IFRS 17 restatements 2022 FY and HY results

8 June 2023

Disclaimer

HISCOX

This document includes forward-looking statements, assumptions, and information about the Company's financial condition, results, business, strategy, plans and objectives, including in relation to the Company's current or future projects. It should be noted that the achievement of these objectives, forward-looking statements, assumptions and information is dependent on future circumstances and facts. No guarantee can be given regarding the achievement of these forward-looking statements, assumptions and information. These forward-looking statements, assumptions and information are not guarantees of future performance. Forward-looking statements, assumptions and information (including on objectives) may be impacted by known or unknown risks, identified or unidentified uncertainties and other factors that may significantly alter the future results and performance planned or expected by the Company.

Therefore, any assessments, any assumptions and more generally any figures presented in this document will necessarily be estimates based on evolving analyses, and encompass a wide range of theoretical hypotheses, which are highly evolutive. These points of attention on forward-looking statements are all the more essential following the adoption of IFRS 17, a new accounting standard that has replaced IFRS 4 and is applicable to insurance and reinsurance contracts, which results in significant accounting changes for the Company. Any assessments, assumptions, estimates or expectations under or relating to IFRS 17 in this document reflect the Company's current view of the impact of IFRS 17. No guarantee can be given regarding their accuracy and they are subject to changes, which may be significant, in the course of 2023. Accordingly, no undue reliance should be placed on such assessments, assumptions, estimates or expectations. In addition, such forward-looking statements, assumptions and information are not 'profit forecasts'.

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What I will cover today

- Key messages and numbers
- Income statement and balance sheet IFRS 17 bridge
- Discounting
- COR under IFRS 17
  - Treatment of reinsurance
  - Reclassification of expenses
- Reserves and confidence level
- Key take aways

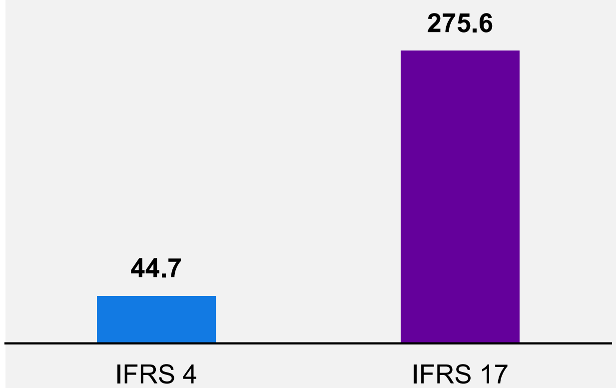
IFRS 17 is a new accounting standard

No change to...

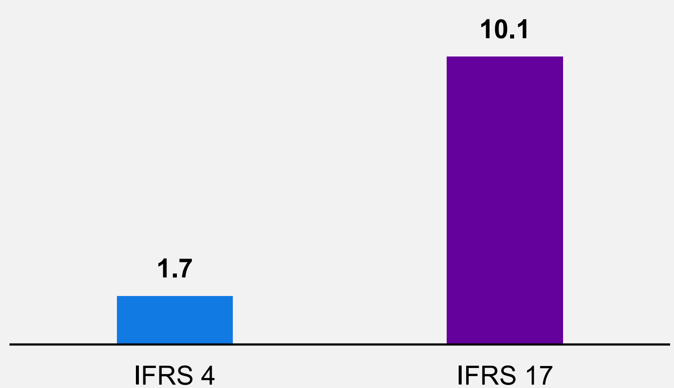
- Strategy
- Economics of the business
- Investment result and strategy
- Reserving philosophy
- Capital and dividend

Key FY 2022 numbers
IFRS 4 versus IFRS 17

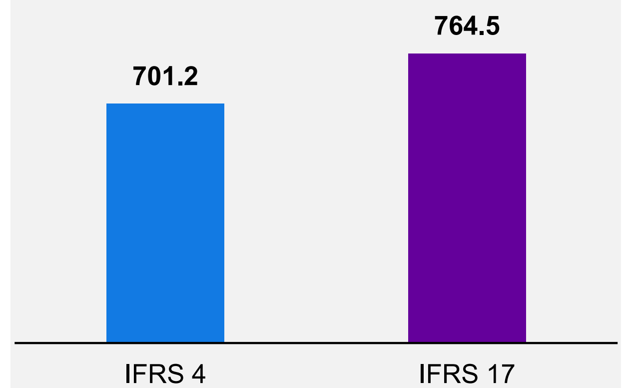
Group profit before tax ($m)



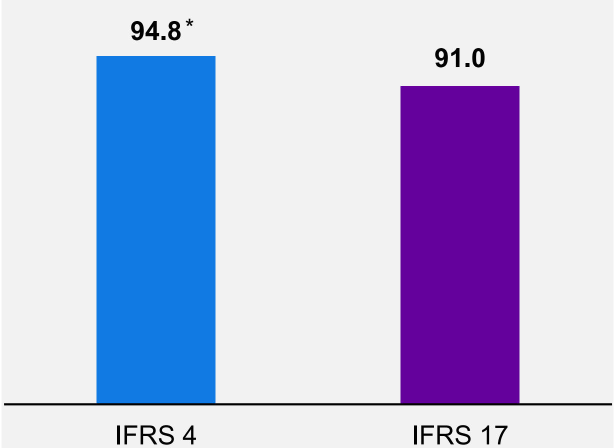
Return on equity (%)



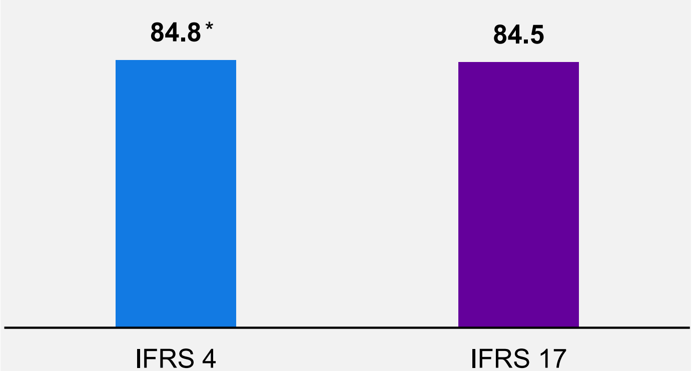
Net asset value (¢ per share)



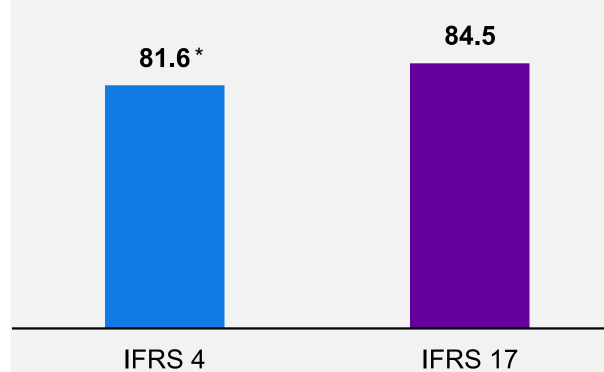
Retail combined ratio (%)



London Market combined ratio (%)

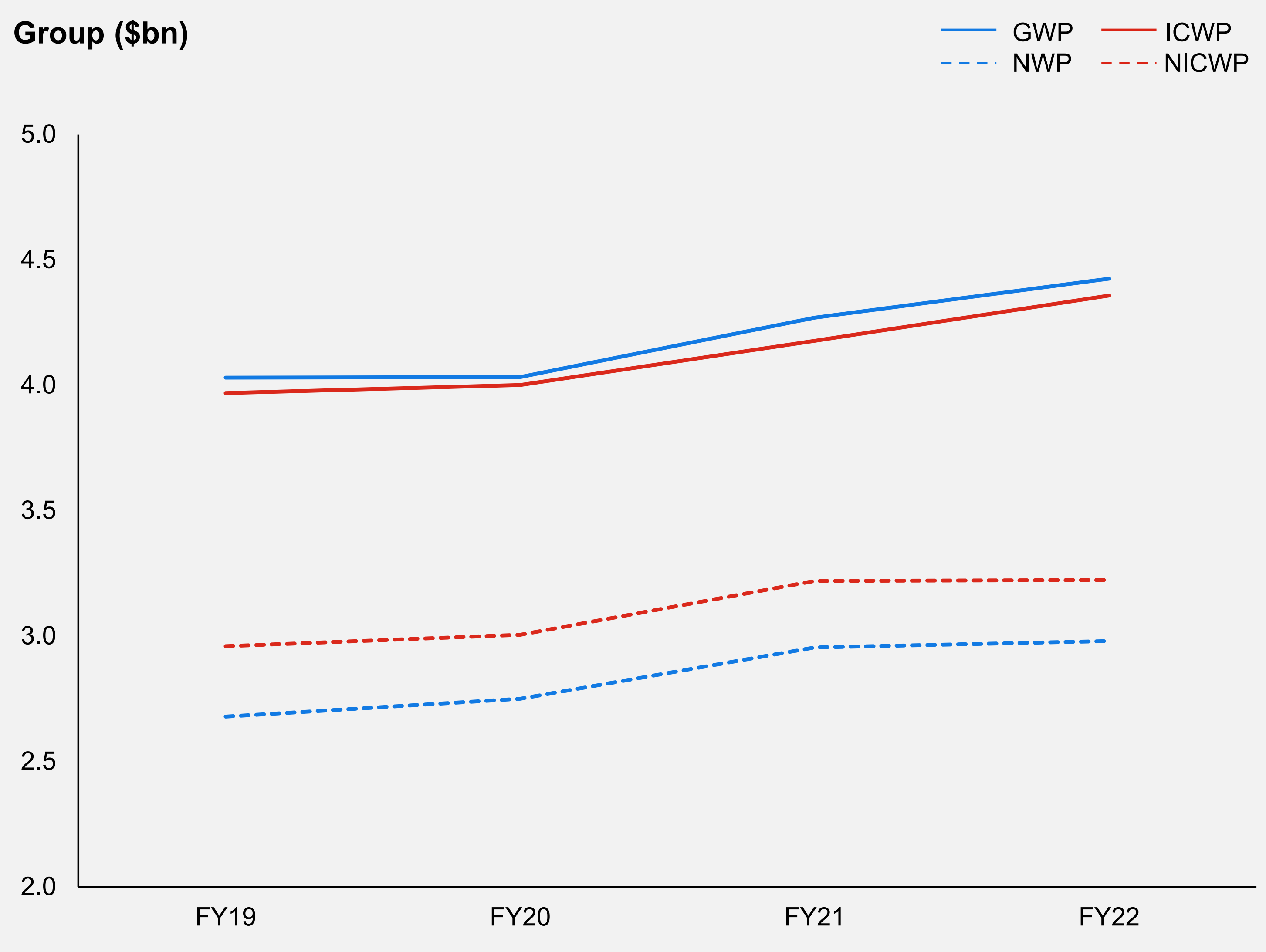


Re & ILS combined ratio (%)



*IFRS 4 data as reported on a 100% share basis.
**IFRS 17 data on an our share basis.

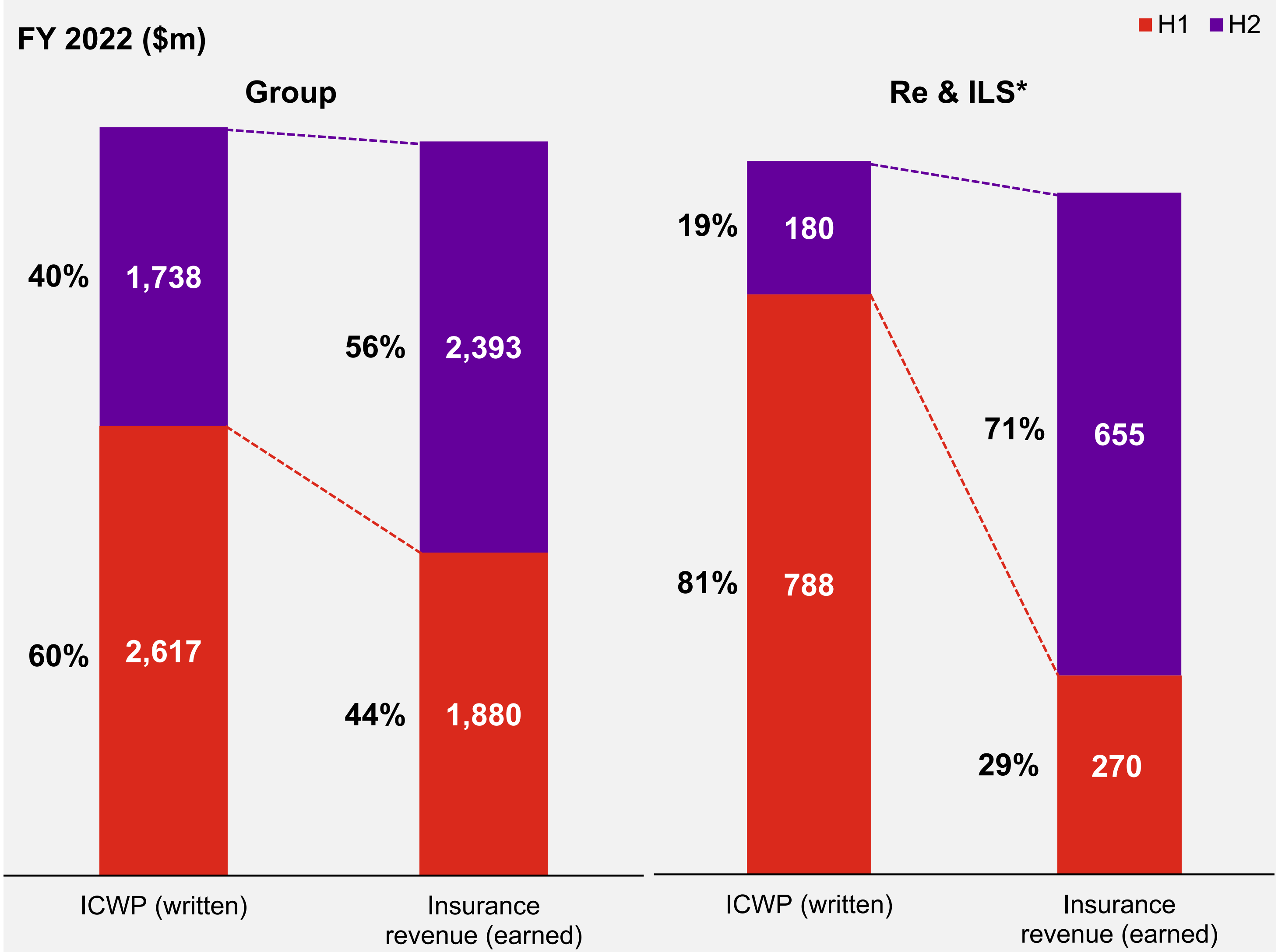
Growth
Overall trend consistent



- Rate of ICWP growth not impacted
- Two new alternative performance measures (APMs) introduced to present written premiums:
  - ICWP* (gross)
  - NICWP** (net)
- ICWP is only slightly lower than GWP due to reclassification of:
  - inwards reinstatement premiums moved to claims
  - inclusion of reinsurance overrider commissions
- NICWP is 8% higher than NWP in 2022 as the reinsurance contract written premium is presented net of the reinsurance commission income on outwards reinsurance under IFRS 17***

*Insurance contract written premium (ICWP) comprises premiums on business incepting in the financial year, together with adjustments to estimates of premiums written in prior accounting periods.
**Net insurance contract written premium (NICWP).
***Under IFRS 4 the reinsurance commission income from outward reinsurance was offset against acquisition costs.

Written to earned premiums path
Seasonality impact most prominent for Re & ILS

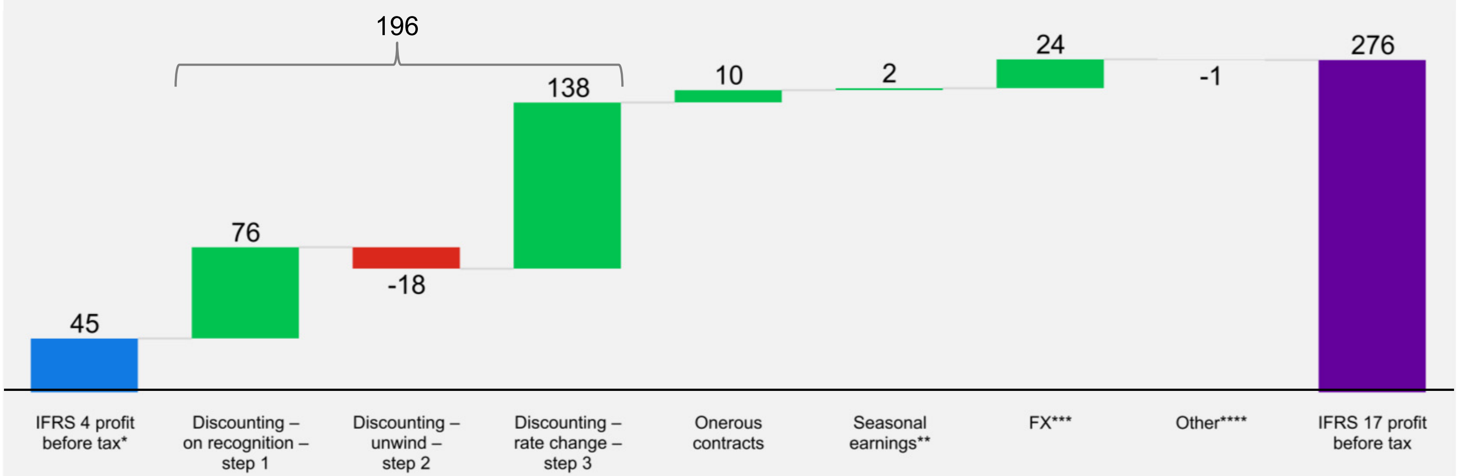


- No material impact from seasonality on an annual basis, only a half-year phenomenon in big-ticket
- Seasonality in earned premiums (i.e. a greater share earned in H2 versus H1) is driven by catastrophe exposed lines, where insurance revenue is earned in line with the risk profile of the business, impacted by the US wind season in H2
- Seasonality impact by segment:
  - significant impact for Re & ILS (H1 written 81%, earned 29%)
  - moderate impact on London Market (H1 written 53%, earned 45%)
  - linear earnings pattern remains in Retail (H1 written 54%, earned 50%)

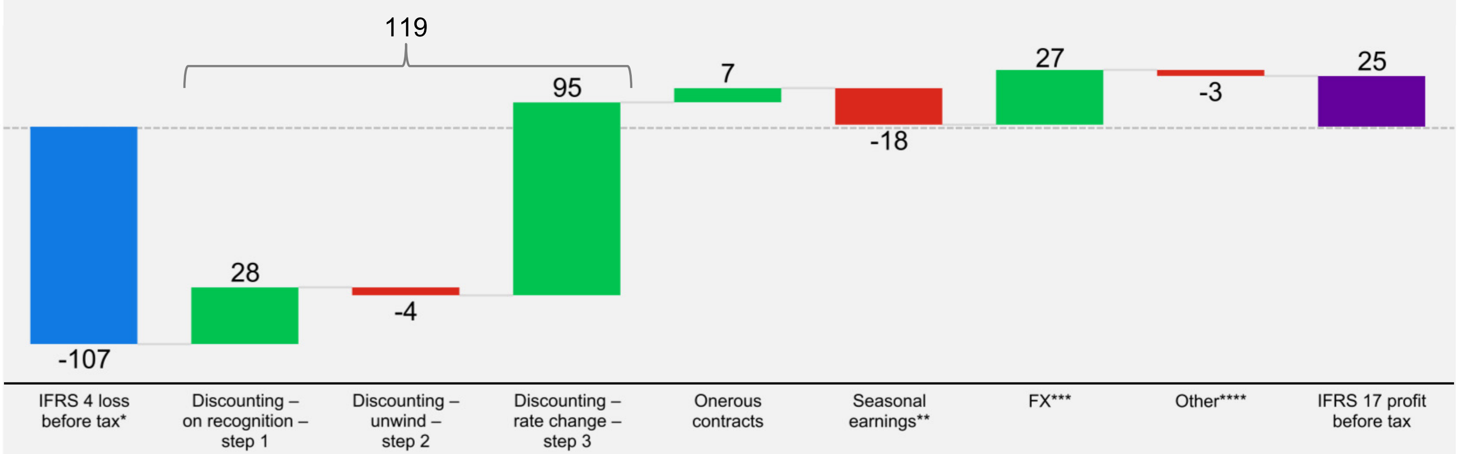
*Re & ILS on different scale for comparable purposes.

Income statement bridge
Discounting of reserves main driver of material increase

FY 2022 ($m)



HY 2022 ($m)



- Significant PBT uplift under IFRS 17 as the benefit from discounting claims reserves partially offsets the impact of unrealised mark-to-market losses on the bond portfolio
- Seasonality distorts H1 earnings. Limited impact on FY numbers
- Favourable FX impact from revaluation of unearned premium and deferred acquisition costs at closing FX rates, previously valued at historical FX rates under IFRS 4
- Onerous contract impact on PBT minimal

*Profit/(loss) before tax under IFRS 4 is supressed by unrealised losses on bonds due to mark-to-market movements.
**Represents a shift in earnings recognition pattern related to natural catastrophe business.
***Foreign exchange gains and losses from all assets and liabilities are presented in a single line 'net foreign exchange gain/(loss)' in the income statement.
****Other includes impact of non-performance risk and adjustment to reserves.

Discounting
Principles of calculation

Step 1: Discount on recognition

Principles*
- Net claims discounted at interest rate at the time of occurrence

2022
- $76m
- Recognised in insurance service expenses and amounts recoverable from reinsurers for contracts held
- Average duration of Group claims reserves is 1.9 years with an average weighted Group discount rate of 2.9%

2023

Step 2: Unwind

Principles*
- Discount unwinds on both opening reserves and new claims from step one in period

2022
- $(18)m
- Recognised in IFIE***

2023
- Full year: circa $(110)m-$(140)m**
- Half year: circa $(60)m - $(65)m**

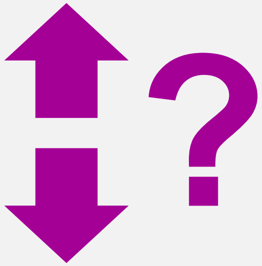
Step 3: Rate change (liabilities only)

Principles*
- As rates change new discount rate is applied to closing reserves at each period end

Income statement line	Sensitivity	Impact on PBT ($m)
IFIE***	Discount rate +/-100 bps	55 / (55)
Net investment result	Interest rates +/-100 bps	(84) / 84

2022
- $138m
- Recognised in IFIE***

2023



*Simplified explanation for illustrative purposes.
**Assuming no changes in business mix and claim settlement pattern.
***Insurance finance income/(expenses).

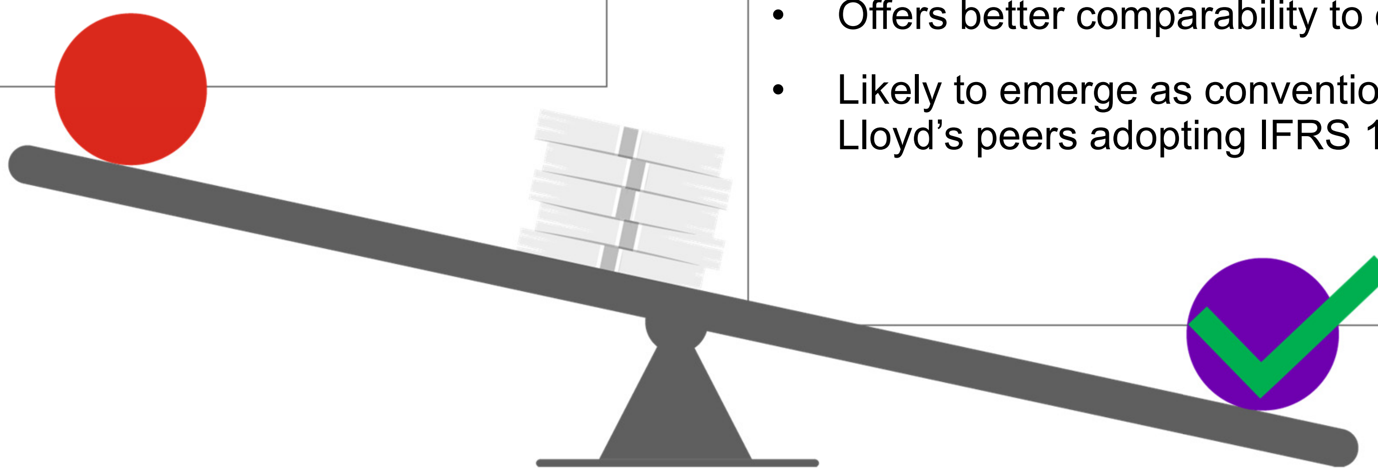
Group combined ratio
Moved to a ‘net/net’ basis as thinking evolves

Rationale for ‘net/gross’ COR

- More in keeping with the ‘spirit’ of IFRS 17 by treating reinsurance result as an expense
- Can calculate directly from the face of the income statement
- Tracks PBT more closely than on a ‘net/net’ basis
- No impact from LPT treatment

Rationale for ‘net/net’ COR

- Better suited to companies that use extensive reinsurance as a risk management tool
- Consistent with the traditional presentation
- Offers better comparability to our US peers
- Likely to emerge as convention amongst Lloyd’s peers adopting IFRS 17



Group combined ratio (continued)
3.6 percentage point decrease under IFRS 17

IFRS 4

Combined ratio (net) – 100% basis

$$\frac{\text{Net claims} + \text{Expenses}}{\text{Net earned premium}}$$

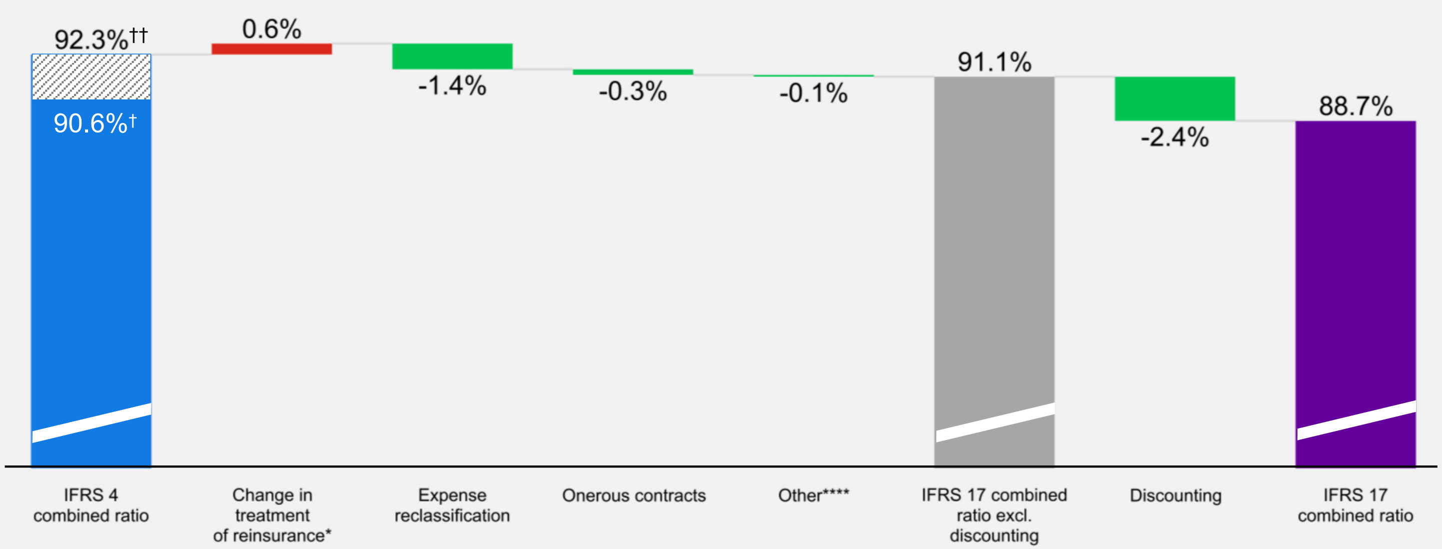
IFRS 17

Combined ratio (net) – own share

$$\frac{\text{Insurance service expenses} - \text{Amounts recoverable from reinsurers**}}{\text{Insurance revenue} - \text{Allocation of reinsurance premium**}}$$

FY 2022

†100%, as reported.
††Own share, rebased for new definition.



*Reinsurance commissions are included in allocation of reinsurance premium instead of offsetting operating expenses. Hence it moves from numerator to denominator.
**LPT premium earnings are presented together with the corresponding recovery in amounts recoverable from reinsurers.
***Insurance finance income/(expenses).
****Other includes impact of small policy fee and commission reclassifications, non-performance risk, NDIC and adjustment to reserves.

- Group COR 3.6 percentage points lower under IFRS 17, of which 2.4 percentage points is due to discounting
- Unwinding of initial discount and change in interest rates have no impact on COR (goes through IFIE***)
- To calculate net ratio, we will provide additional disclosures on:
  - breakdown of insurance service expenses
  - LPT premium reclassification
- IFRS17 LPT premium treatment masks performance: so COR definition reclassifies LPT premiums to recoveries
- Move to own share, a non-IFRS 17 related change to simplify disclosures, results in a 1.7 percentage point increase

Reinsurance commission treatment
Re & ILS - impact on expense and claims ratios

Expense ratio FY 2022

Prior definition* (illustrative):

$m		
Expenses	164.8	
Reinsurance commission	(99.9)	
	64.9	
Gross earned premium	924.7	
Outwards RI earned premium	(669.1)	
	255.6	= **25.4%**

New definition (actual):

Attributable expenses	164.8				
Insurance revenue	924.7	-	Allocation of RI premium	669.1	
			Reinsurance commission	(99.9)	
				569.2	= **46.4%**

Claims ratio FY 2022

Prior definition* (illustrative):

Gross claims	437.0	
RI recoveries	(301.4)	
	135.6	
Gross earned premium	924.7	
Outwards RI earned premium	(669.1)	
	255.6	= **53.1%**

New definition (actual):

Gross incurred claims***	437.0	-	Amounts recoverable from RI	301.4	
Insurance revenue	924.7	-	Allocation of RI premium	669.1	
			Reinsurance commission	(99.9)	
				569.2	= **38.1%**

Prior definition* (illustrative)

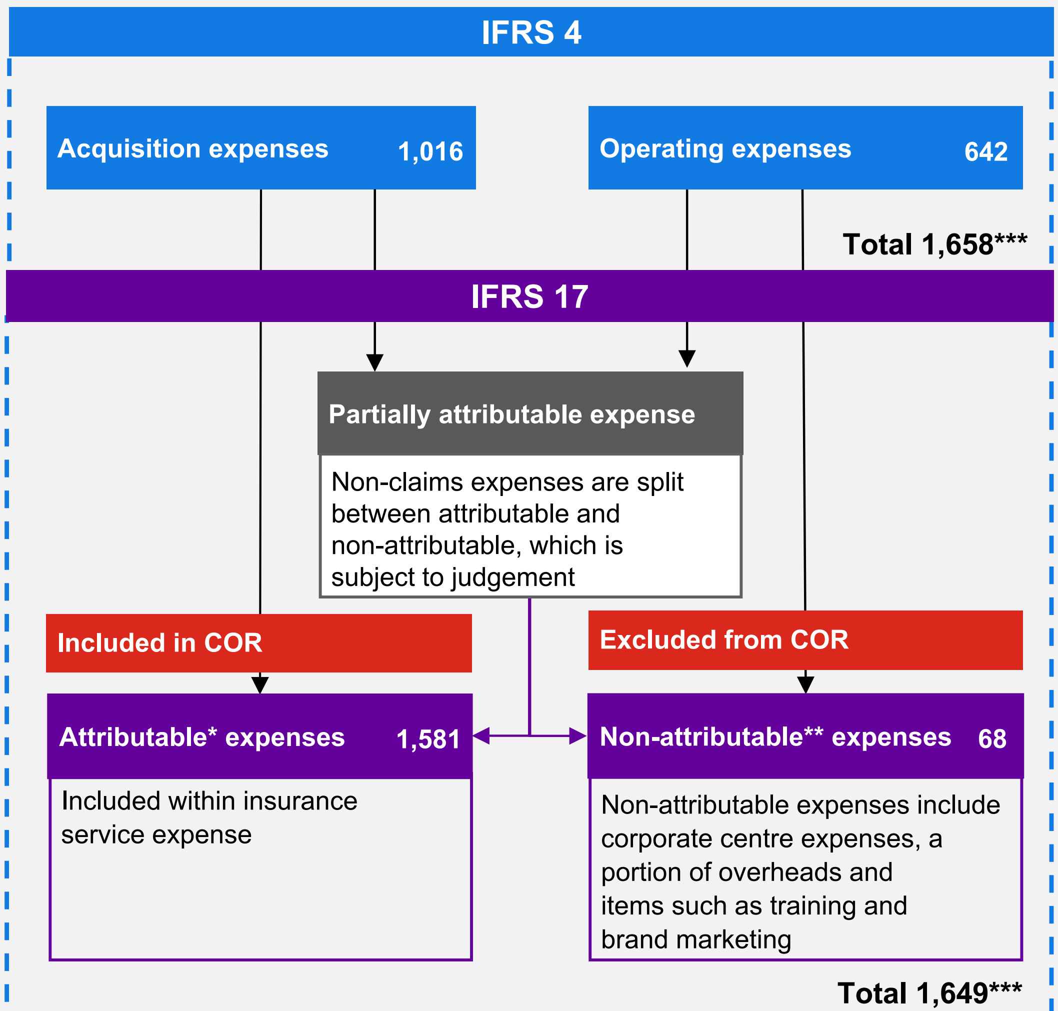
New definition (actual)

- No impact on profitability, deterioration on COR presentational only
- Reinsurance commissions are no longer offset against acquisition expenses under IFRS 17, instead they are netted-off against allocation of reinsurance premium. This definitional change increases the expense ratio
- Impact on claims ratio is opposite, as impact on the denominator only

*To make the prior definition calculation comparable, IFRS 17 figures have been used for illustrative purposes, and will not reconcile to published IFRS 4 numbers.
**Allocation of RI premium, amounts recoverable from RI, outwards RI earned premium and RI recoveries throughout this slide include LPT reclassification.
***Includes impact of losses on onerous contracts.

Non-claims expenses
Minimal impact on income statement

FY 2022 ($m)



- Reclassification of expenses decreases COR by 1.4% due to exclusion of non-attributable expenses
- Expect non-attributable expenses growth to lag premium growth
  - corporate centre expense carefully controlled
  - investment in brand to continue to increase

*Attributable expenses presented here exclude certain claims handling costs that are included within incurred claims under both IFRS 4 and IFRS 17.
**Non-attributable expenses presented here exclude investment management fees that are included in the net investment result under IFRS 9 and so is unchanged on transition from IFRS 4 to IFRS 17.
***Difference mainly due to fixed inwards overrider commission netting off against insurance revenue instead of within acquisition expenses.

Group claims ratio
Aligned to new definition of combined ratio

IFRS 4
Claims ratio (net) – 100% basis

Net claims

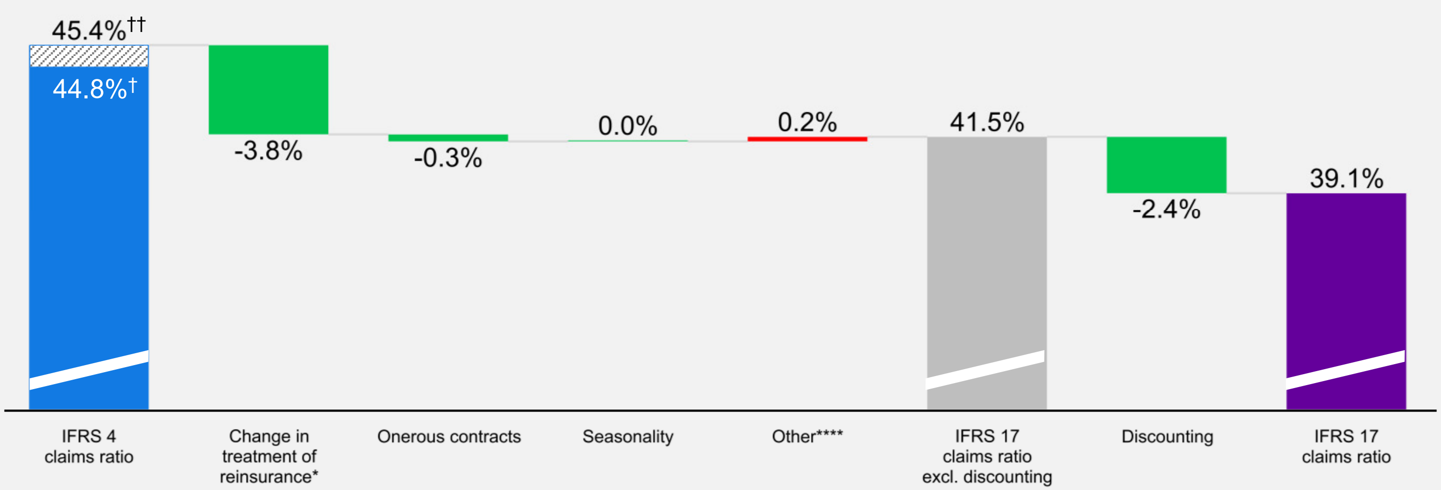
Net earned premium

IFRS 17
Claims ratio (net) – own share

Gross incurred claims*** - Amounts recoverable from reinsurers**

Insurance revenue - Allocation of reinsurance premium**

FY 2022
†100%, as reported.
††Own share, rebased for new definition.



- Favourable impact driven by
  - a larger denominator as the allocation of reinsurance premium is presented net of reinsurance commission income
  - the benefit of discounting in the period
- Impact of reinstatement premiums on claims ratio has changed
  - IFRS 4: in denominator
  - IFRS 17: in numerator, netted off against incurred claims or amounts recoverable from reinsurers
  - Not material impact in 2022

*Reinsurance commissions are now included in allocation of reinsurance premium hence increasing denominator.
**LPT premium earnings are presented together with the corresponding recovery in amounts recoverable from reinsurers.
***Includes losses, and reversal of losses, on onerous contracts.
****Other includes impact of reinstatement premium reclassifications, non-performance risk, NDIC and adjustment to reserves.

Group expense ratio
Higher due to definitional changes

IFRS 4

Expense ratio – 100% basis

Expenses**

Net earned premium

IFRS 17

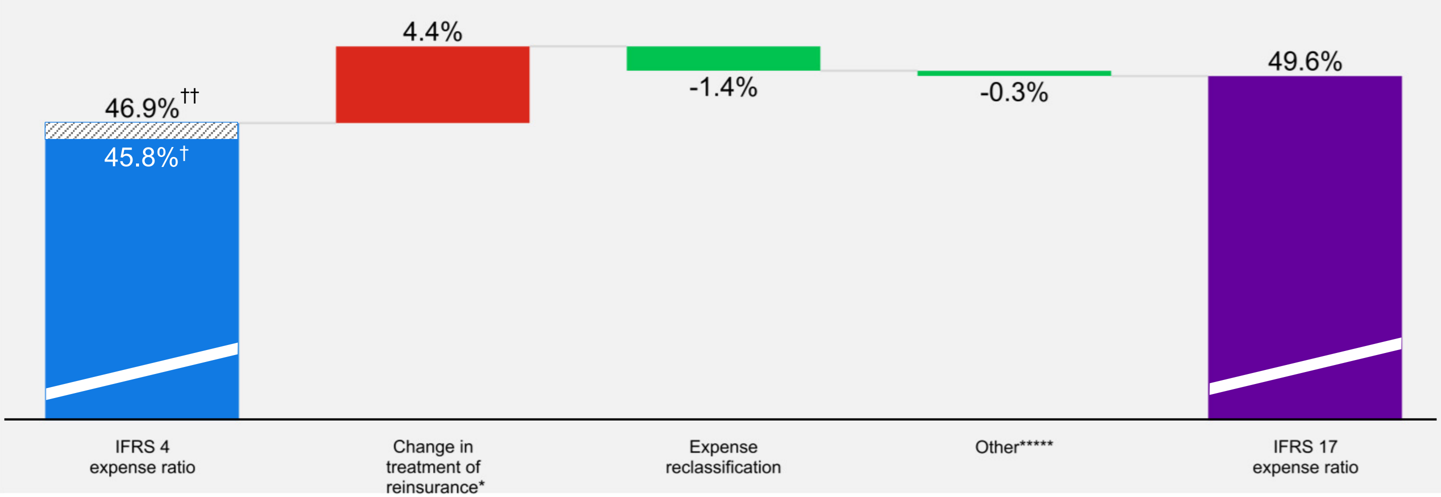
Expense ratio – own share

Attributable expenses***

Insurance revenue - Allocation of reinsurance premium****

FY 2022

†100%, as reported.
††Own share, rebased for new definition.

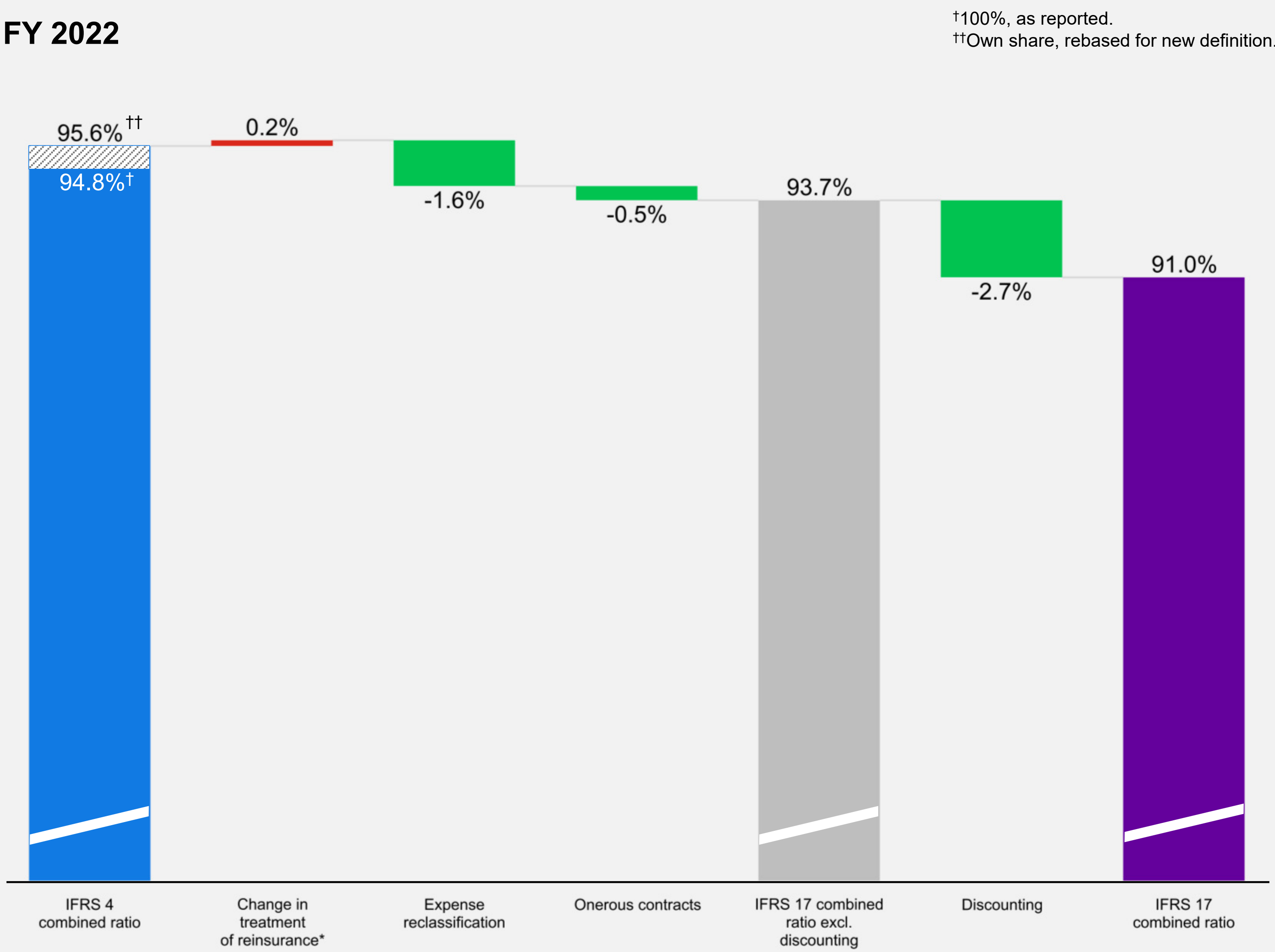


- Favourable impact from reclassification of non-attributable expenses out of insurance service result partially mitigates change in reinsurance treatment, where operating expenses are no longer offset by reinsurance commissions
- No impact from discounting, as discounting is only applied to net insurance liabilities and investments
- As we retain more risk/cede less, expense ratio would reduce all else being equal

*Reinsurance commissions are included in allocation of reinsurance premium instead of offsetting operating expenses. Hence it is no longer included in the numerator but instead sits in the denominator.
**Includes acquisition expenses and operating expenses; excludes corporate centre expenses and claims handling expenses.
***Includes acquisition expenses, allocated partially attributable expenses and excludes claims handling expenses.
****LPT premium earnings are presented together with the corresponding recovery in amounts recoverable from reinsurers.
*****Other mainly includes impact of reinstatement premium reclassifications and NDIC.

Retail combined ratio
4.6 percentage point decrease under IFRS 17 in 2022

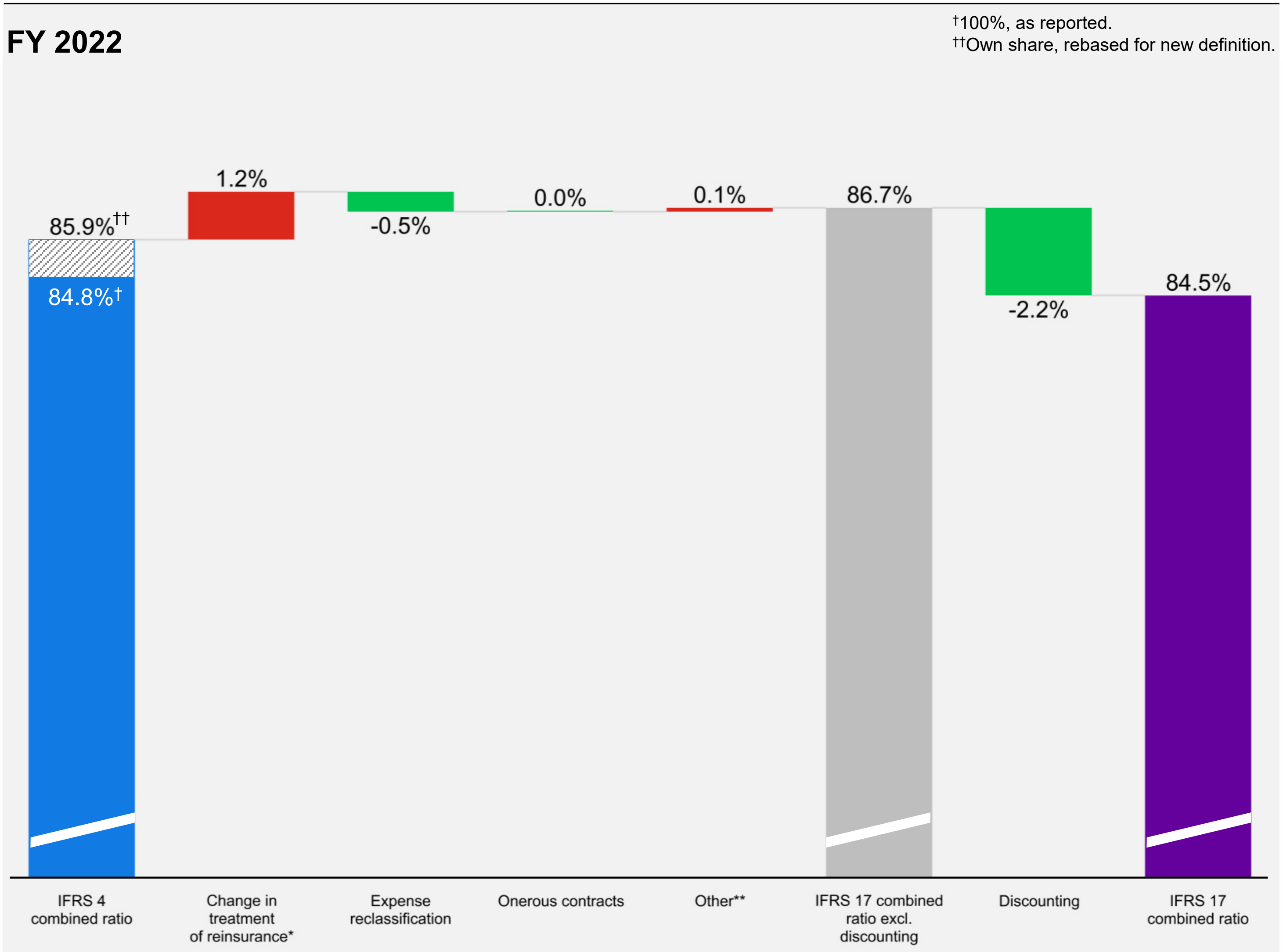
FY 2022



- No change to economics and expected profitability
- Own share presentation is impacted by business mix with lower weighting of profitable business written on Syndicate 33
- Reclassification of non-attributable expenses out of COR results in a definitional benefit of 1.6 ppts in 2022 but no change to PBT
- Retail COR target in 'new currency' will be released in HY 2023 when we report results under IFRS 17 for the first time:
  - on an undiscounted basis
  - incorporating directional benefit under IFRS 17

*Reinsurance commissions are included in allocation of reinsurance premium instead of offsetting operating expenses. Hence it moves from numerator to denominator.

London Market combined ratio
Main impact from definitional change



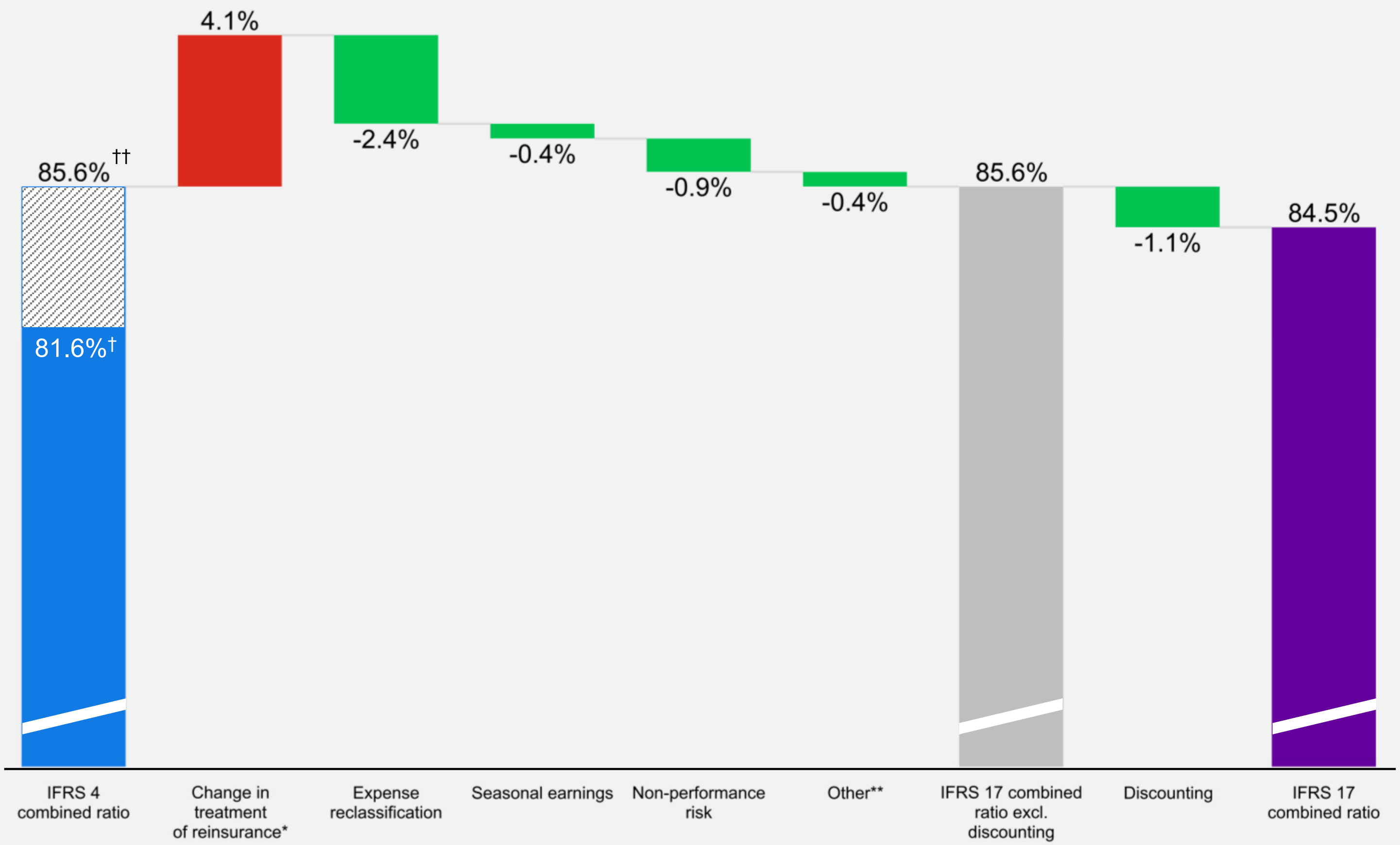
- Impact of definitional changes greater than in Retail for two reasons:
  - larger outward reinsurance programme makes reinsurance commission treatment change more impactful
  - move to own share impact driven by third-party capital
- Discounting reflects business mix of shorter-tail catastrophe exposed lines and longer-tail casualty business
- Moderate seasonality impact in H1; negligible impact in FY

*Reinsurance commissions are included in allocation of reinsurance premium instead of offsetting operating expenses. Hence it moves from numerator to denominator.
**Other includes reinstatement premium reclassification, seasonal earnings and non-performance risk.

Re & ILS combined ratio
Sizeable impact from third-party capital deployment

FY 2022

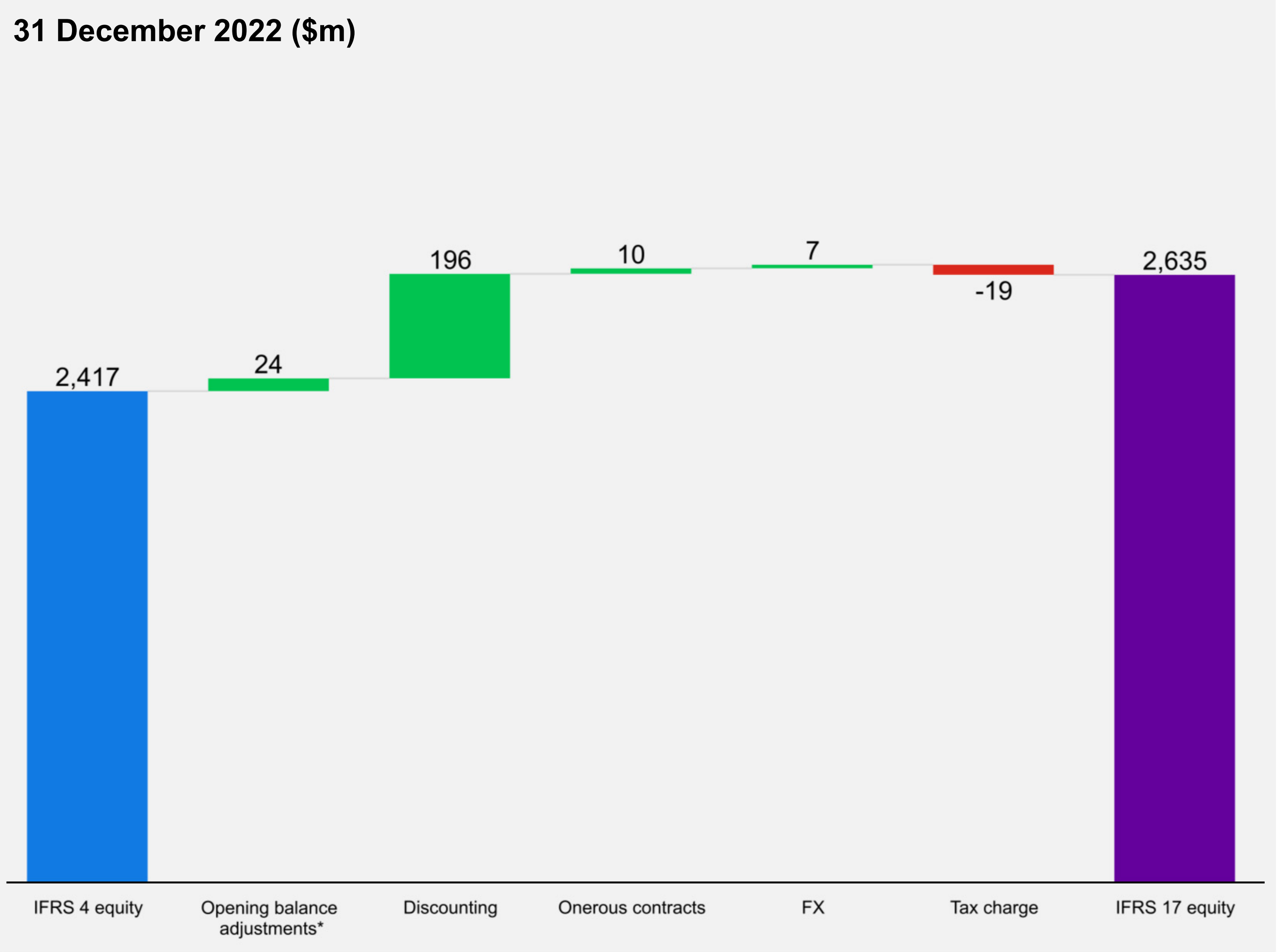
†100%, as reported.
††Own share, rebased for new definition.



- Reinsurance commission treatment has a higher relative impact on expense ratio compared to other segments
- Discounting impact lower than London Market reflective of the shorter-tail of Re & ILS business
- Significant seasonality impact in H1; small impact in FY

*Reinsurance commissions are included in allocation of reinsurance premium instead of offsetting operating expenses. Hence it moves from numerator to denominator.
**Other includes commission reclassifications, reinstatement premium reclassification and NDIC.

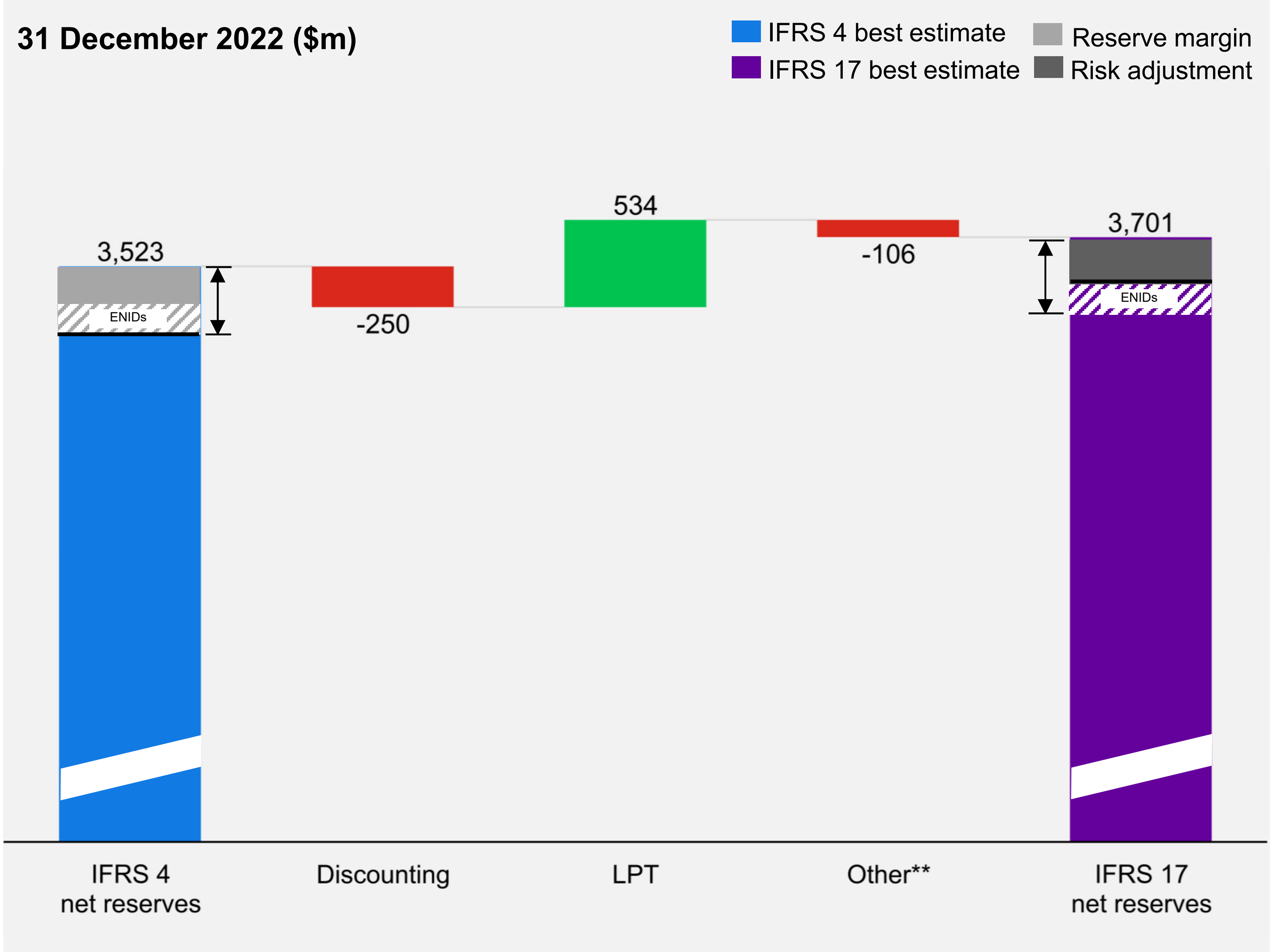
Closing balance sheet
Discounting favourably impacts closing equity



- Discounting has greater impact on closing balance sheet than opening balance sheet due to interest rate increases in 2022
- Other balance sheet changes are presentational reflecting new ‘geography’ under IFRS 17 e.g. LPT
- Increased tax charge due to timing differences on taxable versus accounting profit, no material change to ETR going forwards

*Opening equity adjustments summarised in appendix.

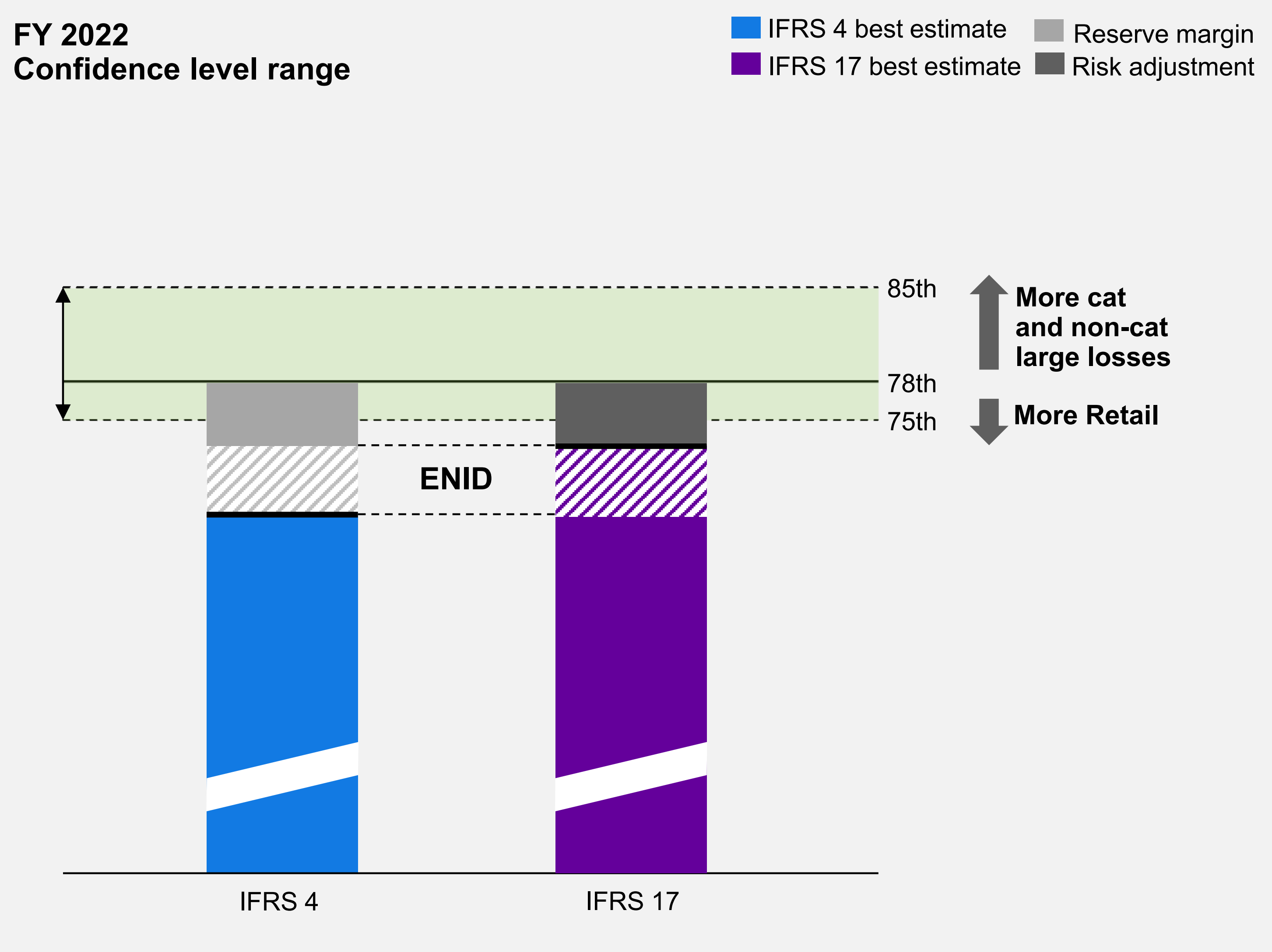
Impact on Group net earned reserves
Remain conservatively reserved



- Key impact is LPT reclassification from earned to unearned reserves
- Risk adjustment of $246m replaces IFRS 4 reserve margin, with ENIDs* reclassified from margin to best estimate with no deterioration of overall reserves
- Risk adjustment equates to confidence level at the 78th percentile in 2022

Note: Chart not to scale.
*Events not in data.
**Includes reclassification of reinsurance debtor balances and reinstatement premiums, seasonal earnings, adjustment to reserves, commissions contingent on claims and non-performance risk.

Introducing the reserving confidence level
Reserve adequacy unchanged



- Prudent reserving philosophy remains unchanged
- Expect to operate in the 75th-85th confidence level range under normal business circumstances
- As the share of the less volatile Retail business grows, 75th-85th confidence level range becomes even more robust, with a high likelihood of positive run-off
- Volatility profile of reserves vary amongst insurers making confidence level comparisons difficult

Note: Chart not to scale.

Key take aways
What matters when you cut through complexity...

	IFRS 4	IFRS 17	IMPACT
Discounting of claims	• None	• Required	• Reduces volatility of income statement, MTM impact in investment return is partially offset due to discounting of reserves • A non-cash benefit to profits in 2022 (not recognised under IFRS 4) will unwind in future periods • Initial discounting always decreases COR* relative to IFRS 4. Discount unwind and rate change are outside COR flowing through IFIE • Introduces volatility to COR
Seasonality	• Less granular approach led to minimal seasonality impact	• More granular assessment of seasonality required	• Earnings pattern skews revenue to H2 for catastrophe exposed business in line with risk profile of the business, particularly in Re & ILS • Lower profit and higher expense ratio in H1, but minimal impact at FY
Reinsurance	• RI commissions offset against acquisition expenses • LPT treated as fully earned	• RI commissions offset against RI premium • LPT reclassified from ARC to AIC as earned (net 0)	• Change in income statement geography of RI commissions increases expense ratio and reduces claims ratio, overall increasing COR, notably for Re & ILS, due to change in denominator; economics unchanged • LPT accounting net nil in insurance service result, but distort net earned premium, therefore reclassified for COR definition
Expenses	• Expenses split between acquisition and operating, both included in COR	• Expenses split between attributable and non-attributable with the latter excluded from COR • RI commissions no longer deducted from expenses	• Non-attributable expenses are recognised outside of the insurance service result; investment in brand is expected to continue to increase • Expense ratio is higher as the impact of reinsurance commissions treatment is only partially offset by the expense reclass benefit
Reserve confidence level	• ENIDs included within reserve margin • Confidence level not disclosed	• Risk adjustment replaces reserve margin, and ENIDs moved into best estimate • Confidence level disclosed	• No change in measurement, greater transparency on quantum • Best estimate decreased due to discounting impact

No change to business economics or cashflows

*In a positive interest rate environment.

Key take aways (continued)
2023 numbers

Discounting	• Estimated unwind: HY: $60m-$65m; FY: $110m–$140m*
Growth	• No change to growth expectations • No change to Retail growth target
COR	• Our expectation of ultimate Retail profitability and cashflows remains unchanged • Retail COR target range under IFRS 17 to be released with HY results and will – be on an undiscounted basis – incorporate the directional benefit of expense reclassification • Re & ILS COR higher in H1 versus full year due to seasonality. This is not a reduction in underlying profitability but a matter of timing
Reserve confidence level	• Expect to travel within 75th-85th percentile range

*Assuming no changes in business mix and claim settlement pattern.

Appendix

Line by line analysis
Group FY 2022

$m	IFRS 17	IFRS 4	Δ%	Differences
Insurance contract written premium	4,355.4	4,424.9	-2%	Reinstatement premiums reclassified into claims main driver of change
Insurance revenue	4,273.3	4,313.8	-1%	Reinstatement premiums reclassified to claims. Seasonality less of an impact at FY
Insurance service expenses	(3,485.9)	(3,744.9)	-7%	(see breakdown below)
Incurred claims and changes to liabilities for incurred claims	(1,901.1)	(2,110.1)	-10%	Claims now discounted to present value. Includes reinstatement premiums
Acquisition costs	(1,005.5)	(1,015.8)	-1%	Inwards overrider commission reclassification main driver of decrease
Other attributable expenses	(575.5)	(619.0)	-7%	Reclassification of some expenses as non-attributable, including brand marketing
Losses on onerous contracts and reversals	(3.8)	–	N/A	New under IFRS 17
Allocation of reinsurance premium*	(1,264.8)	(1,125.3)	12%	Offset by certain commissions and reinstatement premium and LPT reclasses
Amounts recoverable from reinsurers for incurred claims**	838.3	781.8	7%	Reinsurance recoveries discounted. LPT reclass offsets with reinsurance premium
Insurance service result	**360.9**	**269.5*** **	**34%**	Benefits from discount impact and non-attributable expenses outside insurance service result
Investment result	(187.3)	(187.3)	0%	No change
Net insurance finance income/(expenses)	111.6	–	N/A	New line for unwind of discount and impact of changes in discount rate
Other income	43.2	47.4	-9%	Policy fee income reclassified to insurance revenue
Other operating expenses	(67.8)	(23.3)	191%	Non-attributable expenses outside insurance service result including brand marketing
Finance costs	(39.7)	(48.1)	-17%	Interest on LPT reclassified to IFIE
Net foreign exchange gain/(loss)	54.7	30.6	79%	Revaluation of unearned positions
Profit before tax	**275.6**	**44.7**	**517%**	Driven by discounting, FX movement and unwind of onerous contracts

*LPT reinsurance premiums included in allocation of reinsurance premium on an IFRS 17 basis total $(180.8)m.
**LPT reinsurance recoveries included in allocation of reinsurance premium on an IFRS 17 basis total $180.8m.
***Includes other income (less corporate centre expenses and share of profits of associates), which is not part of the IFRS 17 insurance service result.

Line by line analysis
Group FY 2022

	IFRS 17	IFRS 4	Δ%	**Differences**
Claims ratio	39.1%	44.8%	-5.7%	Lower from change in RI commissions treatment and discounting
Expense ratio	49.6%	45.8%	3.8%	Reverse impact of reinsurance commission reclassification drives increase
Combined ratio	**88.7%**	**90.6%**	**-1.9%**	Slightly reduced in part due to discounting benefit
Final ordinary dividend (¢)	36.0	36.0	0.0%	Ability to pay dividends unaffected, no change in dividend policy
Net asset value				
$m	2,635.0	2,416.7	9.0%	No change in definition, intangibles also unimpacted by IFRS 17 for TNAV
¢ per share	764.5	701.2	9.0%	
Earnings per share (¢)	73.8	12.1	509.9%	No change in definition
Return on equity	**10.1%**	**1.7%**	**8.4%**	No change in definition, although set to adjusted opening IFRS 17 equity

Line by line analysis
Retail FY 2022

$m	IFRS 17	IFRS 4	Δ%	Differences
Insurance contract written premium	2,273.1	2,272.1	0%	Minimal impact means growth targets broadly unaffected
Insurance revenue	2,218.0	2,216.8	0%	Written premium largely translates to earnings on a linear basis
Insurance service expenses	(2,002.2)	(2,109.8)	-5%	(see breakdown below)
Incurred claims and changes to liabilities for incurred claims	(958.0)	(1,034.4)	-7%	Claims now discounted to present value
Acquisition costs	(618.4)	(621.6)	-1%	Small impact from change in inwards reinsurance commission treatment
Other attributable expenses	(422.5)	(453.8)	-7%	Reclassification of some expenses as non-attributable, including brand marketing
Losses on onerous contracts and reversals	(3.3)	–	N/A	New under IFRS 17
Allocation of reinsurance premium*	(293.3)	(180.6)	62%	LPTs reclassification main factor in increase
Amounts recoverable from reinsurers for incurred claims**	260.0	159.6	63%	As with RI premium, LPT reclassification along with discounting impact change
Insurance service result	**182.5**	**101.9*** **	**79%**	Discounting is key driver to overall increase
Investment result	(98.9)	(98.9)	0%	No change
Net insurance finance income/(expenses)	68.5	–	N/A	New line for unwind of discount and impact of changes in discount rate
Other income	11.7	15.9	-26%	Policy fee income reclassified to insurance revenue
Other operating expenses	(32.1)	–	N/A	Non-attributable expenses sit outside insurance service result inc. brand marketing
Finance costs	(1.5)	(6.4)	-77%	Interest on LPT reclassified to IFIE
Profit/(loss) before tax	**130.2**	**(3.4)**	**3,929%**	Discounting is key driver to overall increase
Key figures				
Claims ratio	40.0%	44.4%	-4.4%	Discounting and reclassification of RI commissions driver of decrease
Expense ratio	51.0%	50.4%	0.6%	Reverse impact of RI commission reclassification drives increase
Combined ratio	**91.0%**	**94.8%**	**-3.8%**	Discounting main driver of decrease

*LPT reinsurance premiums included in allocation of reinsurance premium on an IFRS 17 basis total $(114.0)m.
**LPT reinsurance recoveries included in allocation of reinsurance premium on an IFRS 17 basis total $114.0m.
***Includes other income, which is excluded from IFRS 17 insurance service result.

Line by line analysis
London Market FY 2022

$m	IFRS 17	IFRS 4	Δ%	Differences
Insurance contract written premium	1,114.7	1,114.9	0%	Broadly unchanged with minimal deviation due to reinstatement premium reclass
Net insurance contract written premium	789.2	735.1	7%	Impact of reinstatement premium reclassification and offset of RI commissions
Insurance revenue	1,130.6	1,126.2	0%	Increase due to seasonality impact on earnings
Insurance service expenses	(881.9)	(931.8)	-5%	(see breakdown below)
Incurred claims and changes to liabilities for incurred claims	(506.4)	(553.8)	-9%	Claims now discounted to present value. Includes reinstatement premiums reclass
Acquisition costs	(276.6)	(275.5)	0%	Immaterial increase from seasonality
Other attributable expenses	(98.7)	(102.5)	-4%	Reclassification of some expenses as non-attributable
Losses on onerous contracts and reversals	(0.2)	–	N/A	New under IFRS 17
Allocation of reinsurance premium*	(356.3)	(332.6)	7%	LPT reclassification main factor in increase
Amounts recoverable from reinsurers for incurred claims**	230.9	240.8	-4%	As with RI premium, LPT reclassification main factor in change as well as discounting
Insurance service result	**123.3**	**110.0*** **	**12%**	Discounting is key driver to overall increase
Investment result	(54.4)	(54.4)	0%	No change
Net insurance finance income/(expenses)	28.5	–	N/A	New line for unwind of discount and impact of changes in discount rate
Other income	7.4	7.4	0%	No change
Other operating expenses	(3.8)	–	N/A	Non-attributable expenses sit outside insurance service result
Finance costs	–	(2.6)	-100%	Interest on LPT reclassified to IFIE
Profit before tax	**101.0**	**53.0**	**91%**	Discounting is key driver to overall increase
Key figures				
Claims ratio	37.3%	43.8%	-6.5%	Decrease driven by reclassification of RI commissions and discounting
Expense ratio	47.2%	41.0%	6.2%	Reverse impact of RI commission reclassification drives increase
Combined ratio	**84.5%**	**84.8%**	**-0.3%**	Move to own share basis offset by discounting impact

*LPT reinsurance premiums included in allocation of reinsurance premium on an IFRS 17 basis total $(20.8m).
**LPT reinsurance recoveries included in allocation of reinsurance premium on an IFRS 17 basis total $20.8m.
***Includes other income which is excluded from IFRS 17 insurance service result.

Line by line analysis
Re & ILS FY 2022

$m	IFRS 17	IFRS 4	Δ%	Differences
Insurance contract written premium	967.6	1,037.9	-7%	Large impact of reclassification of reinstatement premiums
Net insurance contract written premium	365.0	268.1	36%	Impact of reinstatement premium reclassifications and offset of RI commissions
Insurance revenue	924.7	970.7	-5%	Reinstatement premium reclassification partially offset by seasonality gain
Insurance service expenses	(601.8)	(703.3)	-14%	(see breakdown below)
Incurred claims and changes to liabilities for incurred claims	(436.7)	(521.9)	-16%	Claims now discounted to present value. Includes reinstatement premiums
Acquisition costs	(110.5)	(118.7)	-7%	Change in inwards reinsurance treatment, seasonality and reinstatement premium
Other attributable expenses	(54.3)	(62.7)	-13%	Reclassification of some expenses as non-attributable
Losses on onerous contracts and reversals	(0.3)	–	N/A	New under IFRS 17
Allocation of reinsurance premium	(615.2)	(612.0)	1%	Impact of reinstatement premium reclassification, LPTs and NDICs offset by seasonality
Amounts recoverable from reinsurers for incurred claims	347.4	381.4	-9%	Similar components of RI premium changes apply as well as discounting impact
Insurance service result	**55.1**	**57.6*** **	**-4%**	Discounting is key driver to overall increase (excluding other income)
Investment result	(34.0)	(34.0)	0%	No change
Net insurance finance income/(expenses)	14.6	–	N/A	New line for unwind of discount and impact of changes in discount rate
Other income	20.8	20.8	0%	No change
Other operating expenses	(8.4)	–	N/A	Non-attributable expenses sit outside insurance service result
Finance costs	(1.2)	(2.1)	-43%	Interest on LPT reclassified to IFIE
Profit before tax	**46.9**	**21.5**	**118%**	Discounting is key driver to overall increase
Key figures				
Claims ratio	38.1%	50.9%	-12.8%	Decrease driven by reclassification of RI commissions and discounting
Expense ratio	46.4%	30.7%	15.7%	Reverse impact of RI commission reclassification drives increase
Combined ratio	**84.5%**	**81.6%**	**2.9%**	Move to own share basis impacted by third party capital deployment

*LPT reinsurance premiums included in allocation of reinsurance premium on an IFRS 17 basis total $(46.0)m.
**LPT reinsurance recoveries included in allocation of reinsurance premium on an IFRS 17 basis total $46.0m.
***Includes other income, which is excluded from IFRS 17 insurance service result.

Line by line analysis
Group balance sheet as at 31 December 2022

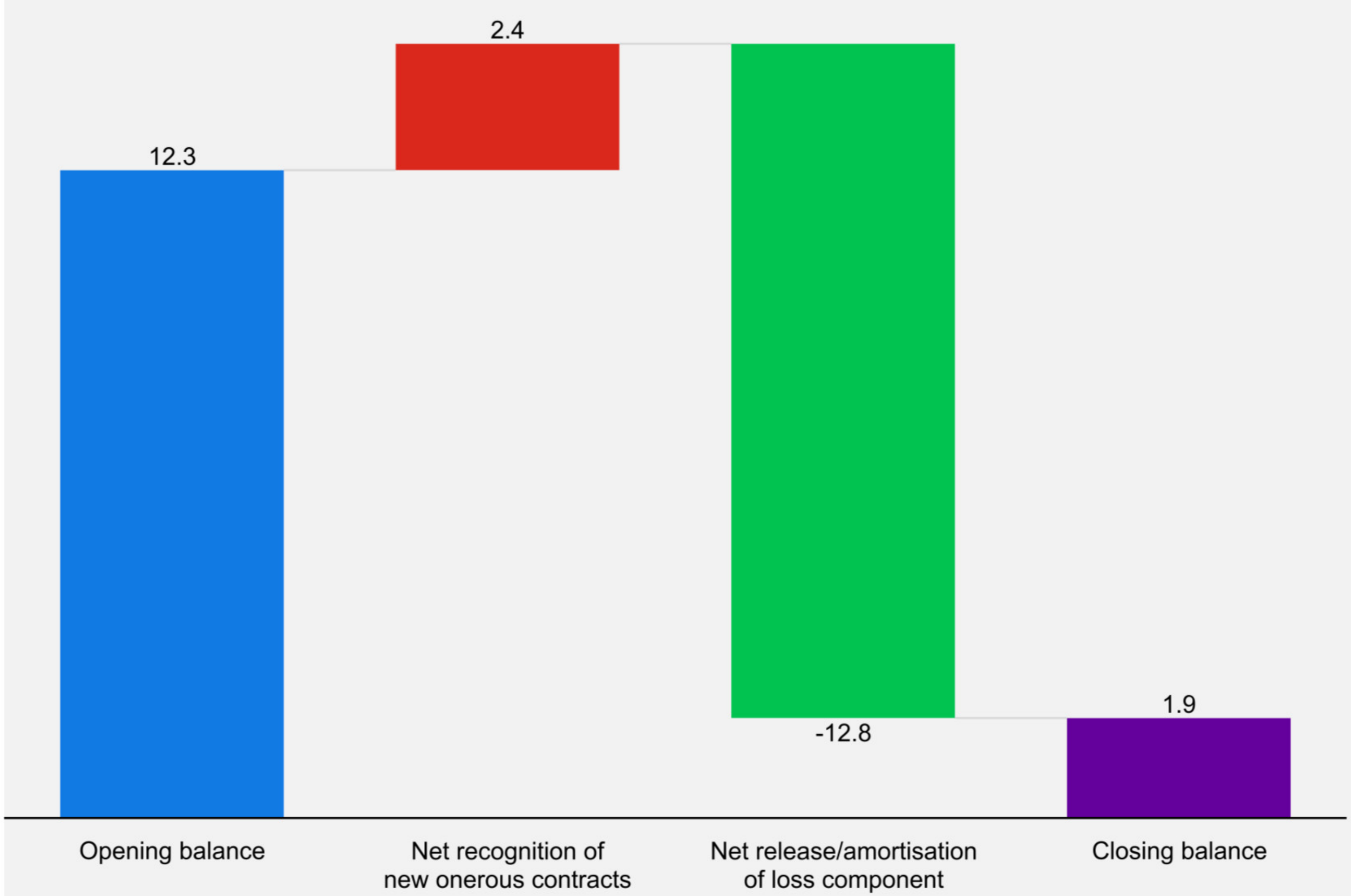
$m Assets	IFRS 4	Reclassification	Remeasurement	IFRS 17
Other assets*	480.0			480.0
Deferred tax assets	53.7		(15.5)	38.2
Deferred acquisition costs	450.1	(450.1)		–
Financial assets carried at fair value	5,812.1			5,812.1
Reinsurance contract held assets**	3,899.8	(1,131.4)	(251.2)	2,517.2
Loans and receivables inc. insurance receivables	1,671.6	(1,509.6)	(1.4)	160.6
Current tax assets	4.0			4.0
Cash and cash equivalents	1,350.9			1,350.9
Total assets	**13,722.2**	**(3,091.1)**	**(268.1)**	**10,363.0**
Equity and liabilities				
Share capital, premium and contributed surplus	740.3			740.3
Currency translation reserve	(389.5)		(14.7)	(404.2)
Retained earnings	2,064.8		233.0	2,297.8
Equity attributable to owners of the Company	**2,415.6**		**218.3**	**2,633.9**
Non-controlling interest	1.1			1.1
Total equity	**2,416.7**		**218.3**	**2,635.0**
Deferred tax liabilities	0.2		3.9	4.1
Insurance contract liabilities***	8,836.6	(1,652.0)	(490.3)	6,694.3
Financial liabilities	636.2			636.2
Current tax liabilities	14.1			14.1
Trade and other payables	1,818.4	(1,439.1)		379.3
Total liabilities	**11,305.5**	**(3,091.1)**	**(486.4)**	**7,728.0**
Total equity and liabilities	**13,722.2**	**(3,091.1)**	**(268.1)**	**10,363.0**

*The following assets, unaffected by the IFRS 17 transition, have been presented in one line item for simplification of presentation: employee retirement benefit assets, goodwill and intangible assets, property, plant and equipment, and investments in associates.
**Includes asset for incurred claims and asset for remaining coverage.
***Includes liability for incurred claims and liability for remaining coverage.

- Increase in equity largely driven by discounting benefit on claims reserves increasing PBT
- $450m of deferred acquisition costs reclassified to insurance contract liabilities
- Insurance receivables and reinsurance payables reclassified to insurance contract liabilities and reinsurance contract held assets respectively

Onerous contracts - loss component net of recovery
Group impact immaterial

FY 2022 ($m)



- Onerous contracts are not necessarily loss making
- Net gain in P&L for FY 22 due to favourable unwind of prior period component
- Rate increases and continued disciplined underwriting enhance expected claims ratio contributing to lower loss component
- The onerous contract position is rolling - we review the position every half year and will set up new contracts as needed which will then run off through the relevant period(s)

Return metrics

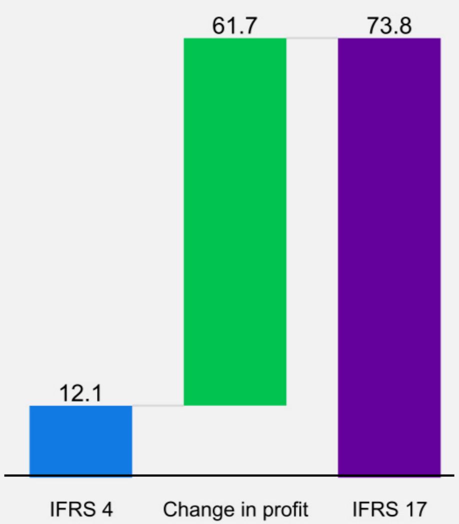
Equity and profit changes impact metrics

Basic earnings per share

Profit after tax

Average number of shares

FY 2022 ($¢)

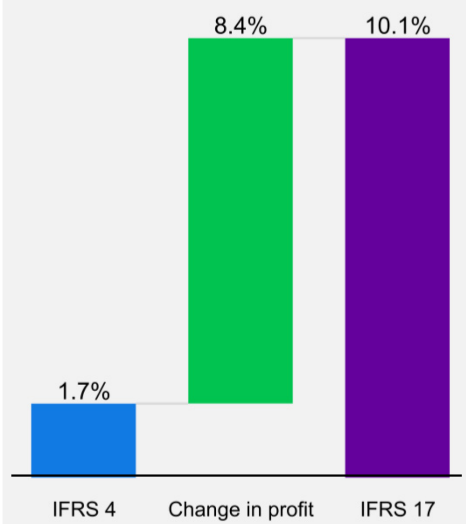


Return on equity

Profit after tax

Adjusted opening total equity

FY 2022 (%)

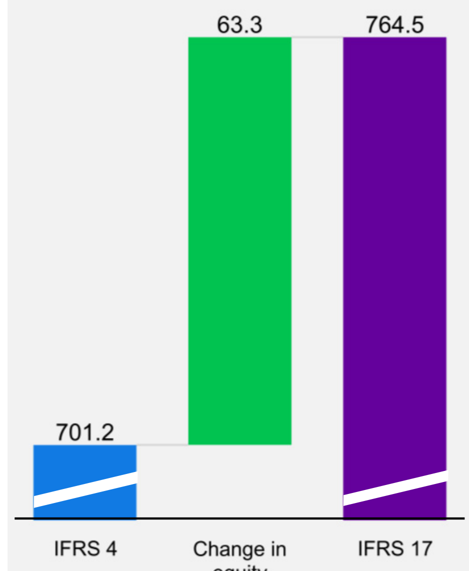


Net asset value per share

Shareholders' equity

Number of shares

FY 2022 ($¢)



- Transitional impacts on profit and equity drive material increase to metrics, though the benefit of discounting on profit in 2022 will unwind throughout the claims settlement period in future years
- IFRS 17 has no impact on intangible assets for Tangible net asset value (TNAV) calculation

Transitional opening balance sheet
Restatement of shareholders’ equity minimal

1 January 2022 ($m)

- Marginal increase in shareholders’ equity on transition of $24m to $2,563 at 1 January 2022
- Discounting is the main driver of increase

*Includes FX, seasonal earnings, adjustment to reserves, non-performance risk and corporate income tax impact.

Discount rates
Rates at 31 December 2022

Year	1	2	3	4	5	6	7	8	9	10
USD	4.90%	4.52%	4.24%	4.08%	4.00%	3.95%	3.92%	3.90%	3.90%	3.91%
GBP	4.59%	4.67%	4.64%	4.59%	4.55%	4.51%	4.48%	4.45%	4.44%	4.43%
EUR	3.12%	3.27%	3.28%	3.29%	3.31%	3.33%	3.35%	3.37%	3.39%	3.42%
CAD	4.66%	4.32%	4.03%	3.84%	3.74%	3.84%	3.94%	3.95%	3.97%	3.99%

Glossary of IFRS 17 terms

Terminology	Descriptions
Attributable expenses	Expenses that are attributable to fulfilling obligations towards the policyholders i.e., underwriting and claims handling activities.
Confidence level	A degree of conservatism in reserving. The actual percentage shows the probability that the change in best estimate would be lower than the risk adjustment. Mechanically it shows where our reserves sit in the risk distributions (adjusted historical losses).
Insurance contract written premium (ICWP)	Our top-line key performance indicator, comprising premiums on business incepting in the financial year, together with adjustments to estimates of premiums written in prior accounting periods. This growth metric is similar to gross written premium under IFRS 4, and adjusted for certain items to ensure consistency with insurance revenue. The adjustments primarily relate to reinstatement premium and non-claim dependent commissions.
Liability for incurred claims (LIC)	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have already occurred (i.e. the obligation that relates to the expired portion of the coverage period).
Loss component	A provision for onerous contracts within the insurance contract liabilities.
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).
Onerous contract	A contract that is expected to be loss making i.e. the expected claims exceeds the premium.
Net insurance contract written premium (NICWP)	Our net volume performance indicator. The definition has been adjusted in the same way as ICWP for certain items to ensure consistency with insurance revenue under IFRS 17.
Non-distinct investment components (NDIC)	Investment components within an insurance contract that are excluded from insurance revenue and insurance service expenses in the income statement.
Reinstatement premiums	Reinsurance premium received by insurer when claims incurred from cedant to reinstate coverage.
Risk adjustment	The compensation that the insurer requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risks. Risk adjustment is released as the risk expires.