BRIT LIMITED
PRESS RELEASE
27 MARCH 2024
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

A RECORD RESULT

Key points

- Group profit after tax (including discontinued operations) of $895.4m (2022: $308.9m).
- Profit on ordinary activities before tax, FX and discontinued operations of $720.3m (2022: $281.3m).
- Return on net tangible assets on all operations of 51.9% (2022: 12.6%) and return on net tangible assets on continuing operations of 41.7% (2022: 12.9%).
- Combined ratio for continuing business after discounting of 76.2% (2022: 88.5%) and an undiscounted combined ratio for continuing business of 85.3% (2022: 96.2%).
- Insurance operating result, excluding the impact of discounting, was a profit of $405.7m (2022: $93.9m), and the result including the impact of discounting was a profit of $423.7m (2022: $492.5m).
- Insurance premium written for 2023 of $3,753.5m, a reduction of 5.5% over 2022 ($3,970.0m) at constant rates of exchange, reflecting market conditions in certain classes, the implementation of our catastrophe strategy, and our continued focus on improving our performance by exiting underperforming business.
- Investment return was a strong $394.4m or 6.2% (2022: loss of $132.1m or -2.3%).
- Result from discontinued operations after tax totalled $266.2m (2022: $21.7m), including the gain on sale of Ambridge of $259.1m.
- Capital position remains strong, with a surplus over management entity capital requirements of $1,050.5m or 54.5% (2022: $709.8m or 39.9%), after dividend payments in the year of $413.6m. A significant proportion of our investment portfolio remains invested in cash and fixed income securities (2023: 85.8%; 2022: 85.1%).
- Highly successful third year of trading for Ki[3], recording insurance premiums written of $877.0m (2022: $834.1m), a combined ratio after discounting of 83.2% (2022: 91.1%) and an undiscounted combined ratio of 89.4% (2022: 95.0%).
- Overall market conditions continued to harden, albeit at a reducing rate, and we achieved risk-adjusted rate increases of 7.1%, bringing the compound increase since 1 January 2018 to 65.1%.
- Key developments include:
  - Completion of the sale of the Ambridge MGA companies;
  - Agreement to sell our holding in Canadian MGA Sutton, which completed post year end on 8 March 2024;
  - Execution of our catastrophe strategy, reducing our Property portfolio's gross exposure to such events;
  - Launch of Ki's enhanced offering allowing brokers to access third-party digital capacity from multiple syndicates directly through the Ki platform;
  - Continued focus on our customers through claims innovation;
  - Continued focus on our digital, data and AI strategy; and
  - Adoption of IFRS 17 'Insurance Contracts'.

Martin Thompson, Group Chief Executive Officer, commented:

'Brit has delivered an excellent result for 2023, with a strong underwriting and investment performance.

Our undiscounted combined ratio of 85.3%, a 10.9 percentage point improvement from 2022, reflects the strength of Brit's underwriting teams and the successful execution of our catastrophe strategy, as well as a year of more benign major loss activity. Our discounted combined ratio reduced to 76.2% (2022: 88.5%).

Overall, market conditions have remained broadly positive, and we achieved risk adjusted rate increases of 7.1%. In total, we have seen compound increases since 1 January 2018 of 65.1%. While we have continued to achieve rate increases in most of our underwriting portfolios, in some lines we are seeing increased competition and rate reductions, putting pressure on premium income. We remain vigilant to this and continue to closely monitor our underwriting approach as we maintain our focus on cycle management.

Against this backdrop we have remained highly disciplined and focused on underwriting profitability. This is reflected in a slight reduction in the Group's overall insurance premium written to $3,753.5m (2022: $3,970.0m), mainly driven by market conditions in certain classes, the implementation of our catastrophe strategy, and our continued focus on improving our performance by exiting underperforming business.

In its third year of trading, Ki's insurance premium written increased by $42.9m to $877.0m and continued to make a positive contribution to the Group. Ki has further driven change in the Lloyd's market including the evolution of Ki's business model, allowing brokers to access digital capacity from multiple Lloyd's syndicates directly through the Ki platform, made possible through multi-year partnerships with capacity partners.

On 10 May 2023, Brit completed the sale of Ambridge, its US and European based managing general underwriter (MGU) to Amynta Group, recording a gain on sale of $259.1m. In November 2023 we also entered into an agreement with Amynta to sell Sutton, the Canadian MGU in which we have a 49% interest, which closed on 8 March 2024. We believe it was the appropriate time to realise the value of our investments in Ambridge and Sutton as we focus on our strategic priorities: our core underwriting capabilities and our investment in building out our market leading digital capabilities. Importantly, Ambridge, Sutton and Amynta remain key partners for Brit, and we look forward to a long and deep underwriting relationship with them as an independent MGUs.

Our ability to deliver a best-in-class claims service is an important differentiator for Brit. We continued to support our clients when they need it most, with innovation at the heart of our claims approach, as demonstrated with our response to the 2023 Hawaiian wildfires and other major loss events. We were delighted that this resulted in our claims team being recognised in winning a number of prestigious industry awards.

Looking ahead, our aspiration for the Group is to be a long-term winner in the Lloyd's market, supported by our clear strategic focus on driving performance and profitability. Our 2023 results show we have the foundations from which to achieve this: through Syndicate 2987 we are a highly relevant lead market, while Ki is demonstrating the future of follow. In 2024 we will continue to invest in our technology strategy, broker relationships and underwriting capabilities to build on the established leadership positions of these respective parts of the Group, while retaining our long-term focus on careful management of the insurance cycle.

While we remain mindful of shifting market dynamics, this positioning gives me great confidence in the outlook for Brit. Underpinning this confidence is our special and unique culture and I am proud of Brit's reputation for fostering diverse talent. I would like to thank all my colleagues at Brit for their contributions over the last year, as well as our brokers and partners in the market for their ongoing support.'

Notes

1. The calculations of the key performance indicators and alternative performance measures are set out in the 'key performance indicators and alternative performance measures' section at the end of this document.
2. 2022 figures have been restated where applicable following the adoption of IFRS 17 'Insurance Contracts' from 1 January 2023.
3. The Ki segment result has been prepared for the purposes of Brit Limited segmental reporting and does not constitute stand-alone financials for Ki Syndicate 1618 or the Ki Financial Limited sub-group in whole or part.
4. Brit Limited's 2023 audited Annual Report is available at www.britinsurance.com.

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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 year ended 31 December 2023, published on 15 February 2024, 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 2023, 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 from October 2023.

We believe that Fairfax is an excellent parent for Brit, enabling us to enhance our global product offering. It provides us with a strong and stable base for long-term growth and affords 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 2023, Brit returned a combined ratio (CoR) before discounting for continuing operations of 85.3% (2022: 96.2%) and an insurance operating result before discounting of $405.7m (2022: $93.9m).

Insurance premium written decreased by 5.5% to $3,753.5m (2022: $3,970.0m). This reflected an overall decrease in current year insurance premium reflecting market conditions in certain classes, the implementation of our catastrophe strategy, and our continued focus on improving our performance by exiting underperforming business. Prior year premium development continued to be favourable, but at lower levels than in 2022. This resulted in a year-on-year decrease of $102.7m.

Ki has continued to deliver its growth plans and has had a successful third year of trading.

The calculations of key performance indicators and other performance measures are set out in the 'key performance indicators and alternative performance measures' section at the end of this document.

Market conditions

The market has continued to benefit from premium rates during 2023. Brit achieved an overall risk adjusted rate increase of 7.1% (2022: 12.4%). Direct business premium rates increased by 5.3% (2022: 14.4%), while reinsurance business increased by 12.1% (2022: 7.1%). All Divisions, with the exceptions of Financial and Professional and Ambridge Transactional, achieved rate increases, with the largest increases achieved in Property Treaty, Property and Programmes and Facilities.

The compound risk adjusted rate increase since 1 January 2018 now totals a very strong +65.1%.

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 are set on a best estimate basis together with a risk adjustment. For 2023, this risk adjustment has been set at the 77th percentile (2022: 75th percentile) on a net basis. As part of the year-end reserving exercise, the impact of inflation was 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.

2023 Major loss activity

Worldwide natural disasters in 2023 resulted in economic losses of around $250.0bn (2022: $250.0bn), in line with the five-year average, while insured losses were in the region $95.0bn (2022: $125.0bn), below the five-year average of $105.0bn (Source: Munich Re).

The year's most costliest events included the tragic earthquakes in southeast Turkey and Syria (economic losses of c.$50.0bn, with insured losses of c.$5.5bn), Typhoon Doksuri (Philippines / China) (economic losses of c.$25.0bn, with insured losses of c.$2.0bn), Hurricane Otis (the most severe storm ever to hit Mexico's Pacific coast) (economic losses of c.$12.0bn, with insured losses of c.$4.0bn). There were also a significant number of regional weather events, such as thunderstorms in the US and Europe, and wildfires in Canada.

Brit's undiscounted best estimate reserves established for major natural catastrophe losses in 2023, net of amounts recoverable from reinsurers, amounted to $69.6m (2022: $306.6m), driven by the Hawaiian wildfires ($51.7m) and Hurricane Idalia ($17.9m). Brit does not have material exposure to other catastrophe events which occurred during the year. While we anticipate that some claims will emerge, we expect these to be attritional in scale.

2022 and prior major loss activity

Net reserves held for 2022 and prior major losses were broadly unchanged, with increases in estimates in respect of claims arising from Winter Storm Elliott offset by reductions in estimates in respect of Hurricane Ian.

Russian invasion of Ukraine

During 2023, net loss estimates arising from the Russian invasion of Ukraine increased by $2.7m to $34.6m. This small net increase was primarily driven by the earning through of exposures on the Terrorism and Political Risk classes, partly offset by a reduction of specific loss estimates in the Political and Credit risks following better than expected experience.

COVID-19

The Group continues to monitor its exposure to losses arising from the COVID-19 pandemic. During 2023, there has been no material movement in overall net reserves held for COVID-19 related claims, as claims continue to close in line with expectations.

Supporting our customers

Our customers are our priority. When a customer has a claim, we understand they are likely to be facing difficult and unexpected challenges. We believe they expect the insurance they have purchased to respond and deliver when they need it most. We see each 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 by pursuing opportunities to reduce claims lifecycle and bring claims to resolution at every opportunity through a high level of technical expertise supported by innovation and technology:

- **Claims response to Hawaiian Wildfires**

  Brit continues to lead the London Market in its use of geospatial technology to advance property claims adjusting capabilities, often after catastrophe events but also and in normal course claims response. In the immediate aftermath of the Hawaiian Wildfires, the Brit Claims team used our proprietary machine learning algorithm in tandem with our access to ultra-high-resolution aerial imagery to accelerate the accurate identification of US property damage. By doing so, the team was able to virtually adjust and approve claims payments directly from our offices in London. This enabled us to fast-track payments to over 75% of the impacted customers, in most cases before the general population was even permitted back into the devastated areas in Maui. This represents a lifecycle of natural catastrophe impact to payment that we believe is significantly quicker than the rest of the Lloyd's market.

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 release of Direct Pay solution in the UK.

Brit has co-developed several funding and payment innovations that aim to enhance customer experience and drive value for the business. Furthermore, the successful re-application of direct pay was initiated by Lloyd's for wider use by the Lloyd's market under the Future at Lloyd's initiative FCP, or Faster Claims Payments. FCP enables third party adjusters working on behalf of Lloyd's to expedite claims payments through direct access to Insurer's funds via Vitesse and their Payment Platform, eliminating the need for a traditional Loss Fund.

- **Market recognition**

In May 2023, the Brit Claims Team won two prestigious Insurance Times Claims Excellence Awards, and in June 2023 the Team won the 'Best Use of Technology' award at the British Claims Awards. These awards recognised our outstanding work utilising Machine Learning, Aerial Imagery, and a faster claims payments service to deliver an unprecedented claims solution following Hurricane Ian.

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. In 2022, we reviewed the catastrophe strategy of our US Property portfolio, focusing on Property Treaty, Property Facilities and Property Open Market. As a result, we focused on achieving minimum rate requirements, have successfully increased inflationary guards and minimum valuations, and redistributed capacity away from catastrophe intensive regions. The changes were also expected to reduce reliance on reinsurance which is increasingly expensive given the scarcity of capacity in the current market.

During 2023, we have continued to focus on the execution of this strategy. The actions have resulted in a gross exposure reduction for Property Treaty, Property Facilities and Property Open Market across our portfolio. The strategy continues to be reviewed on a quarterly basis.

- **Focus on underwriting capability development**

In 2023, Brit made good progress with its investment in digital and data-enabled capabilities. North America Open Market (NAOM) Property was launched as the first product using Brit's new strategic pricing and rating engine, marking an important step in our strategy to use technology to facilitate greater underwriting capability. With the new platform NAOM underwriting team have been able to:

  - Increase efficiency, removing friction in the underwriting process
  - Move towards a model which surfaces capability 'all in one place', within a streamlined, reimagined workflow that matches what we do and how we think as underwriters.
  - Ensure better service to our Brokers (e.g. same-day quoting)
  - Increase collaboration across underwriters, pricing actuaries, technology, operations and data.

Following this successful roll-out, we will expand the platform in 2024 to other classes as well as explore additional capabilities that can benefit multiple classes.

- **Senior underwriting and claims appointments**

Group Chief Underwriting Officer (GCUO): On the 31 October 2023, we announced that after 17 years of service, Christiern Dart had decided to step down from his position as GCUO. We thank him for his contribution to Brit. Jon Sullivan has been appointed Christiern's successor. Jon has been with Brit for over 12 years, being Deputy GCUO for the last five years and Active Underwriter of Syndicate 2987 since 2018.

Head of Claims: On 4 April 2023, we announced that Marie Hill has been promoted to Group Head of Claims (formerly Deputy Head of Claims).

- **Continued portfolio management**

  Where classes remain challenging, we have continued to take action to improve our performance and maintained our rigorous risk selection criteria. For 2024, we have ceased writing Space and Nuclear, and refocused the Marine Liability account to concentrate on Energy Liability business.

- **2024 business planning**

  Brit is one of the largest managing agents in the market and, in 2024, Syndicate 2987 is the second largest Lloyd's syndicate by underwriting capacity, demonstrating the value and strength of Brit to the Lloyd's Market.

  Syndicate 2987's capacity is planned to grow by c.2% (at comparable FX rates) over the 2023 year of account. As in previous years, we continue to actively manage the portfolios, growing where the market is strongest and where we see the best opportunities to deliver profit for our shareholders, and taking action on the weaker segments of the portfolio.

  Syndicate 2988's capacity is planned to reduce by c.18% (at comparable FX rates) over the 2023 year of account. For 2024 the Syndicate's portfolio will not include US Property business and so the stamp has been reduced accordingly. Whilst we continue to see this as an attractive segment, the strategy for 2024 is to reduce natural capacity volatility within the Syndicate's portfolio, offering a more stable return for investors.

  Syndicate 1618 has been on a high growth trajectory since its launch in 2021. Expectations for 2024 are for the rate of growth to slow as the portfolio stabilises and the Ki model expands to include partner lines being deployed through the platform.

  Brit's non-catastrophe reinsurance renewals at 1 January 2024 have been successfully completed, achieved within budget and with some improvements in coverage, and placed with a largely unchanged panel. Following the execution of new Property catastrophe strategy during 2023, Brit's focus was on reducing overall spend and reducing ceded profit.

  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.

- **Launch of Ki's multiple capacity partner platform**

  In October 2023, Ki evolved its market first algorithmic underwriting platform and announced partnership agreements with two Lloyd's syndicates to offer brokers access to algorithmically driven digital follow capacity from those third-party syndicates. From November 2023, this capacity was available on the Ki platform, for risks incepting from 1 January 2024. This is not only a step change for Ki's business, with the additional capacity driving significant efficiency benefits for brokers and clients, but also for the Lloyd's follow market.

- **Renewal and planned expansion of our leading cyber consortium**

  In February 2023, we announced the renewal and planned expansion of our leading cyber consortium, Brit Cyber Attack Plus (BCAP), a cyber product designed to protect clients from the impact of physical damage arising from cyber-attacks. BCAP also offers a broad spectrum of cyber coverage including, business interruption, data privacy, breach response, cyber extortion, reputational harm and cyber liability coverage.

  Launched in 2014, the BCAP consortium offers limits of up to $140.0m and wrote in excess of $100.0m in premium in 2023, making it one of the largest cyber consortiums in the market by both premium and capacity.

- **Brit insurance named a winner of the Insurance Business UK five star Cyber award**

  In February 2023, Brit's Cyber product offering was selected once again by brokers, to receive five stars by Insurance Business UK. Our cyber team has been delivering for clients and customers for over 18 years now, and we're proud to provide cyber cover for 40% of the Fortune 500.

- **Closure of Sussex Diversified Fund**

  In October 2023, given the current challenges in the ILS market, Brit took the decision to close the Sussex Diversified Fund. The Diversified Fund was established for the 2018 underwriting year to encourage external investors to invest in a surplus of Property catastrophe risk. This decision will allow Brit to focus on its corporate strategy, to meet its combined ratio target under the four pillars of focus, simplification, capability and culture, and to focus its growth ambitions in Bermuda on its two well-established entities, Brit Global Specialty Bermuda Limited (which produces business for Syndicate 2987) and Brit Re (A rated by AM Best).

Review of other key business developments during 2023

Other key strategic developments during 2023 have included:

- **Ambridge sale completion**

  On 7 January 2023, Brit entered into an agreement to sell Ambridge Group to Amynta Group. This transaction closed on 10 May 2023. The Company received $379.0m on closing, comprising of cash of $265.8m and a promissory note with a fair value of $113.2m, resulting in a gain on disposal of $259.1m.

  Under the terms of the sale agreement, an additional $100.0m was receivable, subject to a clawback based on 2023 performance targets of Ambridge. The Directors believe that the 2023 performance targets will not be met and therefore have not recognised any of this additional amount.

  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.

  Ambridge continues to be a strategic business partner of Brit.

- **Sutton sale agreement**

  On 17 November 2023, Brit entered into an agreement with Amynta Group and the other shareholders of Sutton, under which Amynta Group would acquire 100% of Sutton. Following the receipt of UK regulatory approval, this transaction closed on 8 March 2024. The sale proceeds for Brit's 49% holding were $31.0m.

  Sutton is a Canadian managing general underwriter of a range of specialised insurance products, including Accident and Health. Sutton will continue to be a strategic business partner of Brit after the sale completes.

- **Senior Corporate appointments**

  - **Brit Limited Board appointment**

    Simon Lee was appointed to the Board of Brit Limited on 8 May 2023. Simon remains Chairman of Brit Syndicates Limited, the board of which he was appointed to on 16 January 2016.

  - **Actuarial and Risk**

    In October, we announced the following changes:
    - Shane Kingston moved to a new position of Group Chief Risk Officer & Chief Actuary.
    - David Grant promoted to the role of Chief Risk Officer for Brit Syndicates Limited (BSL).
    - Richard Weston promoted to the role of Chief Actuary for Brit Syndicates Limited (BSL).

    These changes will facilitate stronger alignment between Underwriting and Actuarial, as we continue to improve our underwriting and portfolio management capabilities. They will also support delivery of our ever-increasing regulatory requirements.

  - **Senior Ki appointments**

    - **Ki CFO:** On 1 December 2023 Jan Christiansen joined Ki as CFO. Jan has two decades of leadership experience at Fairfax portfolio companies, and was most recently at Odyssey Group, where he was Group CFO after joining in 2010.

    - **Ki Commercial Director:** In June, Ki appointed Catherine Barton as Commercial Director. Catherine was most recently Chief Insurance Officer at Zego and prior to this Chief Financial Officer at Talbot Underwriting Limited. She has also held senior executive management roles at Bupa UK and been a Partner at both EY and Deloitte.

    - **Ki Director of Product:** In September, Anita Woods joined as Ki Director of Product. Anita was most recently Vice President of Product at fintech firm Cleo. She previously worked at Google, Amazon, and Bain & Company.

- **Digital, data and artificial intelligence (AI) strategy**

  We continue to advance our strategy to deliver a digital, data and AI driven platform that improves our underwriting performance and capabilities. We have made good progress in developing foundational data and technology capabilities and internal skills. Our primary area of focus and investment in 2023 has been the continued build out of our new cloud-native modern data platform and planned sunset of our legacy data warehouse. This will greatly improve the stability of our reporting foundation, provide a scalable platform for future value investments in data and analytics and help manage cloud computing costs in the long-term.

  The next phase of our strategy is focusing on leveraging acceleration brought by GenAI, large language models, no code/low-code platforms and related digital architecture. The strategy includes embedding modern ways of working to enable strong partnership across business functions to drive accelerated business adoption. Furthermore, we continue to mature our cyber security, privacy and ethics, and data quality strategies as key enablers of our technology and data strategies.

- **RiverStone Management Pension and Life Assurance Plan – bulk annuity contract**

  In October 2023, the Trustees of the Plan purchased a bulk annuity ('buy-in') policy with a specialist insurer for a premium of £94.9m ($121.0m). This policy, which replaces the majority of the Schemes investments, matches the benefits due to all scheme members and provides the income to the Plan to fund payments as they fall due. Following this transaction, the Plan retains a surplus of $10.7m ($7.0m 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 continues to drive innovation in the Lloyd's market

2023 saw another successful year for Ki, delivering a strong financial performance while simultaneously evolving its business model and offering to London brokers.

Having additional capacity from other syndicates on the Ki platform is a transformational change for the Lloyd's market. From 1 January 2024 brokers are now able to access this third-party digital capacity, directly through the Ki platform, made possible through multi-year partnerships with trusted Lloyd's syndicates. As a result, Ki has become the first algorithmic underwriting business in the market to be able to underwrite and bind follow capacity on behalf of syndicates across Property, Specialty, and Casualty classes. This is a major step towards a fully digital follow market in Lloyd's and provides a compelling proposition to Lloyd's brokers and clients.

In 2023, Ki[1] generated an undiscounted CoR of 89.4% (2022: 95.0%). 2023 saw steady growth in income, with insurance premium written increasing to $877.0m, (+5.1%), despite heightened competition in Financial and Professional and Cyber, as well as reduced appetite for Property Facilities following Hurricane Ian in 2022'. This reflects continued support from the Lloyd's broking community for the Ki's unique offering, and the favourable trading conditions.

Underwriting profitability has increased during 2023. Ki's[1] undiscounted claims ratio decreased to 56.3% (2022: 61.2%). Ki benefitted from the relatively benign catastrophe year and recognised major losses in relation to the Hawaiian wildfires and Hurricane Idalia with net reserves established on an actuarial best estimate basis of $20.0m (2022 events: $48.9m). The net impact of these events was managed through the successful renewal of a catastrophe reinsurance programme and a whole account quota share. The combination of continued growth and profitability is an endorsement of Ki's digital, data driven model and validates our unique approach to underwriting and digital fast-follow.

Ki has built a platform that is unique in the Lloyd's market. In 2023, technology development focused on the readiness of the platform to launch Ki's ability to underwrite and bind risks on behalf of multiple syndicates, including Ki 1618 for risks incepting on 1 January 2024. Other initiatives included an increased focus on property, energy, and cyber class capabilities within the algorithm as well as building back-office supporting technology as the business has scaled. Our team of leading data scientists and engineers continues to prioritise developing new capabilities at pace with a spirit of continuous improvement that defines our business model.

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. Going forward our underwriting teams will act on behalf of Ki 1618 as well as the partner syndicates that provide capacity to the Ki platform.

Ki Financial Limited (KFL) has a sustainability linked 'Funds at Lloyd's' letter of credit agreement. The facility, which is structured to support the Syndicate as it grows, is linked to the ESG rating of Ki's 'Funds at Lloyd's' investment portfolios and Syndicate assets, with its pricing dependent on the compliance of the Syndicate's investment portfolios with ESG targets. We recognise that to fully integrate ESG into the investment strategy, it is important to understand the portfolio exposures. We have incorporated ESG into our regular monitoring, annual due diligence reviews of the investment managers and hold regular discussions on the managers' ESG capabilities, and their engagement with companies.

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 hired 95 people during 2023, including five interns in the summer under the Code First Girls initiative. We also supported three masters students from University College London over the course of the year.

We look forward to 2024, building on the successes and profitability achieved in 2023, along with the launch of our unique new business model and partnerships with capacity partners. We will continue to take advantage of the significant opportunities presented by our efficient operating model and look forward to releasing the further technological developments on our road-map, pushing forward the market's digital future.

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

Note 1: Ki's result has been prepared for the purposes of Brit Limited segmental reporting and does not constitute stand-alone financials for Ki Syndicate 1618 or the Ki Financial Limited sub-group in whole or part.

Financial Performance Review

Adoption of IFRS 17 'Insurance Contracts'

During the year ended 31 December 2023 the Group adopted IFRS 17 'Insurance Contracts'. IFRS 17 replaces IFRS 4 'Insurance Contracts' for accounting periods beginning on or after 1 January 2023, with a transition date of 1 January
2022. The Group has applied IFRS 17 fully retrospectively and therefore the comparative period has been restated where applicable. The net impact of the transition has been recorded in in equity.

At the date of transition (1 January 2022), total equity increased under IFRS 17 by $61.9m or 2.9% from $2,146.6m to $2,208.5m.

The result after tax for the year ended 31 December 2022 increased from a loss of $96.3m under IFRS 4 to a profit of $308.9m under IFRS 17. This increase was primarily driven by the effects of discounting, partly offset by establishing the risk adjustment. Total equity at 31 December 2022 increased from $2,142.8m to $2,609.9m.

The introduction of IFRS 17 has had no impact on our group strategy or the way we manage the business.

Management continues to evaluate its underwriting performance on a non-discounted basis, with the combined ratio, the insurance service result, the insurance operating result and insurance premium written being used as underwriting performance measures.

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. The calculations of these KPIs and other performance measures are set out in the 'key performance indicators and alternative performance measures' section at the end of this document.

Our five 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.

The figures for 2022, where applicable, have been restated and the figures for 2019 to 2021 are as previously reported under IFRS4 'Insurance Contracts', where relevant.

Business area	**KPI**	**Commentary**	**Track record (show in graph)**
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 is excluded from both the return and the assets in the calculation. In 2023, our RoNTA in respect of continuing and discontinued operations combined was 51.9%, reflecting a positive underwriting result, a positive return on invested assets and a positive result generated by discontinued operations. This return resulted in a five-year average RoNTA of 16.5%. RoNTA in respect of continuing operations for 2023 was 41.7% (2022: 12.9%).	2023 51.9% 2022 12.6% 2021 19.4% 2020 (20.1)% 2019 18.9%
Underwriting	Combined ratio (undiscounted basis)	The combined ratio on an undiscounted basis in respect of continuing business 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 undiscounted combined ratio in 2023 was 85.3% (2022: 96.2%). Over the past five years, we have delivered an average combined ratio of 97.1% despite the impact of COVID-19. Excluding COVID-19 related claims, our five-year average combined ratio was 93.7%.	2023 85.3% 2022 96.2% 2021 95.7% 2020 112.7% 2019 95.8%

Business area	KPI	Commentary	Track record (show in graph)
Underwriting	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. We achieved a compound RARC of +7.1% in 2023 (2022: 12.4%), and a compound rate increased since 1 January 2018 of 65.1%.	2023: 7.1% 2022 12.4% 2021 12.9% 2020 10.6% 2019 5.9%
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 2.4%.	2023 6.2% 2022 (2.3)% 2021 3.3% 2020 1.0% 2019 3.6%
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 2023, Group capital resources totalled $2,977.9m giving surplus management capital of $1,050.5m (2022: $709.8m), or 154.5% (2022: 139.9%) over our Group management capital requirement. During the period, our capital requirements increased from $1,777.7m to $1,927.4m, primarily reflecting increased requirements resulting from our 2024 underwriting plans.	2023 154.5% 2022 139.9% 2021 139.1% 2020 122.1% 2019 128.4%

Overview of Results

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

	2023 $m	2022 $m
Insurance premium written[1]	3,753.5	3,970.0
Insurance revenue	3,517.1	3,340.1
Insurance service result	649.5	283.9
Net finance (expense)/income from insurance and reinsurance contracts	(225.8)	208.6
Insurance operating result	423.7	492.5
Other income, continuing operations	65.6	33.2
Other expenses, continuing operations	(126.9)	(90.4)
Losses on other financial liabilities	(20.8)	(1.3)
Return on invested assets, net of fees	393.8	(132.2)
Finance costs	(17.8)	(20.5)
Finance income	2.7	-
Profit on ordinary activities before tax and FX	720.3	281.3
FX movements	(96.4)	110.8
Profit on ordinary activities before tax	623.9	392.1
Tax	5.3	(104.9)
Profit on ordinary activities after tax and FX	629.2	287.2
Profit from discontinued operation, net of tax	266.2	21.7
Profit for the year	895.4	308.9

Note 1: 'Insurance premium written' is explained in the 'insurance revenue' section below, and is the equivalent to gross written premium as previously disclosed under IFRS 4.

Group performance

Our record 2023 result reflected both strong underwriting and investment results. The underwriting result reflected increased insurance revenue, a strong attritional performance, and reduced major loss activity, partly offset by increased commission costs and expenses.

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.

The result on continuing ordinary activities for 2023 before tax, FX and the impact of discounting was a profit of $702.3m (2022: loss of $117.3m), after FX and the effects of discounting but before tax was a profit of $623.9m (2022: $392.1m) and after tax was a profit of $629.2m (2022: $287.2m).

Our overall profit for the year after tax was $895.4m (2022: $308.9m). This included profits arising from our discontinued operation, net of tax, of $266.2m (2022: $21.7m), including the gain on sale from the sale of Ambridge of $259.1m.

Return on adjusted net tangible assets (RoNTA) for all operations, excluding the effects of FX, was 51.9% (2022: 12.6%). RoNTA for continuing operations, after including FX movements, was 41.7% (2022: 12.9%).

Performance measures

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

- **Revenue related:** Insurance premium written;
- **Claims related:** Claims ratio; and
- **Underwriting expense related:** Expense ratio; Commission expense ratio; Operating expense ratio.

The performance measures set out below are for continuing business, unless otherwise stated.

Underwriting

- **Overview**

Our insurance operating result for the year, excluding the impact of discounting, was a profit of $405.7m (2022: $93.9m). Including the impact of discounting, the insurance operating result was a profit of $423.7m (2022: $492.5m). Our undiscounted combined ratio for continuing business was 85.3% (2022: 96.2%), and our discounted combined ratio for continuing business was 76.2% (2022: 88.5%).

- **Insurance operating result**

	2023		**2022**	
	Undiscounted $m	**Discounted $m**	**Undiscounted $m**	**Discounted $m**
Insurance revenue	3,575.6	3,517.1	3,340.1	3,340.1
Insurance service expense	(2,963.1)	(2,594.3)	(3,148.9)	(2,874.1)
Net expenses from reinsurance contracts held	(206.8)	(273.3)	(97.3)	(182.1)
Insurance service result	405.7	649.5	93.9	283.9
Net finance (expense)/income from insurance & reinsurance contracts	-	(225.8)	-	208.6
Insurance operating result	405.7	423.7	93.9	492.5

- **Insurance service result**

The Group's Insurance service result increased by 128.8% to $649.5m (2022: $283.9m). Before the effects of discounting, the result increased by 332.1% to 405.7m. The result was driven by a reduction in the insurance service expenses, partly offset by a reduction in insurance revenue and higher expenses from reinsurance contracts held

(i) Insurance revenue

Brit's insurance revenue totalled $3,517.1m in 2023 (2022: $3,340.1m), an increase of 5.3%. The 2023 figure, before the impact of discounting and commission costs was $3,883.1m (2022: $3,594.2m), an increase of 8.0%. This primarily reflects a decrease in insurance premium written and increased commission expenses on assumed business, offset by a positive net impact of earning of premium written in previous years. Insurance premium written is analysed below.

Revenue recognised under the premium allocation approach (PAA) decreased by $482.7m or 14.5% to $2,857.4m (2022: $3,340.1m). In 2023, a number of Brit's inwards groups were measured under the general measurement model (GMM) for the first time. This contributed $697.7m to insurance revenue.

A further breakdown of insurance revenue, including the components arising from measuring groups under the GMM, is given in note 6 to the financial statements.

Brit uses insurance premium written, which is equivalent to gross written premium as previously reported under IFRS 4, to measure and monitor levels of incoming business. Insurance written premium decrease by 5.3% at constant rates of exchange to $3,753.5m (2022: $3,970.0m). Core underwriting decreased by 8.1% at constant FX rates to $2,863.5m (2022: $3,116.8m), while Ki, in its third year of underwriting, continued to gain traction increasing by 5.2% at constant FX rates to $877.0m (2022: 834.1m).

Overall current year insurance premium written decreased by $108.8m, primarily reflecting overall reductions in our core and other underwriting segments, driven by market conditions, the implementation of our catastrophe strategy, and our continued focus on improving our performance by exiting underperforming business and increasing lines on high performing accounts. 2023 also saw a continued positive rate environment, with an overall risk adjusted premium rate increase of 7.1% across the portfolio (2022: 12.4%).

(ii) Insurance service expense

The Insurance service expense comprises the following:

	2023 $m	2022 $m
Expenses attributable to insurance acquisition cashflows		
Commissions	(498.7)	(428.7)
Other expenses	(140.0)	(162.9)
Insurance acquisition cashflows and other directly attributable expenses	**(638.7)**	**(591.6)**
Other directly attributable expenses	(105.5)	(101.1)
Incurred claims and changes to liabilities for incurred claims	(1,850.1)	(2,181.4)
Insurance service expense	**(2,594.3)**	**(2,874.1)**

The insurance service expense decreased by $279.8m or 9.7% to $2,594.3m (2022: $2,874.1m). The drivers of this were lower incurred claims and changes to liabilities for incurred claims (down by $326.9m or 14.3% from $2,282.5m to $1,955.6m), primarily reflecting lower major loss activity, partly offset by higher insurance acquisition cashflows (increased $47.1m or 8.0% from $591.6m to $638.7m).

Insurance acquisition cashflows and other directly attributable expenses

Our undiscounted expense ratio for ongoing business was 26.9% (2022: 27.9%). On a discounted basis, our expense ratio was 27.2% (2022: 27.9%).

Commission costs were $498.7m and the commission expense ratio was 18.0% (2022: $428.7m/17.3%). This $70.0m increase reflects the increase in undiscounted insurance revenue, our evolving in business mix and our continued drive to reduce overall acquisition costs in the current strong market.

Other expenses attributable to insurance acquisition cashflows and Other directly attributable expenses included within the operating expense ratio were $245.5m (2022: $264.0m), with the decrease primarily reflecting updated cost allocations following annual discussion with our cost centre managers. The operating expense ratio was 8.9% (2022: 10.6%), with the reduction in the ratio partly reflect an increase in undiscounted insurance revenue. Total Group expenses are discussed below.

Incurred claims and changes to liabilities for incurred claims

We continue to see strong underlying performance across our portfolios, with strong pricing and targeted growth in our high-performing segments. Incurred claims and changes to liabilities for incurred claims, before amounts recoverable from reinsurers reduced by 15.2% to $1,850.1m (2022: $2,181.4m).

This was predominantly driven by a reduction in major losses, partly offset by an increase in attritional claims.

Best estimates for major losses, net of net of amounts recoverable from reinsurers, are discussed in the claims section below.

The increase in net attritional claims was primarily driven by the increase in insurance revenue, together with the impact of market conditions in certain classes and ongoing economic uncertainty, including the impact of inflation. Underlying claims primarily increased in Ambridge Transactional, Property Treaty and other underwriting, partly offset by improvements in most other classes.

(iii) Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held increased by $91.2m or 50.1% to $273.3m (2022: $182.1m). This reflects lower allocation of reinsurance premiums (down by $77.9m or 9.0% from $863.8m to $785.9m) and lower amounts recoverable from reinsurers for incurred claims (down by $169.1m or 24.8% from $671.7m to $512.6m).

Outwards reinsurance premiums in 2023 were $808.4m or 22.6% of undiscounted insurance revenue (2022: $857.1m or 25.7%), a decrease of $48.7m. This reflected a reduction in our catastrophe aggregate protections (driven by our change in risk appetite following the implementation of our updated catastrophe strategy) and reduced expenditure on adjustable excess of loss contracts and proportional reinsurance treaties (driven by lower insurance written premium). The 2022 figure included a return premium of $37.2m following an endorsement to a 2021 loss portfolio reinsurance contract.

Amounts recoverable from reinsurers reduced by 20.8% from $759.8m to $601.6m. This primarily reflected the reduced level of major losses experienced in 2023.

(iv) Claims ratio

Our claims ratio on an undiscounted basis for 2023 was 58.4%, a reduction of 9.9 percentage points (2022: 68.3%). On a discounted basis, our claims ratio was 49.0% (2022: 60.6%).

Incurred claims and changes to liabilities for incurred claims, net of amounts recoverable from reinsurers analysed by current year and prior year development is as follows:

	2023			2022		
	Current year $m	PYD $m	Total $m	Current year $m	PYD $m	Total $m
Net incurred claims	(1,303.7)	(41.7)	(1,345.4)	(1,432.8)	(48.6)	(1,481.4)
Net risk adjustment	(50.1)	58.0	7.9	(77.2)	58.9	(18.3)
Total	(1,353.8)	16.3	(1,337.5)	(1,510.0)	10.3	(1,499.7)

Brit's undiscounted best estimate reserves for major losses, net of amounts recoverable from reinsurers, totalled $69.6m (2022: $338.5m). The events to which Brit had material exposure were as follows:

Event	2023 $m	2022 $m
Hawaiian wildfires	51.7	–
Hurricane Idalia	17.9	–
Australian Floods	–	16.9
Hurricane Ian	–	280.2
Winter Storm Elliott	–	9.5
Total before Russia/Ukraine and COVID-19 relate losses	**69.6**	306.6
Claims arising from the Russian invasion of Ukraine	-	31.9
Total	**69.6**	**338.5**

Net prior year releases totalled $16.3m (2022: $10.3m) after the movements in the risk adjustment and after the impact of discounting. The 2023 figure includes releases across Financial and Professional Liability, Property Treaty, Programmes and Facilities, and Specialty, partly offset by strengthening in Ambridge Transactional, Casualty Treaty and Ambridge Re. The 2022 figure includes releases across Property, Specialty, Property Treaty and Ambridge Transactional, partly offset by strengthening in Programs and Facilities, Financial and Professional Liability and Casualty Treaty, and Ki.

Our financial position remains strong, and we continue to operate a robust reserving process. The process has not changed following the adoption of IFRS 17.

- **Net finance (expense)/income from insurance and reinsurance contracts**

	2023 $m	2022 $m
Net finance (expense)/income from insurance contracts	**(322.7)**	**307.1**
Net finance income/(expense) from reinsurance contracts held	**96.9**	**(98.5)**
Net finance (expense)/income from insurance and reinsurance contracts	**(225.8)**	**208.6**

The analysis between interest accreted and the effect of changes in interest rates is as follows:

	2023 $m			2022 $m		
	Insurance contracts	**Reinsurance contracts**	**Total**	**Insurance contracts**	**Reinsurance contracts**	**Total**
Interest accreted	(293.7)	97.3	(196.4)	(28.2)	15.0	(13.2)
Effect of changes in interest rates	(29.0)	(0.4)	(29.4)	335.3	(113.5)	221.8
	(322.7)	**96.9**	**(225.8)**	**307.1**	**(98.5)**	**208.6**

Interest accreted, the unwind of prior year discount, is based on the opening yield curves of the period. 2022 interest accretion was based on the year ended 2021 yields, which were materially lower than those at year ended 2022 (on which the 2023 interest accretion is based), due to the marked increase in risk free rates across all Brit's core currencies, throughout 2022.

The effect of changes in interest rates and other financial assumptions is driven by the movement in yield curves during the year. The yields over 2023 have decreased, resulting in a loss of $225.8m in the period given Brit's net insurance contract liability (2022: increase in yields resulting in a gain of $208.6m).

Group Expenses

Operating expenses were classified as follows:

	2023 $m	2022 $m
Insurance acquisition cashflows – expenses	(139.9)	(162.9)
Other directly attributable expenses, excluding claims	(105.6)	(101.1)
Other operating expenses	(118.2)	(83.1)
Corporate expenses	(8.7)	(7.3)
Operating expenses – continuing operations	(372.4)	(354.4)
Expenses – discontinued operations	(9.1)	(22.7)
Total operating expenses	(381.5)	(377.1)

Total expenses for continuing operations during 2023 increased by 5.1% to $372.4m (2022: $354.4m). The main contributors to this increase were the bonus accrual and regulatory charges and levies. These increases also include the costs resulting from the growth of Ki.

At 31 December 2023, Group headcount was 911 (2022: 815 in respect of continuing operations). 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.

Other income

Other income totalled $82.4m (2022: $63.8m), as set out below:

Other income	2023 $m	2022 $m
Fee and commission income – continuing operations	21.3	12.3
Change in value of ultimate parent company shares	44.3	20.9
Total other income – continuing operations	65.6	33.2
Fee and commission income – discontinued operations	16.8	30.6
Total other income	82.4	63.8

Fees and commissions generated by the Group’s underwriting management activities in respect of continuing operations increased in 2023 by 73.2% to $21.3m (2022: $12.3m). The increase primarily reflects increased fees from consortia.

Fees and commissions generated by the Group’s discontinued operations decreased in 2023 by 45.1% to $16.8m (2022: $30.6m), following the sale of Ambridge in May 2023.

Losses 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 on other financial liabilities’.

In 2023, the income statement impact was a loss of $20.8m (2022: $1.3m), which represents the underwriting result in Brit’s consolidated income statement attributable to third party capital providers.

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 positive $394.4m or 6.2% (2022: a negative $132.1m or (2.3)%). This result is analysed below:

Investment return	2023 $m	2022 $m
Income	234.4	86.1
Realised losses	(80.2)	(75.2)
Unrealised gains/(losses)	265.4	(131.5)
Investment return before fees	419.6	(120.6)
Investment management fees	(19.6)	(13.8)
Investment return, net of fees	400.0	(134.4)
Investment related derivative return	(7.2)	0.8
Return on associated undertakings	1.6	1.5
Total return	394.4	(132.1)
Total return	6.2%	(2.3)%

Of the investment return, $0.6m (2022: $0.1m) related to discontinued operations.

Equity markets performed positively during 2023, as global growth remained resilient, inflation started to moderate and markets increasingly priced in interest rate reductions in 2024. Our equity portfolio outperformed the market and generated a positive return of $59.1m (2022: $12.7m), benefiting from a value focused approach. Our return on fund investments was $72.2m (2022: negative $11.3m).

The fixed income portfolio generated a return of $232.6m (2022: loss of $139.0m), driven by income and capital gains, while mortgages and loans generated $6.7m (2022: 1.3m). The US Government bond yield curve rose up to 140bps at the shorter tenors, but tenors over one year ended the year relatively unchanged (up to 20bps falls or rises depending on the tenor) as the Federal Reserve Bank increased rates by 100bps over the first half of the year, then paused and at the December meeting pivoted to signal potential rate reductions in 2024. Over 2023, the two-year yield fell from 4.43% to 4.25%, the five-year yield fell from 4.00% to 3.85%. The ten-year yield was flat at 3.88%. Investment grade spreads in the US narrowed from 0.90% to 0.77% and in Europe narrowed from 1.56% to 1.28%, while high yield spreads in the US narrowed from 4.68% to 3.23% and in Europe narrowed from 4.90% to 3.83%.

Cash and cash equivalents generated interest of $46.9m (2022: $14.9m). 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.

The amount attributable to trade and other receivables was $2.1m (2022: $0.8m).

At 31 December 2023, the running yield (expressed as yield as a percentage of invested assets) of our total portfolio was 4.0% (2022: 4.0%).

In 2023, our share of the net profit of our associated undertaking, Sutton Special Risk Inc., was $1.6m (2022: $1.5m). Sutton Special Risk Inc. is a leading Canada-based managing general underwriter specialising in Accident & Health. On 17 November 2023, the Group entered into a signed securities purchase agreement with Amynta Group, for the sale of its 49% shareholding. Since that date, Brit's investment in Sutton has been reclassified as an asset classified as held for sale.

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 $97.4m in 2023 (2022: gain of $112.6m), 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)	2023 $m	2022 $m
Net foreign exchange (losses)/gains – continuing operations	(94.2)	97.3
Net foreign exchange (losses)/gains – discontinued operations	(1.0)	1.8
(Losses)/gains on derivative contracts – FX related instruments	(2.2)	13.5
	(97.4)	112.6

Finance costs and finance income

Finance costs totalled $17.5m (2022: $20.1m) and represented cost of the revolving credit facility and other bank borrowings, the cost of the subordinate debt and interest payable on lease liabilities.

Finance income was $2.7m (2022: $nil) and represented the gain of repurchasing £8.0m of subordinated debt.

Tax

Tax credited to the income statement totalled $4.8m (2022: tax charge of $93.4m). Our tax on ordinary activities for 2023 resulted in a tax credit of $5.3m (2022: tax charge of $104.9m), based on a Group profit on ordinary activities before tax of $623.9m (2022: profit before tax of $392.1m). In addition to this, discontinued operations attracted a tax charge of $0.5m (2022: credit of $11.5m).

This credit of $4.8m comprised a deferred tax credit of $22.2m, partly offset by a current tax charge of $17.4m. The deferred tax credit reflects the change in the UK tax rate from 19% to 25% from 1 April 2023 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 2023 Group rate varies from the weighted average rate in those jurisdictions due to a number of factors. The principal factors are the adoption of IFRS 17 at Group level, profit arising on the disposal of the Ambridge subsidiaries which is not subject to tax and the impact of the decrease is unrecognised deferred tax losses. The rate is further influenced by the impact of prior year adjustments, exempt income such as dividend income, disallowable expenses and by non-UK taxes arising in our Lloyd's syndicates.

Profit from discontinued operation

On 10 May 2023, the Group completed the sale of Ambridge Group to Amynta Group. Ambridge was presented as a disposal group held for sale in the 2022 financial statements of the Group and the results of the Ambridge business have been reported as a discontinued operation in the current and prior periods.

Profit from this discontinued operation, net of tax, totalled $266.2m (2022: $21.7m). The 2023 figure includes $259.1m (2022: $nil) which represents the gain on sale of the Ambridge Group, net of tax.

Financial position and capital strength

Overview

Our business is underwritten primarily through our wholly-aligned Lloyd's Syndicate 2987, our innovative Ki Syndicate 1618, and the partly-aligned Lloyd's Syndicate 2988, which benefit from Lloyd's ratings of A (Excellent) positive outlook from A.M. Best, AA- (Very Strong) from Fitch, AA- stable outlook from Standard & Poor's, and AA- (Very Strong) stable outlook with Kroll Bond Rating Agency (KBRA).

Our financial position remains strong, with our capital surplus increasing by $340.7m in the year. At 31 December 2023, Group capital resources totalled $2,977.9m (2022: $2,487.5m), giving surplus management capital of $1,050.5m (2022: $709.8m), or 54.5% (2022: 39.9%) over our Group management capital requirement of $1,927.4m (2022: $1,777.7m).

Brit has in place a $550.0m (2022: $550.0m) revolving credit facility (RCF), the expiration date of which was extended by two years in 2023 to 31 December 2027. Under our capital policy we have identified a maximum of $300.0m (2022: $300.0m) of this facility to form part of our capital resources, with the balance available for liquidity funding.

At 31 December 2023, the cash drawings on the facility were $nil (2022: $10.0m) and a $10.0m uncollateralised letter of credit (LoC) was in place (2022: $100.0m uncollateralised) to support our underwriting activities. At the date of this announcement, these borrowings were unchanged.

At 31 December 2023, Ki Financial Ltd, together with Sussex Re and Ki Member Ltd, has a $180.0m LoC facility (2022: $180.0m) to provide a proportion of the Funds at Lloyd's for Syndicate 1618 through a segregated account of Sussex Re. The facility was $150.0m utilised at 31 December 2023 and collateralised by $63.0m (2022: $180.0m fully utilised and uncollateralised).

In addition, we have in issue £127.0m of 3.6757% subordinated debt with a carrying value of £127.0m / $161.9m (31 December 2022: £135.0m/$162.4m). This instrument, which is listed on the London Stock Exchange, was issued in December 2005, matures on 9 December 2030. The reduction in the year was following the repurchase and cancellation of £8.0m notes on 14 December 2023.

At 31 December 2023, our gearing ratio was 7.1% (2022: 13.6%).

Brit's invested assets (financial investments, investments in associates, cash and cash equivalents and derivative contracts) at 31 December 2023 were $6,744.8m (31 December 2022: $6,011.3m).

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

31 December 2023		Statutory basis								
		Equity securities $m	Debt securities $m	Loan instruments $m	Specialised investment funds $m	Cash and cash equivalents $m	Associated undertakings $m	Investment Derivatives (net) $m	Assets held for sale $m	Total invested assets (look-through) $m
Look-through	Government debt securities	–	3,199.2	–	20.7	–	–	–	–	3,219.9
	Corporate debt securities	–	1,605.2	–	8.7	–	–	–	–	1,613.9
	Structured products	–	–	–	23.2	–	–	–	–	23.2
	Loan instruments	–	–	82.2	12.7	–	–	–	–	94.9
	Equity securities	509.2	–	–	417.4	–	–	–	15.8	942.4
	Cash and cash equivalents	–	–	–	1.5	853.8	–	–	–	855.3
	Investment related derivatives	–	–	–	(4.6)	–	–	(0.2)	–	(4.8)
Total invested assets (statutory)		509.2	4,804.4	82.2	479.6	853.8	–	(0.2)	15.8	6,744.8

31 December 2022		Statutory basis								
		Equity securities $m	Debt securities $m	Loan instruments $m	Specialised investment funds $m	Cash and cash equivalents $m	Associated undertakings $m	Investment Derivatives (net) $m	Assets held for sale $m	Total invested assets (look-through) $m
Look-through	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
	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

Brit's asset duration position increased over the year, locking in the higher yields and moved to a broadly neutral position as at 31 December 2023.

The assets remain primarily invested in cash and fixed income securities (2023: $5,784.0m or 85.8% of the portfolio; 2022: $5,117.3m or 85.1%). The fixed income portfolio is short dated, with a majority allocation to government bills. Corporate bonds and other loan instruments represent 25.3% (2022: 22.6%) of the total portfolio with 1.4pps (2022: 2.6pps) of this figure being below investment grade.

The allocation to credit remained broadly unchanged over the year. 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 exposure to equities, funds and structured products has remained materially consistent over 2023 (2023: $965.6m or 14.3% of the portfolio; 2022: $891.4m or 14.8% of the portfolio), but grew in absolute terms, driven by market movements.

The duration is broadly neutral compared to the duration of our liabilities. The US Government bond yield curve rose up to 140bps at the shorter tenors, but tenors over one year ended the year relatively unchanged (up to 20bps falls or rises depending on the tenor) as the Federal Reserve Bank increased rates by 100bps over the first half of the year, then held them steady before signalling potential reductions cuts in 2024 at its December meeting.

At 31 December 2023, 82.3% of our invested assets were investment grade quality (2022: 82.2%).

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 relevant 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 the Lloyd's syndicates).

The Risk Management function, led by the Group Chief Risk Officer & Chief Actuary, monitors whether Brit is operating within the risk tolerance levels approved by the relevant Boards. 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. 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
Market	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.

Climate change financial risks and emerging risks

Brit undertakes a formal emerging risk review annually with the results reported to the Risk Oversight Committee and included in the Own Risk & Solvency Assessment (ORSA) report 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.

The emerging risk review has previously identified risks such as climate change and cyber risk. These risks have been managed throughout their development and are now monitored as part of the business-as-usual risk management process.

Climate Change

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. The three main areas of risk identified for Brit are natural catastrophes, liability claims and investment losses. Further details on the risk management approach are in the Strategic Report.

Geopolitics

Geopolitical events, such as the ongoing wars in Ukraine and the Middle East, have the potential to cause insurance losses and disruption to financial markets. Insurance losses could arise either as a result of direct damage from the conflicts or from second order impacts such as supply chain disruptions and economic instability. 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. Geopolitical risk events may also impact the global economy, as discussed below.

Global economic environment

Inflation in the USA and the UK remains above target levels and interest rates have risen relative to recent years. Recessionary risks remain given these factors as well as geopolitical risks. Recessions 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. 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 incorporate our current view of social and economic inflation and include a risk adjustment to allow for uncertainty.

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 2023 or 2022. The 2023 financial information is derived from the Company's audited 2023 statutory accounts and the restated 2022 financial information is also derived from Company's 2023 statutory accounts.

Statutory accounts for 2022 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 2023 are available on the Company's website. 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 statutory accounts for 2023 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The preliminary results were approved by the Board on 26 March 2024.

Responsibility statement of the Directors

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

- The audited consolidated financial statements, contained within the Company's 2023 audited 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 2023 audited 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
26 March 2024

Gavin Wilkinson
Group Chief Financial Officer
26 March 2024

Consolidated Income Statement
For the year ended 31 December 2023

	Year ended 31 December 2023 $m	(Restated) Year ended 31 December 2022 $m
Continuing Operations		
Insurance revenue	**3,517.1**	3,340.1
Insurance service expenses	**(2,594.3)**	(2,874.1)
Net expenses from reinsurance contracts held	**(273.3)**	(182.1)
Insurance service result	**649.5**	283.9
Net finance (expenses)/income from insurance contracts	**(322.7)**	307.1
Net finance income/(expenses) from reinsurance contracts held	**96.9**	(98.5)
Net insurance finance expenses	**(225.8)**	208.6
Interest revenue from financial assets not measured at FVTPL	**48.4**	15.7
Other investment return	**351.0**	(150.2)
Return on derivative contracts	**(9.4)**	14.3
Other income	**65.6**	33.2
Losses on other financial liabilities	**(20.8)**	(1.3)
Net foreign exchange gains	**–**	97.3
Investment return and other income	**434.8**	9.0
Other operating expenses	**(126.9)**	(90.4)
Net foreign exchange losses	**(94.2)**	–
Other expenses	**(221.1)**	(90.4)
Operating profit	**637.4**	411.1
Finance costs	**(17.8)**	(20.5)
Finance income	**2.7**	–
Share of net profit of associates	**1.6**	1.5
Profit on ordinary activities before tax	**623.9**	392.1
Tax credit/(expense)	**5.3**	(104.9)
Profit from continuing operations	**629.2**	287.2
Discontinued operation		
Profit from discontinued operation, net of tax	**266.2**	21.7
Profit for the year	**895.4**	308.9
Profit attributable to:		
Owners of the parent	**836.2**	292.8
Non-controlling interests	**59.2**	16.1
Profit for the year	**895.4**	308.9

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Year ended 31 December 2023 $m	(Restated) Year ended 31 December 2022 $m
Profit for the year	**895.4**	308.9
Other comprehensive (expense)/income		
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of post-employment benefit obligations	**(23.7)**	(40.9)
Deferred tax gain relating to remeasurements of post-employment benefit obligations	**8.4**	14.3
Items that may be reclassified to profit or loss in subsequent periods:		
Change in unrealised foreign currency translation losses on foreign operations	**7.1**	(17.4)
Total other comprehensive expense	**(8.2)**	(44.0)
Total comprehensive income for the year	**887.2**	264.9
Total comprehensive income for the year attributable to:		
Owners of the parent	**828.0**	248.8
Non-controlling interests	**59.2**	16.1
Total comprehensive income for the year	**887.2**	264.9

Consolidated Statement of Financial Position

At 31 December 2023

	31 December 2023 $m	(Restated) 31 December 2022 $m	(Restated) 1 January 2022 $m
Assets			
Intangible assets	**122.7**	120.0	205.3
Property, plant and equipment	**32.8**	41.8	57.6
Investment in associated undertaking	**–**	15.2	15.0
Reinsurance contract assets	**1,942.8**	1,824.1	1,772.5
Employee benefits	**37.1**	62.4	113.8
Deferred taxation	**–**	–	30.3
Current taxation	**3.3**	15.5	10.6
Financial investments	**5,875.4**	4,912.4	4,015.0
Derivative contracts	**20.2**	10.8	15.1
Insurance and other receivables	**923.6**	603.1	610.9
Assets classified as held for sale	**15.8**	331.6	–
Cash and cash equivalents	**853.8**	941.3	1,510.3
Total assets	**9,827.5**	8,878.2	8,356.4
Liabilities and Equity			
Liabilities			
Insurance contract liabilities	**5,869.7**	5,411.5	5,066.8
Borrowings	**161.9**	172.4	227.9
Other financial liabilities	**104.0**	92.7	95.8
Provisions	**2.9**	2.2	2.4
Deferred taxation	**42.3**	74.9	10.4
Current taxation	**0.2**	0.5	3.8
Derivative contracts	**23.7**	10.1	12.5
Insurance and other payables	**539.3**	454.4	728.3
Liabilities directly associated with assets classified as held for sale	**–**	49.6	–
Total liabilities	**6,744.0**	6,268.3	6,147.9
Equity			
Called up share capital	**10.0**	10.0	10.0
Share premium	**932.6**	1,432.6	1,432.6
Capital redemption reserve	**1.0**	1.0	1.0
Capital contribution reserve	**32.2**	32.2	28.5
Foreign currency translation reserve	**(95.5)**	(102.6)	(85.2)
Retained earnings	**1,736.9**	829.6	582.0
Total equity attributable to owners of the parent	**2,617.2**	2,202.8	1,968.9
Non-controlling interests	**466.3**	407.1	239.6
Total equity	**3,083.5**	2,609.9	2,208.5
Total liabilities and equity	**9,827.5**	8,878.2	8,356.4

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December 2023 $m	(Restated) Year ended 31 December 2022 $m
Cash flows from operating activities		
Cash used in operations	**(59.5)**	(571.3)
Tax paid	**(6.0)**	(5.1)
Interest received	**163.4**	81.1
Dividends received	**8.6**	8.3
Purchase of shares for share-based payment schemes	**(4.9)**	(0.4)
Net cash inflows/(outflows) from operating activities	**101.6**	(487.4)
Cash flows from investing activities		
Purchase of intangible assets	**(12.4)**	(9.2)
Purchase of property, plant and equipment	**(2.4)**	(2.1)
Disposal of subsidiary undertakings, net of cash disposed	**128.7**	–
Dividends from associated undertakings	**1.2**	1.1
Net cash inflows/(outflows) from investing activities	**115.1**	(10.2)
Cash flows from financing activities		
Proceeds from issue of shares and other capital contributions	**–**	3.7
Repayment on revolving credit facility	**(10.0)**	(35.0)
Repurchase of subordinated debt	**(7.3)**	–
Interest paid	**(19.9)**	(11.8)
Transactions with non-controlling interests	**–**	151.5
Dividends paid	**(413.6)**	(18.7)
Net cash (outflows)/inflows from financing activities	**(450.8)**	89.7
Net decrease in cash and cash equivalents	**(234.1)**	(407.9)
Cash and cash equivalents at the beginning of the year	**1,079.4**	1,510.3
Effect of exchange rate fluctuations on cash and cash equivalents	**8.5**	(23.0)
Cash and cash equivalents at the end of the year	**853.8**	1,079.4

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	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 2023, as previously reported	**10.0**	**1,432.6**	**1.0**	**32.2**	**(102.6)**	**395.1**	**1,768.3**	**374.5**	**2,142.8**
Impact of retrospective application of new accounting policies	**–**	**–**	**–**	**–**	**–**	**434.5**	**434.5**	**32.6**	**467.1**
Restated balance at 1 January 2023	**10.0**	**1,432.6**	**1.0**	**32.2**	**(102.6)**	**829.6**	**2,202.8**	**407.1**	**2,609.9**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**836.2**	**836.2**	**59.2**	**895.4**
Other comprehensive income/(expense)	**–**	**–**	**–**	**–**	**7.1**	**(15.3)**	**(8.2)**	**–**	**(8.2)**
Total comprehensive income recognised	**–**	**–**	**–**	**–**	**7.1**	**820.9**	**828.0**	**59.2**	**887.2**
Dividends	**–**	**–**	**–**	**–**	**–**	**(413.6)**	**(413.6)**	**–**	**(413.6)**
Capital reduction[1]	**–**	**(500.0)**	**–**	**–**	**–**	**500.0**	**–**	**–**	**–**
At 31 December 2023	**10.0**	**932.6**	**1.0**	**32.2**	**(95.5)**	**1,736.9**	**2,617.2**	**466.3**	**3,083.5**

Note 1: On 1 November 2023, Brit Limited effected a capital reduction, without the cancellation of any shares, which resulted in a $500.0m reduction to share premium and a corresponding increase in retained earnings. Accordingly, there was no impact on total equity.

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, as previously reported	10.0	1,432.6	1.0	28.5	(85.2)	525.5	1,912.4	234.2	2,146.6
Impact of retrospective application of new accounting policies	–	–	–	–	–	56.5	56.5	5.4	61.9
Restated balance at 1 January 2022	10.0	1,432.6	1.0	28.5	(85.2)	582.0	1,968.9	239.6	2,208.5
Profit for the year (restated)	–	–	–	–	–	292.8	292.8	16.1	308.9
Other comprehensive expense	–	–	–	–	(17.4)	(26.6)	(44.0)	–	(44.0)
Total comprehensive (expense)/income recognised (restated)	–	–	–	–	(17.4)	266.2	248.8	16.1	264.9
Dividends	–	–	–	–	–	(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 (restated)	10.0	1,432.6	1.0	32.2	(102.6)	829.6	2,202.8	407.1	2,609.9

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.

Key performance indicators and alternative performance measures

Return on net tangible assets (RoNTA)

Return on net tangible assets (RoNTA) shows the return being generated by our operations compared to the adjusted net tangible assets deployed in our business.

RoNTA from all operations	Comment	2023 $m	(Restated) 2022 $m
Profit for the year after tax attributable to the owners of the parent	Consolidated income statement	**836.2**	292.8
Add back: Tax adjusted amortisation	Amortisation of intangibles, adjusted by the tax rate	**7.0**	9.5
Add back: Tax adjusted pension charge in income statement	Defined benefits schemes' impact on income statement	**3.7**	0.7
Add back: Tax adjusted FX	FX effect for the year, adjusted by the tax rate	**74.9**	(88.1)
Return, as adjusted for RoNTA calculation		**921.8**	214.9
Adjusted NTA at start of year	See 'Adjusted net tangible assets' section below.	**2,025.1**	1,797.1
Less: Pension asset net of deferred tax at start of year	'Employee benefits' per Consolidated Statement of Financial Position less deferred tax at 35%	**(40.1)**	(73.9)
External distributions, share issuances and capital contributions	Weighted adjustment to reflect distributions and shares issued in year.	**(210.5)**	(11.2)
NTA, as adjusted for RoNTA calculation		**1,774.5**	1,712.0
RoNTA	Return, as adjusted for RoNTA calculation, divided by NTA, as adjusted for RoNTA calculation.	**51.9%**	12.6%

RoNTA from continuing operations	Comment	2023 $m	(Restated) 2022 $m
Profit for the year after tax attributable to the owners of the parent, excluding discontinued operation	Consolidated income statement	**570.0**	271.1
Add back: Tax adjusted amortisation	Amortisation of intangibles, adjusted by the tax rate	**7.0**	9.5
Add back: Tax adjusted pension charge in income statement	Defined benefits schemes' impact on income statement	**3.7**	0.7
Add back: Tax adjusted FX	FX effect for the year, adjusted by the tax rate	**74.9**	(88.1)
Return, as adjusted for RoNTA calculation		**655.6**	193.2
Adjusted NTA at start of year	See 'Adjusted net tangible assets' section below.	**2,025.1**	1,797.1
Less: NTA relating to discontinued operations		**(203.7)**	(212.1)
Less: Pension asset net of deferred tax at start of year	'Employee benefits' per Consolidated Statement of Financial Position less deferred tax at 35%	**(40.1)**	(73.9)
External distributions, share issuances and capital contributions	Weighted adjustment to reflect distributions and shares issued in year.	**(210.5)**	(11.2)
NTA, as adjusted for RoNTA calculation		**1,570.8**	1,499.9
RoNTA	Return, as adjusted for RoNTA calculation, divided by NTA, as adjusted for RoNTA calculation.	**41.7%**	12.9%

Adjusted net tangible assets

Adjusted net tangible assets at the end of each year are calculated as follows:

	Comment	2023 $m	(Restated) 2022 $m
Total equity attributable to owners of the parent	Consolidated statement of financial position	**2,617.2**	2,202.8
Less: Intangible assets	Consolidated statement of financial position	**(122.7)**	(120.0)
Less: Intangible assets		**–**	(78.5)
Net tangible assets		**2,494.5**	2,004.3
Add back deferred tax liability on intangible assets		**21.5**	20.6
Add back deferred tax liability on intangible assets		–	0.2
Adjusted net tangible assets		**2,516.0**	2,025.1

Combined ratio, claims ratio and expense 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.

The component parts of the combined ratio are the claims ratio and the expense ratio (consisting of the commission expense ratio and the operating expense ratio). The calculations of each of the ratios are set out below:

Year ended 31 December 2023		**Group Underwriting (including Ki)**	
$m	**Comment**	**Undiscounted**	**Discounted**
Claims ratio	'Net claims' divided by 'net insurance revenue'	**58.4%**	**49.0%**
Commission ratio	'Insurance service expense – commissions' divided by 'net insurance revenue'	**18.0%**	**18.2%**
Operating expense ratio	'Net expenses' divided by 'net insurance revenue'	**8.9%**	**9.0%**
Expense ratio	Sum of the 'commission ratio' and the 'operating expense ratio'	**26.9%**	**27.2%**
Combined ratio	Sum of the 'claims ratio' and the 'expense ratio'	**85.3%**	**76.2%**
Insurance revenue		**3,575.6**	**3,517.1**
Allocation of reinsurance premiums		**(808.4)**	**(785.9)**
Net insurance revenue		**2,767.2**	**2,731.2**
Insurance service expense – claims		**(2,218.9)**	**(1,850.1)**
Amount recoverable from reinsurers for incurred claims		**601.6**	**512.6**
Net claims		**(1,617.3)**	**(1,337.5)**
Insurance service expense – commissions	The element of insurance service expenses relating to commissions	**(498.7)**	**(498.7)**
Insurance service expense – directly attributable acquisition costs	The element of insurance service expenses relating to directly attributable acquisition costs	**(140.0)**	**(140.0)**
Insurance service expense – directly attributable non-acquisition costs	The element of insurance service expenses relating to directly attributable non-acquisition costs	**(105.5)**	**(105.5)**
Net expenses		**(245.5)**	**(245.5)**

Combined ratio, claims ratio and expense ratio (continued)

Year ended 31 December 2022		Group Underwriting (including Ki)	
$m	Comment/financial statement reference	Undiscounted	Discounted
Claims ratio	'Net claims' divided by 'net insurance revenue'	68.3%	60.6%
Commission ratio	'Insurance service expense – commissions' divided by 'net insurance revenue'	17.3%	17.2%
Operating expense ratio	'Net expenses' divided by 'net insurance revenue'	10.6%	10.7%
Expense ratio	Sum of the 'commission ratio' and the 'operating expense ratio'	27.9%	27.9%
Combined ratio	Sum of the 'claims ratio' and the 'expense ratio'	96.2%	88.5%
Insurance revenue		3,340.1	3,340.1
Allocation of reinsurance premiums		(857.1)	(863.8)
Net insurance revenue		2,483.0	2,476.3
Insurance service expense – claims		(2,456.2)	(2,181.4)
Amount recoverable from reinsurers for incurred claims		759.8	681.7
Net claims		(1,696.4)	(1,499.7)
Insurance service expense – commissions	The element of insurance service expenses relating to commissions	(428.7)	(428.7)
Insurance service expense – directly attributable acquisition costs	The element of insurance service expenses relating to directly attributable acquisition costs	(162.9)	(162.9)
Insurance service expense – directly attributable non-acquisition costs	The element of insurance service expenses relating to directly attributable non-acquisition costs	(101.1)	(101.1)
Net expenses		(264.0)	(264.0)

Insurance revenue and insurance premium written

Insurance revenue and insurance premiums written are used by the Group to measure and monitor levels of incoming business. Insurance revenue is a required measure of revenue under IFRS 17, while insurance premiums written is equivalent to gross written premium under the old insurance accounting standard, IFRS 4.

	Comment	2023 $m	2022 $m
Insurance revenue	Consolidated income statement	**3,517.1**	3,340.1
Commission expense	Reclassification of commissions expense on assumed business to net off against insurance revenue	**307.5**	254.1
Profit commissions and reinstatement premiums	Reclassification of profit commissions in relation to assumed business and reinstatement premiums from insurance revenue to insurance service expense	**20.8**	31.4
Non-distinct investment components and other adjustments	Net down of non-distinct investment components; and other GAAP adjustments	**(37.0)**	40.5
Gross earned premium		**3,808.4**	3,666.1
Change in gross unearned premiums	Movement in the gross unearned premium reserve	**(54.9)**	303.9
Insurance premium written		**3,753.5**	3,970.0

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 value of those invested assets.

	Comment	2023 $m	2022 $m
Share of net profit of associates		**1.6**	1.5
Return on financial investments and cash and cash equivalents		**400.0**	(134.4)
Return on investment related derivatives		**(7.2)**	0.8
Return on invested assets		**394.4**	(132.1)
Investment in associated undertaking		**15.8**	15.2
Financial investments		**5,875.4**	4,912.4
Derivative contracts (investment related)		**(0.2)**	4.3
Cash and cash equivalents		**853.8**	941.3
Cash and cash equivalents		**–**	138.1
Invested assets		**6,744.8**	6,011.3
Opening invested assets		**6,011.3**	5,546.2
Closing invested assets		**6,744.8**	6,011.3
Average invested assets		**6,378.1**	5,778.8
Investment return (%)	Return on invested assets divided by average invested assets	**6.2%**	(2.3)%

Capital ratio

The capital ratio measures the strength of our statement of financial position by comparing our available capital resources to the capital we need to hold to meet our management entity capital requirements.

	Comment	2023 $m	(Restated) 2022 $m
Adjusted net tangible assets	Calculated earlier in this section	**2,516.0**	2,025.1
Subordinated debt		**161.9**	162.4
Letters of credit/contingent funding	Under our capital policy we have identified a maximum of $300.0m (2022: $300.0m) of our revolving credit facility to form part of our capital resources.	**300.0**	300.0
Total available capital resources		**2,977.9**	2,487.5
Management entity capital requirements	The capital required by an entity for business strategy and regulatory requirements.	**(1,927.4)**	(1,777.7)
Excess of resources over management entity capital requirements		**1,050.5**	709.8
Capital ratio	Total available capital resources divided by management entity capital requirements.	**154.5%**	139.9%

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.

By its nature, this metric cannot be reconciled to the financial statements.