and Facilities	7.4	7.7	10.9
Property	13.7	8.4	7.6
Specialty	13.0	8.6	6.7
Ambridge Speciality	15.1	16.1	8.0
Ambridge Transactional	–	18.4	0.7
Direct portfolios	11.7	15.4	14.4
Casualty Treaty	5.1	6.3	3.5
Property Treaty	8.8	7.9	9.9
Ambridge Re	9.0	6.6	9.4
Reinsurance portfolios	8.5	7.8	7.1
TOTAL	**10.6**	**12.9**	**12.4**

The economic environment and the impact of inflation

Brit has carefully considered the impact of the higher levels of inflation. Increased focus has been placed on ensuring Brit's pricing models adequately address current inflationary trends. Feeding into these models is an enhanced framework assessing the key drivers of claim settlement costs for each class of business.

Our reserves continue to be set at a margin above the actuarial estimate which is set on a best estimate basis. As part of the year-end reserving exercise, the impact of inflation has been considered in detail by the Actuarial team to ensure that assumptions are consistent with our forward looking expectations for claims inflation. Various techniques have been considered in line with guidance from Lloyd's and regulators.

Major loss activity

- **Natural catastrophes**

  2022 again witnessed a high level of natural catastrophe activity, with insured losses estimated at over $140bn, marginally below 2021 levels (source: Gallagher Re). Activity was dominated by Hurricane Ian, accounting for 39% of the loss figure, while it was another year where climate change, exposure growth and inflation had a significant influence. Of the last six years, only 2019 has recorded insured natural catastrophe losses of under $100bn.

  Major natural catastrophe losses amounted to $306.6m and added 10.9pps to the Brit CoR in 2022 (2021: $296.2m/15.5pps), driven by Hurricane Ian ($280.2m net), Australian floods ($16.9m net) and winter storm Elliott ($9.5m net).

- **Russian invasion of Ukraine**

  Brit has been shocked and horrified by the unfolding events in Ukraine. Brit's thoughts are with the Ukrainian people and especially with our Fairfax colleagues based there. Following the invasion, Brit took the decision to cancel or non-renew all (re)insurances of entities domiciled in Russia, entities with risk locations solely in Russia, and Russian owned assets and entities.

  Losses arising from the Russian Invasion of Ukraine totalled $31.9m net, or 1.1 CoR percentage points. This follows an assessment of direct exposures within the Terrorism, Casualty Treaty, Marine War, Contingency and Political and Credit Risk classes, along with potential secondary impacts. Brit does not write Aviation business. Given the ongoing nature of the event, neither the duration nor the ultimate outcome can be predicted with any certainty, and we continue to monitor the situation closely.

COVID-19

In 2022 there has been no material movement in overall reserves held for COVID-19 related claims. We have experienced an increase in incurred claims and a corresponding reduction in the provision for incurred but not reported claims.

Supporting our customers

Our customers are our priority. When a customer has a claim, we understand they are facing difficult and unexpected challenges. They expect the insurance they have purchased to respond and deliver when they need it most. We see each and every claim as an opportunity to deliver the claims service our customers need to move forward with their lives.

The Brit claims team have maintained a focus on responding to our customers and pursuing opportunities to reduce claims lifecycle and bring claims to resolution at every opportunity through innovation and technology:

- **Claims response to Hurricane Ian**

  Brit continues to lead the London Market in its use of geospatial technology to advance property claims adjusting capabilities post catastrophe and in normal course claims response. In the immediate aftermath of Hurricane Ian, using our proprietary machine learning algorithm in tandem with ultra-high-resolution aerial imagery to accelerate the accurate identification of US property damage, we were able to virtually adjust and approve claims payments directly from our offices in London. This enabled us to make our earliest claim payment on 8 October 2022, helping the impacted families and businesses. This represents a lifecycle of natural catastrophe impact to payment of approximately one week.

- **Direct Pay solution**

  In March 2022, we launched the Direct Pay payment solution in the US, with very favourable feedback from customers, coverholders and brokers. In partnership with Visa, Mastercard and Vitesse, Direct Pay offers our customers the ability to receive claims payments securely and instantly to their bank cards. This follows the successful 2021 adoption of Direct Pay solution in the UK.

Other underwriting developments

- **Execution of catastrophe strategy**

  In recent years the market has experienced a level of catastrophe activity significantly in excess of historical levels. We have reviewed the catastrophe strategy of our US Property portfolio, focusing on Property Treaty, Property Facilities and Property Open Market. As a result, we have focused on achieving minimum rate requirements, have successfully increased inflationary guards and minimum valuations, and have redistributed capacity away from cat intensive regions. The changes are also expected to reduce reliance on reinsurance which is increasingly expensive given the scarcity of capacity in the hardening market.

  The actions are expected to result in a gross exposure reduction for Property Catastrophe across the portfolios of Syndicate 2987 and Syndicate 2988. Syndicate 2988 has exited direct Property business and is focused on writing Property Binders and Property Open Market only via inwards Syndicate 2987 quota shares to benefit from Syndicate 2987's actions and more diversified portfolio.

- **Senior underwriting appointments**

  In 2022, we have continued to strengthen our underwriting teams with some experienced new hires. This has included Cyber, Accident and Health, North American Open Market Property and Property Facilities (Flood and Transportation).

- **Continued portfolio management**

  Where classes remain challenging, we have continued to take action to improve our performance and maintained our rigorous risk selection criteria. During 2022, we ceased writing Ambridge Property Facultative and Property Liability US SCGL.

- **2023 business planning**

  In 2023, Lloyd's market stamp capacity is projected to grow to £48bn ($57.7bn), an increase of c.20% over 2022 levels.

  For 2023, Brit (Syndicates 2987, 2988 and 1618 collectively) has a stamp capacity of £3,410.2m ($4,102.2m), a 33.3% increase over 2022. This makes Brit one of the fastest growing large managing agents in the market, demonstrating the value and strength of Brit to the Lloyd's Market.

  Syndicate 2987's capacity is planned to grow by 27.6% over the 2022 year of account with a commensurate top line increase. As in previous years, we continue to actively manage the portfolios by segmenting classes into 'high performing', 'core', 'managed growth', 'overseas distribution' and 'portfolio management'. Growth (excluding RARC) is driven primarily by the 'high performing' and 'core' segments, while the largest increases in RARC are targeted on the weakest performing segments of the portfolio.

  Syndicate 2988's capacity is planned to grow by 21.0% over the 2022 year of account. The 2023 plan promotes continued diversification of the Syndicate's portfolio, focusing on growth in the 'high performing' segment together with managed shifts in income across the portfolio in such a way as to generate a better balance between Property, Specialty, and Casualty lines. Growth in Syndicate 2988 premium is largely a function of greater penetration into Syndicate 2987's business plus selective growth of existing business.

  Syndicate 1618's GWP is planned to continue to grow in its third year of trading. The first two years of trading have been a great success and its plan for 2023 reflects its rapid progress to date and the significant opportunity that the Ki model presents. Growth is planned to come from a combination of renewals in its existing portfolio and greater penetration into the follow market.

  Brit's non-catastrophe reinsurance renewals at 1 January have been successfully completed, with the erosion of coverage minimised despite challenging market conditions. The cost has increased in several lines, but within our business planning assumptions.

  Brit's main catastrophe protections renew at 1 April and discussions are currently underway with our reinsurance partners. Currently, we do not foresee any material challenges in placing the required protections.

- **Brit Private Client**

  Brit Private Client took overall first place in the Highpoint High Net Worth Insurer Survey. This survey has been running for eight years and canvassed feedback from 100+ brokers in the UK, covering new business, underwriters, documentation, quality of cover, claims handling, renewals, and market position. Out of the ten insurers covered by the survey, Brit came first or second in all the categories. This significant achievement in just 18 months since launch shows that our proposition of underwriting, claims and service excellence has been welcomed by the market.

Review of other key business developments during 2022

Other key strategic developments during 2022 have included:

- **Ambridge sale agreement and our US strategy**

  On 7 January 2023 Brit entered into an agreement to sell Ambridge Group to Amynta Group. The Company will receive approximately $400m on closing, comprising of cash of $275m and a promissory note of approximately $125m. An additional $100m may be receivable, subject to a clawback based on 2023 performance targets of Ambridge. Closing of the transaction is subject to customary closing conditions, including regulatory approvals, and is expected to occur in the second quarter of 2023.

  Ambridge is a leading global Managing General Underwriter, offering a broad range of transactional, specialty casualty, cyber, professional liability, and reinsurance coverages. Ambridge places over $600m of gross premium written on behalf of Brit and a number of highly rated global insurers. Jess Pryor, Executive Chairman of Ambridge, and Jeff Cowhey, Chief Executive Officer of Ambridge, will continue to lead the Company. We look forward to continuing our underwriting relationship with Ambridge after the sale.

- **Senior Corporate appointments**

  - **Group CEO and Executive Chairman of Ki:** On 12 September, Matthew Wilson resumed his role as Group CEO and Executive Chairman of Ki Group, following a leave of absence in September 2021 to undergo treatment for health reasons. On 31 October, Matthew took the decision to step down from his roles at Brit to focus on his health and his family. He will continue to work within the Fairfax Group as an Executive Advisory Director.

    Matthew has been succeeded by Martin Thompson, who acted as Interim CEO during Matthew's leave of absence.

  - **Bilge Mert, Chief Technology Officer (CTO),** began her role in January 2022. Bilge is responsible for leading Brit's technology and data strategy to further advance the business' focus on delivering an innovative, data-driven and technology empowered platform for underwriting, claims and operations. Bilge is supported by **Kanika Chaganty, Chief Data Officer (CDO),** who also joined in January 2022 and is responsible for leading Brit's data strategy and leveraging its data and analytics capabilities to support Brit's digital vision.

- **Data and digital strategy**

  We have continued to evolve our technology and digital strategies. Following the appointment in early 2022 of our new CTO and CDO, a review of our digital and data strategy was undertaken. Our ambition is to deliver a digital and data driven technology platform that improves our underwriting performance over the long term, and future proofs Brit's position as an innovative leader in the market. This will be achieved through a modern and flexible technology architecture, strong partnership with the business functions and key talent with digital and data skills. Our strategy focuses on four pillars: Data Modernisation, Digital Foundations, Digital Underwriting, and Finance Modernisation. The roadmap will be phased and prioritised in line with the Brit strategy starting with building the foundations and implementation of the Digital Underwriting capabilities.

- **Brit Group Services Limited Defined Benefits Pension Scheme – bulk annuity contract**

  In December 2022, the Trustee of the Scheme purchased a bulk annuity ('buy-in') policy with a specialist insurer for a premium of £105.2m ($126.5m). This policy, which replaces the majority of the Schemes investments, matches the benefits due to all scheme members and provides the income to the Scheme to fund payments as they fall due. Following this transaction, the Scheme retains a surplus of $24.8m ($16.1m net of deferred tax). This contract provides added security to members, while reducing the risk of Brit being required to provide further funding to support member benefits. No decision has been made as to whether the scheme will proceed to a full buy-out at some point in the future.

Ki, the first algorithmically driven Lloyd's of London syndicate

In its second year Ki continued its strong growth trajectory, more than doubling its GWP to $834.1m, establishing itself at a sustainable scale and confirming the huge potential of the business model. We are extremely proud to report that Ki also delivered an underwriting profit in 2022, with a COR of 99.4% despite the impact of Hurricane Ian and earnings drag as it continues to grow. This combination of stellar growth and profitability demonstrates the truly differentiated value of Ki's digital, data driven business model.

Ki embraces all that is represented by 'The Future at Lloyd's' by bringing data, technology, innovation, and artificial intelligence to the fore in the complex world of commercial and specialty underwriting. Ki is backed by its capital partners, Blackstone Tactical Opportunities (Blackstone) and Fairfax.

Ki has built a platform that is unique in the Lloyd's market, combining algorithmic underwriting with digital distribution to offer a compelling proposition to Lloyd's brokers and clients. The speed and certainty with which Ki offers follow capacity has been embraced by our brokers and demand for our capacity continues to rapidly grow.

Built on strong foundations developed in partnership with Google Cloud and University College London's Computer Science Department, we have continued to develop differentiated technology in our broker platform and proprietary underwriting and risk models. Our in-house team of leading data scientists and engineers has developed new capabilities at pace, bringing new products to our platform and driving even greater service to brokers and control of our underwriting portfolio. It is this spirit of continuous improvement that defines the business.

Our technology is partnered with a strong underwriting culture, with a focus on sustainable profitability and discipline embedded in the business. The Portfolio Underwriting function at Ki is focused on managing our portfolio as well as servicing our brokers and clients to ensure we remain focused on the fundamentals of specialty insurance.

Against the backdrop of a challenging year with multiple catastrophic events around the globe, Ki's full year 2022 performance is especially pleasing and demonstrates strong control over catastrophe risk. The business has delivered a full year combined ratio of 99.4% (2021: 113.6%) in just its second year of operation.

Ki has scaled ahead of plan with growth of 115.4% in GWP at constant FX rates, rising to $834.1m (2021: $395.6m). This reflects continued, growing support from the Lloyd's broking community for our unique offering and the favourable trading conditions.

Underwriting profitability was achieved against the backdrop of significant catastrophe activity in 2022, with Ki exposed to gross losses from Hurricane Ian, the Australian floods, Ukraine, and winter storm Elliott. The net impact of these events was reduced by our catastrophe reinsurance programme and whole account quota share, resulting in a major loss ratio of 9.7% (2021: 16.0%).

Ki's core proposition of expense efficiency delivered through a digital business model has been successfully demonstrated, with a total operating expense ratio of 34.6% (2021: 44.0%). This is despite the continued impact of earnings drag and start-up expenses.

The net attritional loss ratio is 54.3% (2021: 53.4%). This reflects the latest reserving position on the 2021 and 2022 years of account, including provision for excess inflation and reserve risk.

In November 2022, Ki increased its sustainability linked 'Funds at Lloyd's' letter of credit agreement to $180.0m with new and existing banking partners. The facility, which is structured to support Syndicate 1618 as Ki grows, is linked to the ESG rating of Ki's 'Funds at Lloyd's' investment portfolios and Syndicate 1618's assets, with its pricing depending on the compliance of Ki's investment portfolios with ESG targets. This builds on the investment guidelines Ki has established for its third-party managers, which incorporate ESG principles and targets, and will help Ki build a sustainable footprint.

Ki has continued to invest in the wider global community, funding the planting of approximately 117,000 trees, and sponsoring four women to take nano-degrees in computer coding and data, hiring three permanently.

Ki has also continued to invest in its team, and the quality of talent attracted from both the tech and insurance industries is testament to Ki's exciting vision. We have hired 56 people during 2022, including six apprentices and supporting six masters students.

We enter 2023 hugely optimistic about the prospects for Ki and anticipate continued growth. We have proven our ability to return an underwriting profit as a technology-led insurer, are seeing growing demand for our capacity and are enjoying consistently high engagement with our digital business model. Our technology continues to develop at pace and our talented people are stronger than ever.

Further information can be found at www.ki-insurance.com.

Financial Performance Review

Key Performance Indicators

At Brit we monitor and measure our performance by reference to certain key performance indicators (KPIs). These KPIs are used by us to manage our business and allow us to see, at a glance, how we are performing.

Our four KPIs show the returns that we are generating, the performance of our underwriting activities, our investment portfolio, and our financial strength. The development of our KPIs over the five years (set out below) reflects our focus on underwriting performance and improving underwriting market conditions, together with the challenges presented by the increased frequency and severity of catastrophe events, COVID-19, and the increase in investment market volatility.

Business area	**KPI**	**Commentary**	**Track record**
Overall performance	Return on net tangible assets (RoNTA)	RoNTA shows the return generated by our operations for the owners of Brit Limited before foreign exchange movements, compared to the adjusted net tangible assets deployed in our business attributable to them. The impact of the Group's defined benefit pension schemes are excluded from both the return and the assets in the calculation. In 2022, our RoNTA in respect of continuing and discontinued operations combined was (3.6)%, reflecting a positive underwriting result, offset by negative investment return. This return resulted in a five-year average RoNTA of (0.1)%. RoNTA for 2022 after foreign exchange movements was (4.5)% (2021: 18.2%).	2022 (3.6)% 2021 19.4% 2020 (20.1)% 2019 18.9% 2018 (15.2)%
Underwriting	Combined ratio	The combined ratio is our key underwriting metric and measures the profitability of our underwriting. It shows how much of every $1 of premium is spent in the total costs of sourcing and underwriting the business and settling claims. A combined ratio under 100% indicates underwriting profitability. Our combined ratio in 2022 was 96.6%, 12.0pps of which was in respect of major losses (including 1.1pps arising from the Russian invasion of Ukraine). It also included a 0.2pps increase in ultimate claim estimates for prior years Over the past five years, we have delivered an average combined ratio of 100.8% despite the impact of COVID-19 and extreme catastrophe years of 2017 and 2018. Excluding COVID-19 related claims, our five-year average combined ratio was 97.4%. Our 2022 combined ratio in respect of continuing business was 96.9% (2021: 97.0%).	2022 96.6% 2021 95.7% 2020 112.7% 2019 95.8% 2018 103.2%
Investment management	Investment return	We assess the performance of our investment portfolio by comparing the return generated by our invested assets, net of external investment related expenses, against the average value of those invested assets. Our investment strategy takes a long-term view of markets, which can lead to significant variations in our year-on-year return figures. Over the past five years, we have delivered an average investment return of 0.7%.	2022 (2.3)% 2021 3.3% 2020 1.0% 2019 3.6% 2018 (2.0)%
Capital management	Capital ratio	The capital ratio measures our financial strength position by comparing our available capital resources to the capital we need to hold to meet our management entity capital requirements. Our financial position remains strong. At 31 December 2022, Group capital resources totalled $2,053.0m giving surplus management capital of $709.8m (2021: $617.9m), or 52.8% (2021: 39.1%) over our Group management capital requirement. During the period, our capital requirements reduced from $1,581.6m to $1,343.2m, primarily reflecting increased requirements resulting from growth in our 2023 underwriting plans, offset by reduction in capital requirements due to increases in interest rates.	2022 152.8% 2021 139.1% 2020 122.1% 2019 128.4% 2018 130.4%

Overview of Results

The Group's income statement, re-analysed to show the key components of our result, is set out below:

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Gross written premium	3,970.0	3,238.3	2,424.4	2,293.5	2,239.1
Net written premium	3,146.4	1,998.3	1,775.6	1,656.2	1,482.4
Net earned premium	2,866.9	1,754.3	1,710.7	1,641.9	1,468.0
Underwriting result	95.4	90.6	(217.3)	69.7	(52.4)
Return on invested assets, net of fees	(132.1)	171.9	44.6	148.1	(83.3)
Gain on deconsolidation of subsidiaries	–	19.8	–	–	–
Gain on business combination	–	6.1	–	10.2	–
Corporate expenses	(56.9)	(44.7)	(23.6)	(20.3)	(20.0)
Finance costs	(20.1)	(18.3)	(23.6)	(23.7)	(18.8)
Other items	20.9	21.7	(15.6)	0.3	(3.4)
(Loss)/profit on ordinary activities before tax and FX	(92.8)	247.1	(235.5)	184.3	(177.9)
FX movements	(15.1)	(19.8)	5.0	2.0	(12.4)
(Loss)/profit on ordinary activities before tax	(107.9)	227.3	(230.5)	186.3	(190.3)
Tax	11.6	9.6	(1.5)	(6.4)	23.8
(Loss)/profit after tax	(96.3)	236.9	(232.0)	179.9	(166.5)
(Loss)/profit after tax – continuing operations	(118.0)	212.3			
(Loss)/profit after tax – discontinued operations	21.7	24.6			
(Loss)/profit after tax – total	(96.3)	236.9			

Group performance

Our 2022 result reflected premium growth, a positive and resilient underwriting result (a strong attritional performance, partly offset by major loss activity including losses arising from the Russian invasion of Ukraine), and a negative investment return.

Our 2021 result reflected solid a strong attritional performance, prior year reserve releases (partly resulting from a loss portfolio reinsurance), good investment return and a gain on the deconsolidation of subsidiaries, partly offset by major loss activity and the continued impact of COVID-19.

The result on ordinary activities for 2022 before tax and FX was a loss of $92.8m (2021: profit of $247.1m), after FX but before tax was a loss of $107.9m (2021: $227.3m) and after tax was a loss of $96.3m (2021: profit of $236.9m).

The result after tax attributable to continuing operations was a loss of $118.0m (2021: profit of $212.3m) and the result attributable to discontinued operations was a profit of $21.7m (2021: profit of $24.6m). The entities generating the profit attributable to discontinued operations are classified as held for sale and are expected to be deconsolidated in the second quarter of 2023.

Return on adjusted net tangible assets (RoNTA), excluding the effects of FX, was negative 3.6% (2021: positive 19.4%). RoNTA for 2022 after including foreign exchange movements was negative 4.5% (2021: positive 18.2%).

Performance measures

In addition to our KPIs, we have other measures that offer further insight into the detail of our performance. These measures include:

- **Premium related:** Risk adjusted rate change (RARC); Retention rate;
- **Claims related:** Claims ratio; Attritional claims ratio; Major claims ratio; Reserve release ratio; and
- **Underwriting expense related:** Expense ratio; Commission expense ratio; Operating expense ratio.

The performance measures set out below are for continuing and discontinued business combined. Ratios for continuing business are included where they differ from those for the combined business.

Underwriting

Overview

Our underwriting result for the year was a profit of $95.4m (2021: $90.6m) and our combined ratio was 96.6% (2021: 95.7%). The premiums, claims and expenses components of this result are examined below.

Premiums written

Our gross premium written (GWP) across our key reporting segments is as follows:

	2022 $m	2021 $m	Growth %	Growth at constant FX rates %
Core underwriting	3,116.8	2,834.1	10.0	11.7
Other underwriting	19.1	8.6	122.1	164.9
	3,135.9	2,842.7	10.3	12.2
Ki	834.1	395.6	110.8	115.4
Group total	3,970.0	3,238.3	22.6	24.7

Note 1: The 2021 figures have been re-analysed to reflect the changes to the underwriting class monitoring structure introduced in 2022.

GWP, analysed by portfolio, is as follows:

Portfolio	2022 $m	2021 $m	Growth %	Growth at constant FX rates %
Direct underwriting portfolios:				
Financial and Professional Liability	767.1	603.9	27.0	30.1
Programmes and Facilities	881.0	658.2	33.8	34.7
Property	636.6	478.8	33.0	37.7
Specialty	481.8	398.1	21.0	24.6
Ambridge Specialty	79.8	62.7	27.3	27.3
Ambridge Transactional	106.6	108.6	(1.8)	2.2
	2,952.9	2,310.3	27.8	30.7
Reinsurance underwriting portfolios:				
Casualty Treaty	416.9	299.8	39.1	40.6
Property Treaty	399.9	384.5	4.0	5.1
Ambridge Re	184.1	175.5	4.9	4.9
	1,000.9	859.8	16.4	17.4
Underwriting classes in run-off	(10.1)	60.1	(116.8)	(117.1)
Other underwriting	26.3	8.1	224.7	164.9
Total	3,970.0	3,238.3	22.6	24.7

Note 1: To aid comparability, the 2021 figures have been re-presented to reflect the changes to the underwriting class monitoring structure introduced for 2022.

Gross written premium (GWP) increased by 22.6% to $3,970.0 m (2021: $3,238.3m). At constant exchange rates, the increase was 24.7%. Our core underwriting segment increased by 10.0% to $3,116.8m (2021: $2,834.1m), while Ki, in its second year of underwriting, continued to gain significant traction, writing $834.1m (2021: $395.6m), an increase of 110.8%. Our other underwriting segment increased by 122.1% to $19.1m (2021: $8.6m).

The drivers of the increase in Group GWP, which was in line with expectations, were as follows:

- Current year premiums: Increases in our core segment were driven by Programmes and Facilities, Casualty Treaty, Financial and Professional Liability, Property and Specialty. These increases reflected the strong rating environment and targeted growth as we capitalise on market opportunities, partially offset by our withdrawal from a number of underperforming classes, and the non-renewal of certain accounts due to poor performance or pricing inadequacy. Within Ki, premium growth was seen across all portfolios, especially Property, Financial and Professional Liability and Financial and Professional Liability, reflecting rate increases and new business opportunities.

- Prior year premium development: The book again experienced favourable development on prior year premiums, at a similar rate to that experienced in 2021. This resulted in a year-on-year increase of $17.6m (2021: $6.5m).
- Foreign exchange: The impact of foreign exchange resulted in a $58.9m year-on-year reduction in premium, which reflects the movement during 2022 of the US dollar against a number of currencies in which the Group writes business.

Premium rate change

Measure	Commentary	Track record
Risk adjusted rate change	The risk adjusted rate change (RARC) shows whether premium rates are increasing, reflecting a hardening market, or decreasing, reflecting a softening market. A hardening market is one indicator of increasing profitability. The data reflects internal estimates by Brit's underwriters, based on available year-on-year underlying renewal data after allowing for changes to terms and conditions. Generally, no adjustment is made to the figures to reflect the impact of inflation beyond the level of inflation in the underlying exposure measure used in pricing. In 2022, we achieved an overall RARC of 12.4%, bringing the compound RARC since 1 January 2018 to 54.1%.	2022 12.4% 2021 12.9% 2020 10.6% 2019 5.9% 2018 3.7%

2022 saw a continued positive rate environment, with an overall risk adjusted premium rate increase of 12.4% across the portfolio (2021: 12.9%). The compound increase since 1 January 2018 now totals 54.1%.

In 2022, direct business premium rates increased by 14.4% (2021: 15.4%), while reinsurance business increased by 7.1% (2021: 7.8%). All portfolios achieved rate increases, with the largest achieved in Financial and Professional Liability, Programmes and Facilities, Property Treaty and Ambridge Re.

Retention rate

Measure	Commentary	Track record
Retention rate	The retention rate shows the proportion of our business that renews, on a premium weighted basis, compared to the previous year.	2022 83.7% 2021 83.7% 2020 76.1% 2019 78.0% 2018 80.2%

Our retention rate for the period was unchanged 83.7% (2021: 83.7%). We continue to improve our performance by exiting underperforming business and increasing lines on high performing accounts.

Outwards reinsurance

Our reinsurance expenditure in 2022 was $823.6m or 20.7% of GWP (2021: $1,240.0m/38.3%), a decrease of $416.4m.

The 2021 reinsurance expenditure included:

- A loss portfolio reinsurance contract with RiverStone Managing Agency Limited (for and on behalf of Lloyd's syndicate 3500). Excluding this transaction, reinsurance expenditure was $895.9m or 27.7% of GWP.

- $93.0m in respect of a new multi-year XL contract supported by the Brit-sponsored Cat Bond issued in late 2020 by a segregated cell of Sussex UK, additional Cyber protections, and the reinsurance programme for Ki.

The 2022 figure included a return premium of $37.2m following an endorsement to the 2021 loss portfolio reinsurance contract.

In 2022, there was a measured reduction in proportional reinsurance purchased following a decision to retain a greater amount of our most profitable lines while maintaining comprehensive cover. This was partially offset by inwards premium growth in portfolios covered by adjustable excess of loss contracts and proportional reinsurance treaties. Ki's reinsurance expenditure also increased reflecting its premium growth.

Net earned premium

Net earned premium (NEP) in 2022 increased by 63.4% to $2,866.9m (2021: $1,754.3m). At constant exchange rates, the increase was 67.0%. Excluding the impact of the 2021 loss portfolio reinsurance contract and subsequent endorsement, which impacted core underwriting, NEP increased by 34.9%.

Brit's core underwriting increased by 46.6% to $2,283.4m (2021: $1,557.7m) and Ki increased by 205.7% to $506.3m (2021: $165.6m). Other underwriting increased by 149.0% to $77.2m (2021: $31.0m). These movements reflected premium growth and lower reinsurance spend.

Claims

Measure	Commentary	Track record
Claims ratio	The claims ratio measures the performance of the whole underwriting book, encompassing risks written in the current year and in prior years.	2022 63.2% 2021 58.4% 2020 72.4% 2019 55.7% 2018 63.7%

The claims ratio can be further analysed into its underlying components, as follows:

Measure	Commentary	Track record
Attritional claims ratio	The attritional claims ratio measures the performance of the underlying underwriting book by measuring the effect of attritional claims.	2022 51.0% 2021 47.7% 2020 52.5% 2019 54.8% 2018 56.7%
Major claims ratio	The major claims ratio measures the effect of claims arising from major losses on our performance. The 2022 ratio reflects the impact of catastrophe events of 10.9pps and claims of 1.1pps arising from the Russian invasion of Ukraine (2021: 14.2pps from catastrophe events and 1.3pps from COVID-19 related claims).	2022 12.0% 2021 15.5% 2020 23.7% 2019 3.8% 2018 13.0%
Reserve release ratio	The reserve release ratio measures the performance of reserves held on the statement of financial position at the start of the year. A negative ratio indicates an overall net release, which means that prior year claims are performing better than estimated at the start of the year. A positive ratio indicates that over the course of the year, the amount required to meet those prior year claims has increased.	2022 0.2% 2021 (4.8)% 2020 (3.7)% 2019 (2.8)% 2018 (6.0)%

Our underlying claims performance in 2022 remained strong, with an attritional claims ratio of 51.7% (2021: 47.7%).

We continue to see strong underlying performance across our portfolios, with strong pricing and targeted growth in our high-performing segments. The 2022 ratio reflects the impact of increased economic uncertainty, including the impact of inflation. The 2021 attritional ratio benefited from the effects of COVID-19 related restrictions, such as reduced volumes of commercial activity and the suspension of court hearings.

Major losses	**2022 $m**	**2021 $m**
Australian Floods	16.9	–
Hurricane Ian	280.2	–
Winter Storm Elliott	9.5	–
Texas winter storms	–	77.7
Hurricane Ida	–	200.5
European floods (Bernd)	–	18.0
Total before Russia/Ukraine and COVID-19 related losses	**306.6**	296.2
Claims arising from the Russian invasion of Ukraine	31.9	–
COVID-19 related losses	–	28.2
Total	**338.5**	**324.4**
CoR impact	**12.0pps**	**15.5pps**

As part of our standard reserving process, we marginally strengthened our overall net reserves established for prior year claims by $6.8m, the equivalent of a combined ratio increase of 0.2pps (2021: release of $100.1m, reduction of 4.8pps), $0.7m of which resulted from the 2022 endorsement of the 2021 loss portfolio reinsurance. The remaining $6.1m reflected the current economic conditions and the potential impact of inflation. The 2022 figure includes releases across Property, Specialty (principally Marine), Property Treaty and Ambridge Transactional, offset by strengthening in Programs and Facilities (principally Property Liability US), Financial and Professional Liability (principally PI US and Healthcare) and Casualty Treaty (principally LT Risk), and Ki.

The 2021 release reflected favourable claims experience across more recent underwriting years (principally Property, Specialty and Ambridge Transactional, Casualty Treaty and Property Treaty), a release of $12.3m in respect of 2020 COVID-19 related claim estimates, the continued overall net favourable development of other prior year catastrophe events, and a release of $35.0m reflecting the additional reinsurance protection afforded by the loss portfolio reinsurance with RiverStone.

Our financial position remains strong and we continue to operate a robust reserving process.

Underwriting expenses

Our expense ratio was 33.4% (2021: 37.3%).

Measure	Commentary	Track record
Expense ratio	The expense ratio measures the cost we incur to acquire every $1 of premium. There are two key components to this – commission expenses and operating expenses. Our 2022 expense ratio in respect of continuing business was 33.7% (2021: 38.6%).	2022 33.4% 2021 37.3% 2020 40.3% 2019 40.1% 2018 39.5%

The expense ratio can be further analysed into its underlying components, as follows:

Measure	Commentary	Track record
Commission expense ratio	The commission expense ratio measures our distribution costs and shows how much of every $1 of premium is paid to acquire our business. Our 2022 commission expense ratio in respect of continuing business was 25.1% (2021: 27.4%).	2022 23.5% 2021 25.2% 2020 26.5% 2019 27.1% 2018 27.6%
Operating expense ratio	The operating expense ratio helps us understand how much it costs us to support the underwriting activities. This ratio shows how much of every $1 of premium we spend supporting our underwriting activities. Our 2022 operating expense ratio in respect of continuing business was 8.6% (2021: 11.2%).	2022 9.9% 2021 12.1% 2020 13.8% 2019 13.0% 2018 11.9%

Commission costs were $664.4m and the commission expense ratio was 23.5% (2021: $528.4m/25.2%). This $136.0m increase was driven by the increase in NEP, while the decrease in the ratio principally reflects a continued drive to reduce overall acquisition costs in the current strong market. Commission costs for continuing business were $710.0m (2021: $574.6m) and for discontinued business were a credit of $45.6m (2021: credit of $46.2m).

Our expenses are analysed below.

Operating expense ratio

Our operating expense ratio decreased to 9.9% (2021: 12.1%). The ratio consists of the following components, each of these is discussed in the sections below.

- Underwriting related operating expenses for 2022 were $323.7m and contributed 11.4pps to the operating expense ratio (2021: $312.8m/14.9pps).
- Underwriting related fee and commission income totalled $42.9m, reducing the operating expense ratio by 1.5pps (2021: $56.6m/2.7pps). These amounts are included in the operating expense ratio as the expenses incurred in generating these fees are included within underwriting expenses.
- Losses on other financial liabilities were $1.3m, with no impact on the ratio (2021: gains of $2.5m, decreasing the ratio by 0.1pps). These amounts are included in the operating expense ratio as they represent the underwriting result in Brit's consolidated income statement attributable to third party capital providers.

Expenses

Total expenses during 2022 increased by 6.5% to $380.6m (2021: $357.5m). At constant rates of exchange, the increase was 14.7%, reflecting that the majority of our expense base is in Sterling. The main contributors to this increase were staff costs, reflecting headcount growth, bonus accrual, and regulatory charges and levies. These increases also include the costs resulting from the growth of Ki.

At 31 December 2022, Group headcount was 969 (2021: 854). The increase was primarily due to the growth of Ki, targeted underwriting expansion in favourable market conditions and the related growth of support functions. These were partly offset by reductions resulting from the withdrawal from certain classes of business.

The allocation of expenses within the Consolidated Income Statement and the Segmental Information is as follows:

Disclosure of expenses	**2022 $m**	**2021 $m**
Acquisition costs and other insurance related expenses – continuing business	255.4	251.6
Other expenses – continuing business	56.9	44.7
Total expenses – continuing business	312.3	296.3
Acquisition costs and other insurance related expenses – continuing business	68.3	61.2
Total expenses	380.6	357.5

Other income

Other income totalled $63.8m (2021: $78.3m), as set out below:

Other income	**2022 $m**	**2021 $m**
Fee and commission income (Note 1) – continuing operations	12.3	14.7
Change in value of ultimate parent company shares (Note 2)	20.9	21.7
Total other income – continuing operations	33.2	36.4
Fee and commission income (Note 1) – discontinued operations	30.6	41.9
Total other income	63.8	78.3

Note 1: Total fee and commission income is included within our underwriting result and our combined and expense ratios.
Note 2: Change in value of ultimate parent company shares is included within our corporate result.

Fees and commissions generated by the Group's underwriting management activities decreased in 2022 by 24.2% to $42.9m (2021: $56.6m). The decrease primarily reflects reduced third party commission received by Ambridge, partly offset by increased fees generated by Camargue.

Included in other income was a gain of $20.9m (2021: $21.7m) in respect of the change in value of shares held by Brit in its ultimate parent.

Gains on other financial liabilities

The statement of financial position of the Group includes liabilities representing third party investors' share in structured undertakings consolidated by the Group, namely Sussex Capital. Changes in the value of these liabilities during the year are recorded in the Group's consolidated income statement as '(losses)/gains on other financial liabilities'.

In 2022, the income statement impact was a loss of $1.3m (2021: gain of $2.5m). Brit allocates these gains/losses to its underwriting result.

Return on invested assets

The investment portfolio is managed, for the most part, by Hamblin Watsa Investment Counsel Limited, a Fairfax subsidiary with an excellent long-term track record, whose sole business is managing investment portfolios of Fairfax group companies. They are supported by a number of external managers covering core fixed income and specialised credit mandates.

The return on our invested assets was a negative $132.1m or (2.3)% (2021: positive $171.9m /3.3%). This result is analysed below:

Investment return	**2022 $m**	**2021 $m**
Income	86.1	58.4
Realised (losses)/gains	(75.2)	59.4
Unrealised (losses)/gains	(131.5)	63.6
Investment return before fees	(120.6)	181.4
Investment management fees	(13.8)	(14.2)
Investment return, net of fees	(134.4)	167.2
Investment related derivative return	0.8	3.0
Return on associated undertakings	1.5	1.7
Total return	(132.1)	171.9
Total return	(2.3)%	3.3%

Of the investment return, $0.1m (2021: nil) related to discontinued operations.

Equity markets had a tumultuous year as concerns around the persistence of inflation and the impact on growth of central bank measures were compounded by the impact of the Russian invasion of Ukraine and continued Chinese lockdowns. Despite the general negative sentiment, our equity portfolio outperformed the market and generated a positive return of $12.7m (2021: $125.9m), benefiting from a value focused approach. Our return on fund investments was a negative $11.3m (2021: gain of $59.8m).

The fixed income portfolio generated a loss of $132.3m (2021: loss of $4.8m), which included unrealised losses of $150.0m, as income was offset by capital losses. These unrealised losses are expected to unwind as the portfolio matures. The US government bond yield curve rose across all tenors, with the two-year yield increasing from 0.73% to 4.43%, the five-year yield increasing from 1.26% to 4.00% and the ten-year yield increasing from 1.51% to 3.88%. Investment grade credit and high yield spreads widened over the twelve months as inflation remained elevated and the US Federal Reserve Bank entered an aggressive rate rising cycle, raising rates 425bps over the year, including four consecutive 75bps hikes. Investment grade spreads in the US widened from 0.49% to 0.90% and in Europe from 0.78% to 1.56%, while high yield spreads in the US widened from 2.83% to 4.68% and in Europe widened from 3.12% to 4.90%.

Cash and cash equivalents generated interest of $10.3m (2021: $0.5m). Our approach to cash management during the year has, and continues to be, to limit the amount of operational cash and to maximise amounts held within short-term government bills, stepping into the higher yields.

At 31 December 2022, the running yield (expressed as yield as a percentage of invested assets) of our total portfolio was 4.0% (2021: 0.9%). This has increased over 2022 in line with the increase in the yield curve in the US resulting in better forward looking income to the portfolio, providing a balance to mark to market movements.

In 2022, our share of the net profit of our associated undertaking, Sutton Special Risk Inc., was $1.5m (2021: $1.2m). Sutton Special Risk Inc. is a leading Canada-based managing general underwriter specialising in Accident & Health business in which Brit acquired a 49% share on 2 January 2019. In 2021, a further $0.5m return was recognised from Camargue Underwriting Managers (Proprietary) Limited, a leading South African managing general underwriter, which became a 100% subsidiary of the Group and ceased to be an associated undertaking on 4 October 2021.

Gain on deconsolidation of subsidiaries

No subsidiaries were deconsolidated in 2022. In 2021, a gain of $19.8m arose from:

- The sale of the Commonwealth Insurance Company of America (gain of $3.7m);
- The sale of Scion Underwriting Services Inc. (gain of $18.3m); and
- The deconsolidated of North America Property Insurance Series 2017 Account A-3 (a segregated account within Versutus Limited) (loss of $2.2m).

Gain on a business combination

No business combinations were effected in 2022. In 2021, a gain of $6.1m arose on the acquisition of the remaining 50% of the share capital of Camargue.

Foreign exchange

We manage our currency exposures to mitigate the impact on solvency rather than to achieve a short-term impact on earnings. We experienced a foreign exchange loss of $15.1m in 2022 (2021: loss of $19.8m), reflecting the movement of the US dollar against other currencies in which we trade and hold assets, and the impact of FX related derivatives purchased by the Group.

The allocation of the FX result within the Consolidated Income Statement is as follows:

Foreign exchange gains and (losses)	**2022 $m**	**2021 $m**
Net foreign exchange (losses)/gains – continuing operations	(30.4)	(1.4)
Net foreign exchange (losses)/gains – discontinued operations	1.8	0.3
(Losses)/gains on derivative contracts – FX related instruments	13.5	(18.7)
	(15.1)	(19.8)

Tax

Our tax on ordinary activities for 2022 resulted in a tax credit of $11.6m (2021: tax credit of $9.6m), based on a Group loss before tax of $107.9m (2021: profit before tax of $227.3m), of which $0.1m related to continuing operations (2021: $12.0m) and $11.5m related to discontinued operations (2021: $(2.4)m). This credit comprised a current tax credit of $3.4m and a deferred tax credit of $8.2m. The deferred tax credit reflects the change in the UK tax rate from 19% to 25% from 1 April 2023 in accordance with the Finance Act 2021 which was substantially enacted on 24 May 2021.

The Group is liable to taxes on its corporate income in a number of jurisdictions where its companies carry on business, most notably the UK, Germany, and the US. Corporate profits and losses in Bermuda are exempt from tax. The tax charge is calculated in each legal entity across the Group and then consolidated. Therefore, the Group effective rate is sensitive to the location of taxable profits and is a composite tax rate reflecting the mix of tax rates in those jurisdictions.

The 2022 Group rate varies from the weighted average rate in those jurisdictions due to a number of factors. The principal factors are an increase of $19.9m in the unrecognised deferred tax asset in respect of undeclared Lloyd's syndicate years of account and current tax losses, and the impact of the change in the UK tax rate used for the calculation of deferred taxes, from 19% for brought forward balances to 25% for carried forward balances due to the increase in the UK corporation tax rate to 25% from 1 April 2023 which was substantively enacted on 24 May 2021. The rate is further influenced by the impact of prior year adjustments, US state taxes, US losses not recognised, exempt income such as dividend income, disallowable expenses and by non-UK taxes arising in our Lloyd's syndicates.

Financial position and capital strength

Overview

Our business is underwritten principally through our wholly-aligned Lloyd's Syndicate 2987, and through Ki Syndicate 1618, which benefit from Lloyd's ratings of A (Excellent) from A.M. Best, AA- (Very Strong) from Fitch and A+ (Strong) from Standard & Poor's.

Our financial position remains strong, with our capital surplus increasing by $91.9m in the year. At 31 December 2022, Group capital resources totalled $2,053.0m (2021: $2,199.5m), giving surplus management capital of $709.8m (2021: $617.9m), or 52.8% (2021: 39.1%) over our Group management capital requirement of $1,343.2m (2021: $1,581.6m).

Brit has in place a $550m (2021: $450m) revolving credit facility (RCF), the expiration date of which is 31 December 2025. Under our capital policy we have identified a maximum of $300.0m (2021: $250.0m) of this facility to form part of our capital resources, with the balance available for liquidity funding. At 31 December 2022, the cash drawings on the facility were $10.0m (2021: $45.0m) and a $100.0m uncollateralised letter of credit (LoC) was in place (2021: $130.0m/uncollateralised) to support our underwriting activities. At the date of this report, cash drawings had reduced to nil and the $100.0m uncollateralised LoC remained in place.

At 31 December 2022, Ki Financial Ltd, together with Sussex Re and Ki Member Ltd, has a $180.0m LoC facility (2021: $130.0m) to provide a proportion of the Funds at Lloyd's for Syndicate 1618 through a segregated account of Sussex Re. The facility was fully utilised at 31 December 2022 (2021: $130.0m fully utilised).

In addition, we have in issue £135.0m of 3.6757% subordinated debt with a carrying value of £135.0m/ $162.4m (31 December 2021: £135.0m/$182.9m). This instrument, which is listed on the London Stock Exchange, was issued in December 2005, matures on 9 December 2030.

At 31 December 2022, our gearing ratio was 17.6% (2021: 20.0%).

Brit's invested assets (financial investments, investments in associates, cash and cash equivalents and derivative contracts) at 31 December 2022 were $6,011.3m (31 December 2021: $5,546.2m).

Our asset allocation, on both a look-through basis and statutory disclosure basis, is set out in the tables below:

31 December 2022		**Statutory basis**								Total invested assets (look-through)
		Equity securities	**Debt securities**	**Loan instruments**	**Specialised investment funds**	**Cash and cash equivalents**	**Associated undertakings**	**Investment Derivatives (net)**	**Assets held for sale**	
		$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Look-through basis	Government debt securities	–	2,644.5	–	29.8	–	–	–	–	2,674.3
	Corporate debt securities	–	1,301.0	–	14.4	–	–	–	–	1,315.4
	Structured products	–	–	–	18.7	–	–	–	–	18.7
	Loan instruments	–	–	34.6	8.8	–	–	–	–	43.4
	Equity securities	544.1	–	–	313.4	–	15.2	–	–	872.7
	Alternative investments	–	–	–	–	–	–	–	–	–
	Cash and cash equivalents	–	–	–	4.8	941.3	–	–	138.1	1,084.2
	Investment related derivatives	–	–	–	(1.7)	–	–	4.3	–	2.6
Total invested assets (statutory)		544.1	3,945.5	34.6	388.2	941.3	15.2	4.3	138.1	6,011.3

31 December 2021		**Statutory basis**							**Total invested assets** (look-through)
		Equity securities	**Debt securities**	**Loan instruments**	**Specialised investment funds**	**Cash and cash equivalents**	**Associated undertakings**	**Investment Derivatives (net)**	
		$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Look-through basis	Government debt securities	–	2,232.6	–	21.8	–	–	–	2,254.4
	Corporate debt securities	–	907.2	–	10.9	–	–	–	918.1
	Structured products	–	–	–	21.3	–	–	–	21.3
	Loan instruments	–	–	38.3	3.0	–	–	–	41.3
	Equity securities	480.1	–	–	261.6	–	15.0	–	756.7
	Alternative investments	–	–	–	–	–	–	–	–
	Cash and cash equivalents	–	–	–	39.0	1,510.3	–	–	1,549.3
	Investment related derivatives	–	–	–	(0.8)	–	–	5.9	5.1
Total invested assets (statutory)		480.1	3,139.8	38.3	356.8	1,510.3	15.0	5.9	5,546.2

Brit held a short duration position over 2022 which limited mark to market losses on the fixed income portfolio.

We increased our duration and credit allocation in the second half of the year as spreads widened and interest rates have risen, creating more attractive opportunities. The allocation to credit risk, is primarily defensive, focused on high quality, investment grade non-cyclical companies. Equity allocations are invested in a portfolio of both listed and private (non-listed) equities and funds.

The assets remain primarily invested in cash and fixed income securities (2022: $5,117.3m or 85.1% of the portfolio; 2021: $4,763.1m or 85.9% of the portfolio). The fixed income portfolio is short dated, with a majority allocation to government bills. Corporate bonds and other loan instruments represent 22.6% (2021: 17.3%) of the total portfolio with 2.6pps (2021: 2.1pps) of this figure being below investment grade.

The exposure to equities, funds and structured products has increased (2022: $891.4m or 14.8% of the portfolio; 2021: $778.0m or 14.0% of the portfolio), due to additional purchases in Q4.

The duration of our portfolio at 31 December 2022 was 1.7 years (2021: 1.5 years), which is shorter than the duration of our liabilities. US rates rose across the curve over 2022, as the Fed rose rates in response to persistent inflation.

At 31 December 2022, 71.5% of our invested assets were rated of A- or higher (2021: 75.4%). An analysis of the credit quality of our invested assets is set out below:

Principal risks and uncertainties

Risk Management Framework

Brit delivers shareholder value by actively seeking and accepting risk within agreed limits. Risk management at Brit is a continuous process that links directly to the organisation's business and risk management strategies and the associated Board risk tolerances.

Brit's Risk Management Framework (RMF) applies a consistent methodology and structure to how risks are identified, measured, managed and monitored. This process enables us to protect policyholders and maximise shareholder value by ensuring the risk and capital implications of business strategy are well understood.

The RMF has the following key elements:

- **Identification:** Risk events, risks and relevant controls are identified and classified. This is a continuous process which considers any emerging and existing risks. The risk register sets out the significant risks faced by the business and identifies the potential impact and likelihood of each risk.
- **Measurement:** Risks are assessed and quantified and controls are evaluated. This is done through a combination of stochastic modelling techniques, stress and scenario analysis, reverse stress testing and qualitative assessment using relevant internal and external data.
- **Management:** The information resulting from risk identification and measurement is used to improve how the business is managed.

A key part of the RMF is the setting of risk tolerances and risk appetite. Risk tolerances are set by the Board and represent the maximum amount of risk Brit is willing to accept to meet its strategic objectives. Risk appetite is set by management and reflects the maximum amount of risk that Brit wishes to take in the current market environment. The actual amount of risk taken is monitored against the tolerances and appetites on an ongoing basis.

The RMF, including the risk tolerances and appetite, reflects Brit's strategy and seeks to ensure that risk is accepted in the areas which are expected to maximise shareholder value whilst continuing to protect policyholders against extreme events. The process applies to both the Brit Group and to the individual underwriting entities (such as Lloyd's syndicates).

The Risk Management function, led by the Chief Risk Officer (CRO), monitors whether Brit is operating within the risk tolerance levels approved by the Board. This includes assessments of any new strategic initiatives and the principal risks and uncertainties faced by the business as detailed below.

All Brit staff are involved in ensuring there is an appropriate risk culture which promotes the identification and management of risk. Brit's risk culture aims to ensure the risk and capital implications of decisions are understood and there is open communication about risks and issues in all areas of the business.

Brit's approach to risk management is designed to encourage clear decision-making as to which risks Brit takes and how these are managed based on the potential strategic, commercial, financial, compliance and legal implications of these risks.

The sections below set out the approach to risk governance, and the key risks identified, measured and managed under the RMF.

Risk Governance

The Board is responsible for overseeing our risk management and internal control systems, which management is responsible for implementing.

Brit maintains a strong risk governance framework using Risk Oversight Committees and Audit Committees whose membership consists of independent non-executive Directors. The Board, Risk and Audit Committee agendas are designed to ensure all significant areas of risk are reported on and discussed. The Risk Oversight Committees monitor and review the risk profile and the effectiveness of all risk management activities and, in particular, monitor adherence to agreed risk limits.

Brit operates a three lines of defence model for governing risk. Within the first line of defence individual risk committees monitor day-to-day risk control activities. The risk management function, as a second line of defence, provides oversight over business processes and sets out policies and procedures. Internal Audit, as a third line of defence, provides independent assurance and monitors the effectiveness of the risk management processes.

Our Internal Audit function provides assurance to the Risk Oversight Committees, Audit Committees and Boards, while external experts are regularly used for independent assessments.

Key risks

The RMF categorises the risks to Brit as follows:

- Overarching risk: strategic, earnings and solvency; and
- Individual risk categories: insurance, market, liquidity, credit and operational and group.

Insurance risk is the key driver of our Group capital requirements.

The key risks and uncertainties are set out in the following table and the principal risks in the current environment are set out below.

Risk category	Risk	Description
Insurance	Underwriting – pricing	Emerging experience is inconsistent with the assumptions (e.g. inflation) and pricing models used.
	Underwriting – natural catastrophe	Natural catastrophe events, including the impact of climate risk, impacting Brit's (re)insureds, leading to large volumes of claims.
	Reserving	Prior year reserves are insufficient to cover claims (net of reinsurance) e.g. due to higher than anticipated inflation
Investment	Investment market risk	Invested assets adversely affected by changes in economic variables, such as interest rates, inflation, bond yields, equity returns, credit spreads, credit ratings.
Operational and group	People	Failure to attract, motivate and retain key Directors, senior underwriters, senior management, and other key personnel, on whom our future success is substantially dependent.

Emerging risks

Brit undertakes a formal emerging risk review annually with the results reported to the Risk Oversight Committees and included in Brit's Own Risk and Solvency Assessment (ORSA) and Commercial Insurer's Solvency Self-Assessment (CISSA) reports of the underwriting entities. The review is an important part of the risk identification aspect of the RMF and includes horizon scanning of the internal and external risk environment to identify potential new or developing risks to Brit. These risks can then be included in the risk register and managed appropriately as required.

Current emerging risks include:

- **Climate change related financial risks**

  Climate change has been recognised as an emerging risk in the ORSA since 2014 and has been an area of focus since having been identified as a high priority by Brit's 2018 emerging risks analysis. Its potential impact on the insurance industry is an area of focus for the wider insurance market and its regulators.

  The financial risks to insurers may include the potential for increased frequency and severity of weather-related natural catastrophes, for example, hurricanes and wildfires. In line with recent years, 2022 experienced material losses from catastrophe activity globally, with Hurricane Ian being the most material event to Brit.

  The three main areas of risk identified for Brit are natural catastrophes, liability claims and investment losses. Scenario analysis has been performed on all three risk types to identify the most material risk types as well as the most exposed segments within each risk.

- **Geopolitical related risks**

  Geopolitical events, such as Russia's invasion of Ukraine, have the potential to cause insurance losses and disruption to financial markets. This may impact various subsidiary undertakings within the Group which could in turn impact the future income from those entities. There may also be a potential impact on the operational costs of the Group attributable to the downstream effects of high inflation. The Group continues to monitor developments closely.

Brit has direct exposures to the Russia-Ukraine conflict within the Terrorism, Casualty Treaty, Marine War, Contingency and Political and Credit Risk classes, along with potential secondary impacts on classes such as Cyber.

- **Global economic environment related risks**

Inflation in the USA and the UK has reached 40-year highs and interest rates worldwide have risen. Recessions are expected in a number of advanced economies, which may impact the frequency and cost of claims, investment results, the likelihood of counterparty defaults and the potential for operational risk events. Brit continues to actively monitor and respond to changes in the economic environment.

Brit has considered the impact of the increased level of inflation and the economic downturn. Increased focus has been placed on ensuring Brit's pricing models adequately address current inflationary trends. Feeding into these models is an enhanced framework assessing the key drivers of claim settlement costs for each class of business. Inflationary impacts were also considered during the year end reserving process.

We remain cognisant of the impact of inflation on the underlying portfolio, with work being undertaken collaboratively across Underwriting, Actuarial, Risk and Claims to quantify the impact, mitigate the impact of inflation on profitability and to ensure it has been appropriately considered in our ongoing business and 2023 business plan. We continue to review the key drivers of claim settlement costs and frequency by class of business, which in turn will further inform any required recalibration of our pricing models. Our reserves continue to be set at a margin above the actuarial best estimate and incorporate our current view of social and economic inflation.

Financial information and availability of accounts

The financial information set out above is unaudited and does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021. The 2022 financial information is derived from the Company's unaudited 2022 statutory accounts and the 2021 financial information is derived from Company's 2021 statutory accounts.

Statutory accounts for 2021 have been delivered to the Registrar of Companies. The auditor has reported on those accounts; its report was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The audited statutory accounts for 2022 are expected to be available on the Company's website no later than 20 March 2023. An announcement will be made when they are available. The Directors do not anticipate any modification or emphasis of matter paragraph in the auditor's report required to be included with the statutory accounts for 2022.

The statutory accounts for 2022 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The unaudited preliminary results were approved by the Board on 17 February 2023.

Responsibility statement of the Directors

The Directors confirm that, to the best of their knowledge:

- The unaudited consolidated financial statements, contained within the Company's 2022 unaudited statutory accounts, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group; and
- The Strategic Report, contained within the Company's 2022 unaudited statutory accounts, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Martin Thompson
Group Chief Executive Officer*
15 February 2023

Gavin Wilkinson
Group Chief Financial Officer
15 February 2023

* Mr Thompson was appointed as Group Chief Executive Officer on 31 October 2022. His appointment is subject to regulatory approval.

Consolidated Income Statement
For the year ended 31 December 2022

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Continuing Operations		
Revenue		
Gross premiums written	**3,970.0**	3,238.3
Less premiums ceded to reinsurers	**(823.6)**	(1,240.0)
Premiums written, net of reinsurance	**3,146.4**	1,998.3
Gross amount of change in provision for unearned premiums	**(303.9)**	(370.4)
Reinsurers' share of change in provision for unearned premiums	**24.4**	126.4
Net change in provision for unearned premiums	**(279.5)**	(244.0)
Earned premiums, net of reinsurance	**2,866.9**	1,754.3
Investment return	**(134.5)**	167.2
Return on derivative contracts	**14.3**	(15.7)
Gain on deconsolidation of subsidiaries	**–**	19.8
Gain on business combination	**–**	6.1
Other income	**33.2**	36.4
(Losses)/gains on other financial liabilities	**(1.3)**	2.5
Total income	**2,778.6**	1,970.6
Expenses		
Claims incurred:		
Claims paid:		
Gross amount	**(1,481.9)**	(1,321.5)
Reinsurers' share	**439.9**	437.6
Claims paid, net of reinsurance	**(1,042.0)**	(883.9)
Change in the provision for claims:		
Gross amount	**(993.2)**	(402.7)
Reinsurers' share	**210.2**	405.0
Net change in the provision for claims	**(783.0)**	2.3
Claims incurred, net of reinsurance	**(1,825.0)**	(881.6)
Acquisition costs	**(857.2)**	(694.2)
Other operating expenses	**(165.1)**	(176.7)
Net foreign exchange losses	**(30.4)**	(1.4)
Total expenses excluding finance costs	**(2,877.7)**	(1,753.9)
Operating (loss)/profit	**(99.1)**	216.7
Finance costs	**(20.5)**	(18.1)
Share of net profit of associates	**1.5**	1.7
(Loss)/profit on ordinary activities before tax	**(118.1)**	200.3
Tax credit	**0.1**	12.0
(Loss)/profit from continuing operations	**(118.0)**	212.3
Discontinued operation		
Profit from discontinued operation, net of tax	**21.7**	24.6
(Loss)/profit for the year	**(96.3)**	236.9
(Loss)/profit attributable to:		
Owners of the parent	**(85.2)**	248.5
Non-controlling interests	**(11.1)**	(11.6)
Continuing Operations	**3,970.0**	3,238.3

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
(Loss)/profit for the year	**(96.3)**	236.9
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of post-employment benefit obligations	**(40.9)**	18.7
Deferred tax gain/(loss) relating to remeasurements of post-employment benefit obligations	**14.3**	(6.5)
Items that may be reclassified to profit or loss in subsequent periods:		
Change in unrealised foreign currency translation losses on foreign operations	**(17.4)**	(1.1)
Total other comprehensive income	**(44.0)**	11.1
Total comprehensive income recognised for the year	**(140.3)**	248.0
Total comprehensive income for the year attributable to:		
Owners of the parent	**(129.2)**	259.6
Non-controlling interests	**(11.1)**	(11.6)
Total comprehensive income for the year	**(140.3)**	248.0

Consolidated Statement of Financial Position

At 31 December 2022

	31 December 2022 $m	31 December 2021 $m
Assets		
Intangible assets	**120.0**	205.3
Property, plant and equipment	**41.8**	57.6
Deferred acquisition costs	**376.8**	321.8
Investment in associated undertaking	**15.2**	15.0
Reinsurance contracts	**2,487.0**	2,291.2
Employee benefits	**62.4**	113.8
Deferred taxation	**50.1**	47.9
Current taxation	**15.5**	10.6
Financial investments	**4,912.4**	4,015.0
Derivative contracts	**10.8**	15.1
Insurance and other receivables	**1,803.3**	1,615.3
Assets classified as held for sale	**331.6**	-
Cash and cash equivalents	**941.3**	1,510.3
Total assets	**11,168.2**	10,218.9
Liabilities and Equity		
Liabilities		
Insurance contracts	**7,779.0**	6,532.9
Borrowings	**172.4**	227.9
Other financial liabilities	**92.7**	95.8
Provisions	**2.2**	2.4
Deferred taxation	**1.8**	12.9
Current taxation	**0.5**	3.8
Derivative contracts	**10.1**	12.5
Insurance and other payables	**917.1**	1,184.1
Liabilities directly associated with assets classified as held for sale	**49.6**	-
Total liabilities	**9,025.4**	8,072.3
Equity		
Called up share capital	**10.0**	10.0
Share premium	**1,432.6**	1,432.6
Capital redemption reserve	**1.0**	1.0
Capital contribution reserve	**32.2**	28.5
Foreign currency translation reserve	**(102.6)**	(85.2)
Retained earnings	**395.1**	525.5
Total equity attributable to owners of the parent	**1,768.3**	1,912.4
Non-controlling interests	**374.5**	234.2
Total liabilities and equity	**11,168.2**	10,218.9

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Cash flows from operating activities		
Cash (used in)/provided by operations	**(571.3)**	622.5
Tax paid	**(5.1)**	(8.1)
Interest received	**81.1**	57.9
Dividends received	**8.3**	10.1
Purchase of shares for share-based payment schemes	**(0.4)**	(16.9)
Net cash (outflows)/inflows from operating activities	**(487.4)**	665.5

Cash flows from investing activities		
Purchase of intangible assets	**(9.2)**	(12.8)
Purchase of property, plant and equipment	**(2.1)**	(1.7)
Disposal of subsidiary undertakings, net of cash disposed	**–**	31.8
Acquisition of subsidiary undertaking, net of cash acquired	**–**	(6.4)
Dividends from associated undertakings	**1.1**	0.7
Net cash (outflows)/inflows from investing activities	**(10.2)**	11.6

Cash flows from financing activities		
Proceeds from issue of shares and other capital contributions	**3.7**	406.1
Repayment on revolving credit facility	**(35.0)**	(85.0)
Interest paid	**(11.8)**	(9.7)
Transactions with non-controlling interests	**151.5**	124.0
Dividends paid	**(18.7)**	(375.0)
Net cash inflows from financing activities	**89.7**	60.4

Net decrease in cash and cash equivalents	**(407.9)**	737.5
Cash and cash equivalents at the beginning of the year	**1,510.3**	775.7
Effect of exchange rate fluctuations on cash and cash equivalents	**(23.0)**	(2.9)
Cash and cash equivalents at the end of the year	**1079.4**	1,510.3

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital $m	Share premium $m	Capital redemption reserve $m	Capital contribution reserve $m	Foreign currency translation reserve $m	Retained earnings $m	Total attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2022	**10.0**	**1,432.6**	**1.0**	**28.5**	**(85.2)**	**525.5**	**1,912.4**	**234.2**	**2,146.6**
(Loss)/profit for the year	–	–	–	–	–	**(85.2)**	**(85.2)**	**(11.1)**	**(96.3)**
Other comprehensive income	–	–	–	–	**(17.4)**	**(26.6)**	**(44.0)**	–	(44.0)
Total comprehensive income recognised	–	–	–	–	**(17.4)**	**(111.8)**	**(129.2)**	**(11.1)**	**(140.3)**
Issuance of share capital	–	–	–	–	–	–	–	–	-
Dividend	–	–	–	–	–	**(18.7)**	**(18.7)**	–	**(18.7)**
Contribution from parent in relation to the acquisition of the RiverStone pension plan	–	–	–	**3.7**	–	–	**3.7**	–	**3.7**
Transactions with non-controlling interests	–	–	–	–	–	**0.1**	**0.1**	**151.4**	**151.5**
At 31 December 2022	**10.0**	**1,432.6**	**1.0**	**32.2**	**(102.6)**	**395.1**	**1,768.3**	**374.5**	**2,142.8**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Called up share capital $m	Share premium $m	Capital redemption reserve $m	Capital contribution reserve $m	Foreign currency translation reserve $m	Retained earnings $m	Total attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2021	8.6	1,027.9	1.0	–	(84.1)	639.2	1,592.6	121.7	1,714.3
Profit/(loss) for the year *	–	–	–	–	–	248.5	248.5	(11.6)	236.9
Other comprehensive income *	–	–	–	–	(1.1)	12.2	11.1	–	11.1
Total comprehensive income recognised	–	–	–	–	(1.1)	260.7	259.6	(11.6)	248.0
Reallocation of forfeited rollover shares to LTIP schemes	–	–	–	–	–	0.6	0.6	–	0.6
Issuance of share capital	1.4	404.7	–	–	–		406.1	–	406.1
Dividend	–	–	–	–	–	(375.0)	(375.0)	–	(375.0)
Contribution from parent in relation to the acquisition of the Riverstone pension plan	–	–	–	28.5	–	–	28.5	–	28.5
Transactions with non-controlling interests	–	–	–	–	–	–	–	124.1	124.1
At 31 December 2021	10.0	1,432.6	1.0	28.5	(85.2)	525.5	1,912.4	234.2	2,146.6

* The statement has been re-presented to include additional line items not reported in the prior year

Nature and Purpose of Group Reserves

Share premium: The balance represents the difference between the price at which shares are issued and their nominal value, less any distributions made from this account.

Capital redemption reserve: The balance represents the amount by which share capital is diminished in the event of a share cancellation and is required to be recognised in a legal reserve to maintain the Group's capital.

Capital contribution reserve: The balance represents the amount by which the Group has benefited from asset transfers or contributions from the owners of the parent company, for which no shares have been issued in exchange.

Foreign currency translation reserve: The balance on this reserve represents the foreign exchange differences arising from the translation of financial statement information of entities within the Group from functional currencies to the presentational currency of the Group.

Retained earnings: Retained earnings represents the cumulative comprehensive income retained by the Group after taxation and after any distributions made from this account.