SUPPORT.
IT'S WHAT WE DO.
FBD

2022

FBD Holdings plc
Annual Report 2022

FBD AT A GLANCE

Established in the 1960s by farmers for farmers, FBD has built on our roots in agriculture to become a leading general insurer directly serving the needs of Farmer, Business and Retail customers throughout Ireland.

2022 Performance Highlights

Profit before tax	Combined operating ratio	Gross premium written
€73.7m	**74.5%**	**€383m**
(2021: €110.4m)	(2021: 71.5%)	(2021: €366m)

Further information on the above measures is found in Alternative Performance Measures on 192 and 193.

IN THIS REPORT

Explore online
Visit our website to find out more: **www.FBD.ie**
or follow us and join the conversation

Return of Equity
14%
(2021: 23%)

Net Asset Value
1,188c
(2021: 1,338c)

Strategic Report

FINANCIAL HIGHLIGHTS

	2022 €000s	2021 €000s
Gross premium written	**382,889**	366,328
Underwriting profit	**85,682**	95,197
Profit before tax	**73,723**	110,435

	2022 Cent	2021 Cent
Basic earnings per share	**181**	274
Diluted earnings per share	**176**[1]	268[1]
Net asset value per share	**1,188**	1,338
Ordinary dividend per share proposed	**100**	100
Ordinary dividend per share paid	**100**	-

	2022 %	2021 %
Combined operating ratio	**74.5%**	71.5%
Return on equity	**14%**	23%

[1] Diluted earnings per share reflects the potential vesting of share based payments
Further information on measures referred to in our Financial Highlights is found in Alternative Performance Measures on pages 192 and 193.

FINANCIAL CALENDAR

Preliminary announcement	10 March 2023
Dividend record date	21 April 2023
Annual General Meeting	11 May 2023
Dividend payment date	16 May 2023

OUR PURPOSE

At FBD Insurance we aim to serve the needs of farm, business and retail customers across Ireland by supporting, protecting and standing with them to enable them to grow and thrive.

We are proud of our roots in farming and of our Irish heritage. We are proud of our expertise and appreciate the trust of our customers. We take pride in being part of the communities we serve. We evolve to meet the changing needs of our customers and the next generation of customers. We continue to support families and family businesses in the same way we have supported Ireland's farmers for generations. We continue to carefully grow our business, building the FBD brand and securing FBD's future.

Strategic Report

CHAIRMAN'S STATEMENT

I am very pleased to announce an excellent set of financial results for 2022, including a proposed dividend payment to our shareholders of 100 cent per share".

Liam Herilhy
Chairman

Performance

I am very pleased to announce an excellent set of financial results for 2022, including a proposed dividend payment to our shareholders of 100 cent per share. 2022 saw policy count growth across all our products and channels and particularly strong performances on our Farm, Home and Business portfolios. We have recorded a Group Profit before Tax of €74m for 2022. Our Net Asset Value (book value) per share fell to 1,188 cents, materially impacted by investment losses, with equity and fixed income markets experiencing a very challenging year. Our Solvency Capital Ratio continues to be very strong at 226% (unaudited). These results demonstrate the continuing robust underlying profitability in our business, and are a testament to our strong leadership team.

I am delighted to say our partnership with Bank of Ireland for Home insurance was successfully launched during 2022, this as well as the renewal of our partnership with An Post Insurance will put FBD in a favourable position to deliver continued measured growth.

In November, written submissions were presented to the Judge at the Business Interruption hearing and we await the ruling. We look forward to finalising the settlement of all valid Covid-19 related claims during 2023.

In December we launched our new marketing campaign titled "What does FBD Stand For?" This creative campaign has now been rolled out across TV, digital, social and radio and is a continuation of FBD's brand platform 'Support. It's what we do'. FBD stands for Support. Support for home and business owners, support for drivers and support for farmers. Huge congratulations to our marketing team on the campaign.

A special word of thanks also to our employees, the majority of whom having worked from home for nearly two years, have adjusted really well to our hybrid operating model. We have seen increased connectivity with the return to the office and employees have also benefitted from our Employee Wellness Programme which was launched in 2022. We pride ourselves on the excellent level of customer service we provide and I am delighted to say our retention rates have increased again on last year, across all channels and products. On behalf of the Board I would like to thank you all.

Board of Directors

It was with great sadness that we learned of the untimely passing of Padraig Walshe in February. Padraig served on the Board of FBD Holdings plc from 2011 having also served between 2006 and 2010. Padraig brought a wealth of experience to our Board having been the first Irish President of the European farmers' group COPA, Chairperson of Farmer Business Developments plc, President of the IFA and President of Macra na Feirme. Padraig was a strong advocate for the development of the farming sector and worked tirelessly on their behalf. On behalf of the Board and all at FBD I wish to convey our deepest sympathies to his family.

I would like to place on record both my, and the Board's, appreciation to Walter Bogaerts for his time on the Board from 2016, as well as his nine years on the Board of FBD Insurance plc, to his departure in May. Walter made a significant contribution over those years and we wish him well.

In December of last year John O'Grady informed the Board and I of his intention to retire as Group Chief Financial Officer and Executive Director of FBD Holdings plc and FBD Insurance plc at the end of 2023. John has made a significant contribution to FBD since he joined in 2016 in many areas and on behalf of the Board I would like to wish him a happy and healthy retirement. A process to appoint his successor has commenced.

In line with the UK Corporate Governance Code and the Central Bank of Ireland's Corporate Governance Requirements the Board went through an external evaluation review with Board Excellence, the results of which were positive. Please see further details under Governance in the Annual Report.

Environmental, Social and Governance (ESG)

Through our Sustainability Committee we have integrated ESG into the wider Strategy and over the course of 2023 it will be incorporated into our business model and decision making, complementing the ESG considerations we have already factored into our investment portfolio and low carbon underwriting offerings. The communication of our Strategy involved site visits to every one of our 34 branches as well as our call centre in Mullingar, where the Board and I attended, and we're looking forward to similar visits in 2023.

We have divided our business into clearly defined ESG pillars, with ownership agreed and areas of focus identified. We will deliver on our ESG journey and support our customers in theirs. We will continue to be a strong presence at the heart of the communities we serve with a best in breed proactive governance structure. Our ESG journey began back in 2017 and following Strategy integration in 2022 we are looking forward to bringing ESG to life in 2023. In 2022, we have made progress in our inclusive culture programme, achieving silver Diversity & Inclusion accreditation, as well as receiving award nominations under Outstanding Diversity Initiative and LGBTQ+ inclusion.

We are proud to support the next generation of farm leaders and innovators through our partnerships with Teagasc, UCD, Nuffield and the ASA, while FBD Trust continues to support research and educational scholarships for training and development.

It was especially pleasing to have so many of our agricultural events taking place again. The National Ploughing Championships was a tremendous success in September with record attendances, as was the Tullamore Show in August and various county shows up and down the country. These events are amazing showcases for the agricultural industry and provide us with fantastic opportunities to engage with our customers. FBD Semple Stadium played witness to great skill, commitment and endeavour by many club and county teams over the course of the year and we are delighted to continue our support of the Tipperary Club and Camogie Championships.

In November, FBD in partnership with Teagasc and the Farm Safety Partnership launched the first 13 safety videos of 'Managing Farm Safety and Health Video Series'. FBD believe that this video series can help make a real difference in improving safety culture and behaviour on Irish farms. As we know, farming can be one of the more dangerous occupations in Ireland. While there has been a small decline in the number of fatal accidents in 2021 and 2022 it still continues to be the sector with the most fatal accidents in the workplace. The Farm Protect Campaign promotes behavioural changes by working directly with farms and businesses to help improve safety standards and awareness.

Claims Environment

We welcome the increasing trend observed on the Personal Injuries Resolution Board (PIRB) acceptance rate, which is now closer to pre-guidelines levels. FBD, in line with PIRB are seeing reductions of 40% to 45% versus the book of quantum, in direct settlement cases. We have yet to see a significant volume of cases heard to date and it may take some time for the court's interpretation of the guidelines to emerge. We note there are still a number of challenges over the constitutionality of the laws underpinning the Personal Injury Guidelines that are due before the Supreme Court.

Claim settlements rates are significantly down on last year with solicitor engagement on new injury guidelines a factor. Settlement activity on older claims not subject to the guidelines has improved.

December saw the PIRB Bill signed into law with mediation now offered as a means of resolving disputes. We welcome the option of mediation to reduce the number of litigated claims and await clear guidance on the operation of PIRB to understand the real impact. We continue to await the outcome of the 2020 Discount Rate consultation.

We continue to observe material increases on Motor and Property claims, compared with pre-pandemic averages, on account

Strategic Report

CHAIRMAN'S STATEMENT (continued)

of disrupted supply lines, skills shortages and increases in material and labour costs.

We fully support the work of the Government and the insurance reform agenda. We welcome the progress made to date towards the objective of reducing insurance premiums for Irish farmers, businesses and consumers.

Inflation

The Russian invasion of Ukraine has had a material impact on energy costs which in turn is driving increased general inflation. This has further exacerbated supply chain issues which have been affecting the construction and motor industries over the past few years.

A comprehensive plan is in place to address underinsurance and includes items such as enhancements to customer documentation, communication to customers advising them of the importance of maintaining appropriate sums insured, enhancements to the FBD websites to highlight the impact of underinsurance and how customers can avoid this, and social media posts.

FBD have made changes to indexation levels to reflect increased costs in the construction industry. In addition I am delighted to share that we are currently running *Inflation Protection* offers, contributing towards additional premium on our Home, Business & Farm products, and these will continue to run over the course of 2023, further supporting our customers throughout this period of increased inflation.

Capital/Dividend

The Board believes that it is in the long-term interest of all stakeholders to maintain a strong solvency margin and it is focused on ensuring that the Group's capital position is robust and its financial position well managed.

Following the excellent financial performance for 2022 the Board are happy to propose a dividend of 100 cent per share. This is a reflection of our continuing confidence in the underlying profitability and future prospects of our Group. Our Dividend Policy is designed to ensure we maintain sufficient capital at all times, with a focus on dividend sustainability.

Our capital position remains strong with a Solvency Capital Ratio of 226% (unaudited) at 31st December 2022.

Conclusion

With the removal of all pandemic related restrictions it is especially pleasing for our sales staff to meet current and prospective customers at their farms, businesses and homes. As an organisation we can look forward, continue to grow, serve our customers and meet the expectations of all our stakeholders, well into the future.

During 2022 we made great progress on our strategy to transition FBD into a digitally enabled, data enriched organisation which delivers an excellent customer and employee experience. As always, we will keep our customers and communities at the heart of who we are and what we do. At the core of our strategy are our three customer sectors, farmers, businesses and consumers, and the use of our people and technology to deliver profitable growth.

I would like to thank the Board for their continued guidance and support over the past year and of course, to our growing number of loyal and steadfast customers. We look forward to repaying your trust and confidence in us, well into the future.

With Best Regards.

Liam Herlihy
Chairman

9 March 2023

It is great to be in a position to announce another strong set of results for FBD. The business remains a strongly capitalised business with a Capital Ratio significantly in excess of our stated risk appetite. Our momentum is a result of focusing on our customer's needs, providing them with a personalised service and putting them at the heart of what we do".

Tomás Ó Midheach
Group Chief Executive

Overview

The Group reported a profit before tax of €73.7m (2021 profit: €110.4m), supported by a continuing low injury claims frequency, benign weather and positive prior year reserve development. The prior year reserve development of €48.3m is arising from lower large claims experience in recent years and better than expected settlements of smaller claims. In addition €10m was released from the Margin for Uncertainty, which is a reserve held in addition to the best estimate of claims liabilities.

The Group reported an underwriting profit of €85.7m (2021 profit: €95.2m) and GWP of €382.9m (2021: €366.3m), 3.4% higher than 2021 excluding the impact of pandemic related premium rebates.

The net best estimate in respect of Business Interruption reduced by €1m to €42m since June 2022. We have agreed settlements with two of the four publicans in the Business Interruption Test Case. We hope to receive a reasoned ruling shortly from the Judge that will assist us in reaching an agreement with the remaining two publicans and enable us to finally settle all outstanding claims.

Underwriting

Premium income

Gross written premium increased to €382.9m in 2022 (2021: €366.3m). The 2021 figure includes €3.3m of Covid-19 Commercial rebates. Excluding rebates, gross written premium is 3.4% higher than prior year.

Customer policy count increased by 2.8%, with retention rates increasing again by 1.5%, reaching the highest level in the last six years.

Average premium increased by 0.6% across the portfolio. Private Motor average premium reduced by 7.2% and Commercial Motor reduced by 1.1% reflecting the reductions seen in claims costs as a result of the new Personal Injury Guidelines, partially offset by the impact of increases in motor damage costs. Commercial Business average premium increased by 5.6% and Farm average premium increased by 2.6% mainly due to increases in property elements as sums insured were adjusted to reflect inflation in construction costs. Commercial customers increased their liability cover as trading conditions improved as the economy reopened, positively impacting average premium. Average Tractor premium increased by 5.5% due to a higher proportion of newer tractors and the increasing value of existing tractors. The increase in Home average premium of 4.1% reflects increasing sums insured due to inflation.

Further information on measures referred to in our Review of Operations is found in Alternative Performance Measures on pages 192 and 193.

Strategic Report

REVIEW OF OPERATIONS (continued)

Reinsurance

The reinsurance programme for 2023 was successfully renegotiated with a similar structure to the expiring programme. The negotiation of the 2023 renewal occurred with a backdrop of continuing hardening in the reinsurance market with rates impacted due to geopolitical and macroeconomic shocks along with natural disasters. Overall we saw an increase in reinsurance rates for property of 8% and casualty of 2%, a very positive result in the current environment.

Claims

Net claims incurred (Net claims and benefits plus movements in Other provisions) increased by €8.5m to €154.2m (2021: €145.7m). The increase is largely a result of higher frequency and inflationary impacts in Motor Damage and Property claims, net of the FSPO consequential payments required in 2021 of €13.2m.

Claims volumes increased by 6% year on year driven by increased motor damage notifications of 27%. Motor damage notifications increases reflect the increased traffic volumes and impact of inflation on policyholders hindering their ability to cover the cost of minor damage claims themselves. More policyholders have taken out comprehensive cover and inflation continues on parts and labour increasing the cost of repair. Motor Damage and Property claim notifications have increased by 30% and 24% on pre-Covid levels.

The average cost of injury claims settlements marginally increased from 2021 while continuing to be lower than that experienced pre-Covid. We are now seeing reductions in average settlement costs feeding through in pre-litigation channels. In the litigation channel plaintiff legal costs have increased in 2022 by 14% and 12% in the High Court and the Circuit Court respectively.

Claims being settled under the new guidelines are over 40% lower in value when compared to the previous Book of Quantum. We have reflected the impact of this in premium reductions. The level of acceptance of Personal Injuries Resolution Board (PIRB) awards across the market has improved to 48% which is closer to historic levels. This may reduce the number of cases through the courts system attracting higher legal costs. It could take a number of years for the full impact of the new guidelines on claims settled after the PIRB process has been completed to be known.

Motor damage claims costs continue to experience high inflation with an increase of 11% year on year as costs of parts, paint and average labour hours per repair increase. The average cost of property claims increased by 1% year on year due to a change in mix and inflation, with further inflation expected on domestic building costs.

Movement in other provisions reduced by €13.7m to €8.4m (2021: €22.1m), the reduction is because no similar provision to the FSPO consequential payments of €13.2m made in 2021 was required. The main elements of the Other Provision is the Motor Insurers Bureau of Ireland (MIBI) levy and the Motor Insurers Insolvency Compensation Fund (MIICF) contribution.

Industry Environment

The Personal Injuries Resolution Board (PIRB) Bill 2022 was signed into law changing the title from the Personal Injuries Assessment Board. Voluntary mediation will be offered as a means of resolving disputes and claimants are entitled to legal representation. PIRB will have more time to assess claims but it is as yet unclear whether medical reports and other documentation will be shared with the parties. We welcome the option of mediation to reduce litigated claims and await clear guidance on the operation of PIRB to understand the real impact.

An appeal to the Supreme Court in respect of the Personal Injury Guidelines was heard at the end of February 2023. There are still a number of challenges over the constitutionality of the laws underpinning the Guidelines that are due before the courts. We continue to experience a build-up of older, higher value injury claims as a result of the reluctance of legal profession to engage before the challenges are heard. A recent report indicated the number of new personal injury claims initiated in the High Court and the Circuit Court reduced as potential damages awarded would be lower and there are a reducing number of claims being made as a result.

We still await the outcome of the review to determine if the judiciary or the Minister of Justice and Equality should be allowed to determine the discount rate and review it at intervals. The delay in this decision may raise the potential of a challenge to the discount rate.

A number of legislative changes impacting insurance are expected to be enacted shortly:

a. Irish Motor Insurance Database (IMID) - The next phase of the previously named Motor Third Party Liability project (MTPL) will require sharing of additional data on insured vehicles and drivers with Regulatory Authorities.

b. The Road Traffic Act (RTA) legislation is to be extended to better regulate the use of scramblers/quads and e-bike/e-scooters.

c. The Motor Insurance Directive (MID) primarily deals with the scope of compulsory insurance broadening the potential scenarios where RTA cover will apply. The text is currently under review after which it will be formally adopted by the three European Institutions, the amendments must be transposed into national law within 24 months of being accepted.

d. General Scheme of Insurance (Miscellaneous Provisions) Bill - The Bill is currently before the Seanad for debate and intends to address a number of insurance-related issues that have arisen since the Government's 'Action Plan for Insurance Reform' in December 2020.

All development work required in respect of Differential Pricing guidelines issued in March 2022 including the auto-renewals elements were completed. The pricing practice review will finish in early 2023. We continue to actively monitor the impact of the changes on our portfolio.

FBD has updated additional wording changes needed as part of the Contract of Insurance review programme ensuring all wording enhancements and clarity of coverage expected following the enactment of the Consumer Insurance Contracts Act 2019 are reflected.

Weather, Claims Frequency and Large Claims

No significant weather events of note occurred in 2022.

2020 and 2021 saw a significant reduction in frequency of injury claims due to lockdowns arising from Covid-19 and 2022 sees continued lower frequency. Injury claims frequency continues to remain below pre Covid-19 levels.

Large injury claims, defined as a value greater than €250k, notified in 2022 are higher than the last two years, the volumes are still lower than the average of previous pre-Covid years.

Expenses

The Group's expense ratio is 28.6% (2021: 27.9%). Other underwriting expenses are €96.0m, an increase of €2.6m on 2021. The increase in expenses is due to inflationary increases in employee costs along with inflation in utility and IT costs. Commission also increased as we continue to broaden and deepen our partnerships with intermediaries adding additional routes to market. Accelerated amortisation was charged on the policy administration system in 2022 of €2.5m compared to €5.9m in 2021.

The expense ratio increased by 0.7 of a percentage point as a result of the higher cost base being offset by marginally higher earned premium.

General

FBD generated an underwriting profit of €85.7m (2021: €95.2m) which translates to a COR of 74.5% (2021: 71.5%).

Investment Return

FBD's total investment return for 2022 is -8.6% (2021: +0.3%). The investment return recognised in the Consolidated Income Statement is -0.9% (2021: +1.3%) and in the Consolidated Statement of Other Comprehensive Income (OCI) is -7.7% (2021: -1.0%). 2022 was a challenging year for investments. Inflation levels have been higher than seen for decades which was largely driven by the energy crisis in Europe, as a result of the Russian invasion of Ukraine. Central banks around the world responded by increasing interest rates in an attempt to control inflation. This led to steep interest rate increases with a resultant significant reduction in the valuation of fixed income assets. Credit spreads were volatile and increased over the year on fears of recession. This spread widening has also contributed to the negative OCI on our bond portfolio.

The policy response by central banks risked sending many developed market economies into recession as central bankers were more willing to risk a recession rather than uncontrolled inflation. This resulted in a lot of volatility in equity markets with US markets down roughly 20% over the year. European markets were down 12%, however, overall risk assets had a difficult year and this resulted in the negative return through the Income Statement. FBD had very minor exposure, c.€1m, to Russian securities through its Emerging Market funds prior to the invasion of Ukraine.

Financial Services Income and Other Costs

The Group's financial services operations returned a profit before tax of €1.3m for the period (2021: profit €1.2m). Revenue increased by €0.7m primarily from improved return on direct debit income. Costs increased by €0.5m to €6.7m primarily due to inflationary increases in employee costs in the Life & Pensions business and ESG consultancy costs incurred in the Holding company.

Profit per share

The diluted profit per share was 176 cent per ordinary share, compared to 268 cent per ordinary share in 2021.

Statement of Financial Position

Capital position

Ordinary shareholders' funds at 31 December 2022 amounted to €422.8m (2021: €472.4m). The decrease in shareholders' funds is mainly attributable to the following:

a. Profit after tax for the year of €64.5m;

b. An increase of €2.7m due to share based payments;

c. Offset by dividend payments of €35.9m;

d. Mark to Market losses on our Bond portfolio of €78.9m after tax; and

e. A reduction in the Retirement benefit surplus of €2.0m;

Net assets per ordinary share are 1,188 cent, compared to 1,338 cent per share at 31 December 2021.

Investment Allocation

The Group adopts a conservative investment strategy to ensure that its technical reserves are matched by cash and fixed interest securities of low risk and similar duration. Maintaining a well matched position has allowed FBD to mitigate the impact of interest rate rises on its solvency position as lower liabilities (due to discounting at a higher interest rate) offset reduced bond valuations. The Company invested an additional €35m cash in corporate bonds and other risk assets in 2022. The average credit quality of the corporate bond portfolio has remained at A- and has seen a lower allocation to BBB rated bonds (42% vs 47% at 31 December 2021).

Strategic Report

REVIEW OF OPERATIONS (continued)

The allocation of the Group's investment assets is as follows:

	31 December 2022		31 December 2021	
	€m	%	€m	%
Corporate bonds	**563**	**49%**	589	49%
Government bonds	**271**	**24%**	303	25%
Deposits and cash	**172**	**15%**	164	14%
Other risk assets	**83**	**7%**	84	7%
Equities	**50**	**4%**	54	4%
Investment property	**15**	**1%**	16	1%
	1,154	**100%**	1,210	100%

Solvency

The latest (unaudited) Solvency Capital Ratio (SCR) is 226% compared to the 2021 SCR of 214%.

Risks and Uncertainties

The principal risks and uncertainties faced by the Group are outlined on pages 21 to 28. The effects of the Russian invasion of Ukraine continue to impact on the global economy through continuing higher inflation impacting operational costs, the cost of Motor Damage and Property claims and potentially may increase the cost of injury claims over time. Market risk continues to be elevated as the investment markets remain volatile.

The claims environment is positively impacted by the Personal Injury Guidelines although continuing challenges have resulted in delayed settlements that could result in increased legal costs, reducing the benefit. A higher degree of uncertainty still exists in the environment as the claims payment patterns and average settlement costs of more recent years are a less reliable future indicator and must be carefully considered by the Actuarial function when arriving at claims projections.

Supply chain issues in respect of materials and labour shortages particularly in respect of Construction and the Motor industry may impact claims costs in future years. Despite more stabilised energy costs of late there is a risk they may drive increased general inflation in future. Supply chain issues in respect of materials and labour shortages particularly in respect of Construction and the Motor industry are impacting claims costs and will increase settlements costs in future years and may have a knock on impact to injury claims in the near future as pressure mounts on salary inflation.

Legal costs will continue to be monitored as High Court and Circuit Court costs have seen double digit increases in the last twelve months. The delays in claim settlements are likely to increase legal costs further.

FBD model forward looking projections of key financial metrics on a periodic basis based on an assessment of the likely operating environment over the next number of years. The projections reflect changes of which we are aware and other uncertainties that may impact future business plans and includes assumptions on the potential impact on revenue, expenses, claims frequency, claims severity, investment market movements and in turn solvency. The output of the modelling demonstrates that the Group is likely to be profitable and remain in a strong capital position. However, the situation can change and unforeseen challenges and events could occur. The solvency of the Group remains solid and is currently at 226%, unaudited (31 December 2021: 214%)

A reasoned ruling is expected by the Judge on the Business Interruption Test case in early 2023 which we are hopeful will provide the certainty that will enable us to pay the balance of the claims due to publicans this year.

Potential future adverse events are assessed when the Group is considering the Margin for Uncertainty which is a provision held as an amount over the best estimate of claims liabilities net of expected reinsurance recoveries.

The highest inflation in developed markets in decades has led to increasing risk free interest rates. While there are signs that inflation is beginning to reduce the risk remains as to how aggressive central banks policy responses will be which could lead to recession. Equity valuations which have fallen significantly during 2022 risk falling further if recessionary fears become a reality. Similarly, continued high inflation becoming engrained in the economy is a serious risk with stagflation (high inflation, low growth) being a possibility. Future financial market movements and their impact on balance sheet valuations, pension surplus and investment income are unknown and market risk remains high for the foreseeable future.

The Group's Investment Policy, which defines investment limits and rules and ensures there is an optimum allocation of investments, is being continuously monitored. Regular review of the Group's reinsurers' credit ratings, term deposits and outstanding debtor balances is in place. All of the Group's reinsurers have a credit rating of A- or better. All of the Group's fixed term deposits are with financial institutions which have a minimum A- rating. Customer defaults are at pre-pandemic levels and support is provided to customers when required.

The Group continues to manage liquidity risk through ongoing monitoring of forecast and actual cash flows. The Group's cash flow projections from its financial assets are well matched to the cash flow projections of its liabilities. The Group holds cash resources significantly higher than its minimum liquidity requirement in order to mitigate any liquidity stress events. The Group's asset allocation is outlined on page 10.

The employment market has rebounded to above pre-pandemic levels and is very tight with shortages of skills in some areas. We continue to enhance our employee proposition to ensure we attract and retain a talented workforce. We support our employees through the provision of professional development and career opportunities, alongside a supportive working environment which focuses on well-being and flexible working which act as key retention tools.

IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

IFRS 17 came into effect on 1 January 2023. IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It aims to enable investors, analysts and others to meaningfully compare companies, insurance contracts and industries while increasing transparency. IFRS 17 will significantly impact the measurement and presentation of insurance financial statements. The impact to shareholder's equity will mainly be driven by the introduction of discounting claims reserves as well as the introduction of the risk adjustment calculation as an allowance for uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

Based on assessments to date, the total adjustment after tax to the Group's total equity on the application of IFRS 17 and IFRS 9 is currently estimated to be an increase of approximately €7.9m at 1 January 2022 with the discounting impact becoming significantly more prevalent throughout the 2022 transitional period in line with the rising interest rate environment. Any future reserve releases will reflect the impacts of discounting and risk adjustment.

Estimated increase (reduction) in the Group's total equity:	**1 January 2022 €m**
Adjustments due to the adoption of IFRS 17:	
Re-measurement of non-life insurance contracts under IFRS 17	9.4
Adjustments due to adoption of IFRS 9:	
Impairment of financial assets	(0.4)
Deferred tax impact	(1.1)
Estimated impact of adoption of IFRS 17 and IFRS 9 after tax	**7.9**

Outlook

The economic outlook suggests continued high inflation resulting in high interest rates and reduced growth, with Irish growth expected to be marginally ahead of Europe. Despite the backdrop income projections on our bond portfolio in the higher interest rate environment have increased due to the impact of higher reinvestment rates as bonds mature.

The increased acceptance rates of awards from the PIRB could indicate the Personal Injury Guidelines are gaining more acceptance although their ultimate impact will not be known until the challenges make their way through the courts, and experience of how the guidelines are implemented develops.

2023 sees the requirements on ESG reporting broaden with the introduction of the EU's Sustainable Finance Taxonomy Regulation requiring alignment on the EU Taxonomy. FBD will focus our ESG approach on where we can have a meaningful impact and the UN Principles for Sustainable Insurance will guide our ESG strategy. We have set out the pillars of the strategy which is the framework we will use to embed ESG across the business and will ensure we have clear responsibility around delivery, ensuring we meet the increased demands for targets and disclosures from all stakeholders. FBD naturally has very strong engagement with local communities and customers through our branch network and contact centre as we service their needs and endeavour to deepen this connection as we embed ESG across our business.

FBD's strategy puts our customers at the heart of what we do and is delivering, as we see growth across all portfolios particularly our relationship customers in Business and Farm. We will continue to strengthen our relationship focus and extend our digital enablement as our strategy evolves. A key differentiator is our claims proposition as we strive to deliver best in class service when our customers need us most.

Finally, I wish to acknowledge the passing of FBD Holdings Plc Director, Padraig Walshe in February. Padraig will be deeply missed by all who had the privilege of working with him. I have always appreciated and will fondly remember the time spent in his company, his wise counsel and unwavering support. Ar dheis Dé go raibh a anam.

Tomás Ó Midheach

Tomás Ó Midheach
Group Chief Executive

9 March 2023


FBD
14

SUPPORT.
IT'S WHAT WE DO.

FARM

48%

Our Farm customers represent 48% of our premium

BUSINESS

31%

Our Business customers represent 31% of our premium

RETAIL

21%

Our Retail customers represent 21% of our premium

At FBD Insurance we have over 50 years of experience dealing with your insurance needs, so you have one less thing to worry about. Support extends to all aspects of our business from community programs to sponsorships and from helpful claims advice to safety initiatives.

FBD'S BUSINESS MODEL

Keeping our customers and communities at the heart of who we are and what we do.

We offer clear solutions to customer's insurance needs through our 34 branches nationwide, on the phone, online or through our partner and broker networks.

Inputs

FBD empowers our people to deliver for our customers and all stakeholders.

Our Employees

The expertise, experience and local knowledge of our 900 employees provides our customers with tailored service based on in-depth understanding of their requirements.

Financial

FBD seeks to maintain a resilient and stable balance sheet that is well reserved with a low risk investment portfolio.

Social

FBD is a responsible member of local communities throughout Ireland and works hard to provide significant support to farm, business and community groups.

Environment

FBD seeks to do business in a sustainable way evidenced through investment choices and operational activities. FBD's reinsurance program reduces our exposure to adverse weather and climate change while maximising the protection that we offer our communities.

Relationships

Founded by farmers for farmers, FBD has an unrivalled knowledge of farm enterprises through over 50 years of protection and close relationships with farming organisations. Today FBD has expertise in Farmer, Business and Retail segments.

Technology and Data

FBD has evolved with changing customer needs for over 50 years. FBD will continue to change and adapt our customer proposition to offer unrivalled service and protection in the digital era.

Business Activities/ Create Value

FBD creates value through our customer focus, our broad distribution network and our expertise in three main customer segments; Farmer, Business and Retail.

Customer Focus

Through our 34 offices located across the country and a multi-channel distribution strategy, we are never too far away and always ready to support our customers.

Underwriting Risk Selection

At FBD we understand the Irish farm, business and retail customer. We measure and model risk effectively which enables us to price accurately, competitively and fairly.

Manage Claims

FBD maintains its customer focus throughout the customer journey. We are focused on paying honest claims quickly and efficiently.

Reserve Appropriately

FBD has a prudent approach to reserving, supported by strong governance including extensive peer reviews and regular external reviews.

Capital Management

FBD follows a structured investment policy. We manage our assets and claims liabilities to ensure we meet our obligations to our customers.

Outputs

FBD delivers an excellent customer and employee experience at all points in their journey with us.

Our Products

FBD protects our customers through our range of farm, business and retail products.

Distribution Network

We meet the customer where they choose to shop. FBD offers great service through our 34 branches, on the phone, online and through our broker and our partner network.

Financial Advisory Services

FBD Life & Pensions provides advice to personal and corporate customers, through our team of financial planning advisors.

Stakeholder Outcomes

Position FBD for the future, deliver for our customers and all other stakeholders.

Our Customers

We protect our customers by delivering products that meet their needs. We invest in broadening our distribution network and leveraging our data and technology to deliver a proposition they value.

Our People

We promote diversity and inclusion in our workforce. We invest in our people, helping them to grow. We provide market competitive rewards and benefits linked to individual and Group performance.

Our Investors

By delivering for our customers we in turn deliver profitable growth which increases the value of the business and delivers sustainable returns for our shareholders.

Wider Society

We are proud to partner with FBD Trust to support the advancement and improvement of local communities and organisations through supporting research, development, education, training, scholarships, bursaries and awards.

Our Regulator

We deliver on our commitments to the regulator and endeavour to meet their evolving expectations to the highest standards.

Strategic Report

OUR STRATEGY

FBD of 2027

A digitally enabled, data enriched organisation which delivers an excellent customer and employee experience, while also delivering for our 5 key stakeholders

Strategic Objectives

1. FBD has a complete picture of our customer, understands them and delivers a proposition they value

2. FBD is recognised as an Irish insurer, supporting and sustaining our local communities

3. Our People have embraced change & are now driving it

1. **Focus** on our strengths to **deliver profitable growth**
2. For farmers we focus on **relationship strengthening**
3. For **business** we build on **momentum and relationships**
4. In **retail**, execute our intermediary promise and **build our offering for mass market**
5. **Key to success** is understanding **our customers and execution**

Further Information on our strategy

Customer Proposition
- Customer relationship strengthening
- Intermediary development

Data
- Measure through a customer lens
- Segment our portfolio

Process

Create Capacity and Improve Customer and Employee Experience

Underwriting & Pricing

Reward our customer's loyalty, profitably, for them and for us

People
- Engagement
- Communication
- Commit & Invest in our strategy

Technology

Understand our customers better & Create a single view of the customer

Claims

Enhance our claims proposition & Continue to differentiate at the key moment of truth

ESG

Action where we can make a difference

FBD of 2027: A **digitally enabled, data enriched** organisation which delivers an **excellent customer and employee experience.**

RISK & UNCERTAINTIES REPORT

A. Overview

Risk taking is inherent in the provision of financial services and FBD assumes a variety of risks in undertaking its business activities. FBD defines risk as any event that could impact the core earnings capacity of the Group; increase earnings or cash-flow volatility; reduce capital; threaten business reputation or viability; and/or breach regulatory or legal obligations.

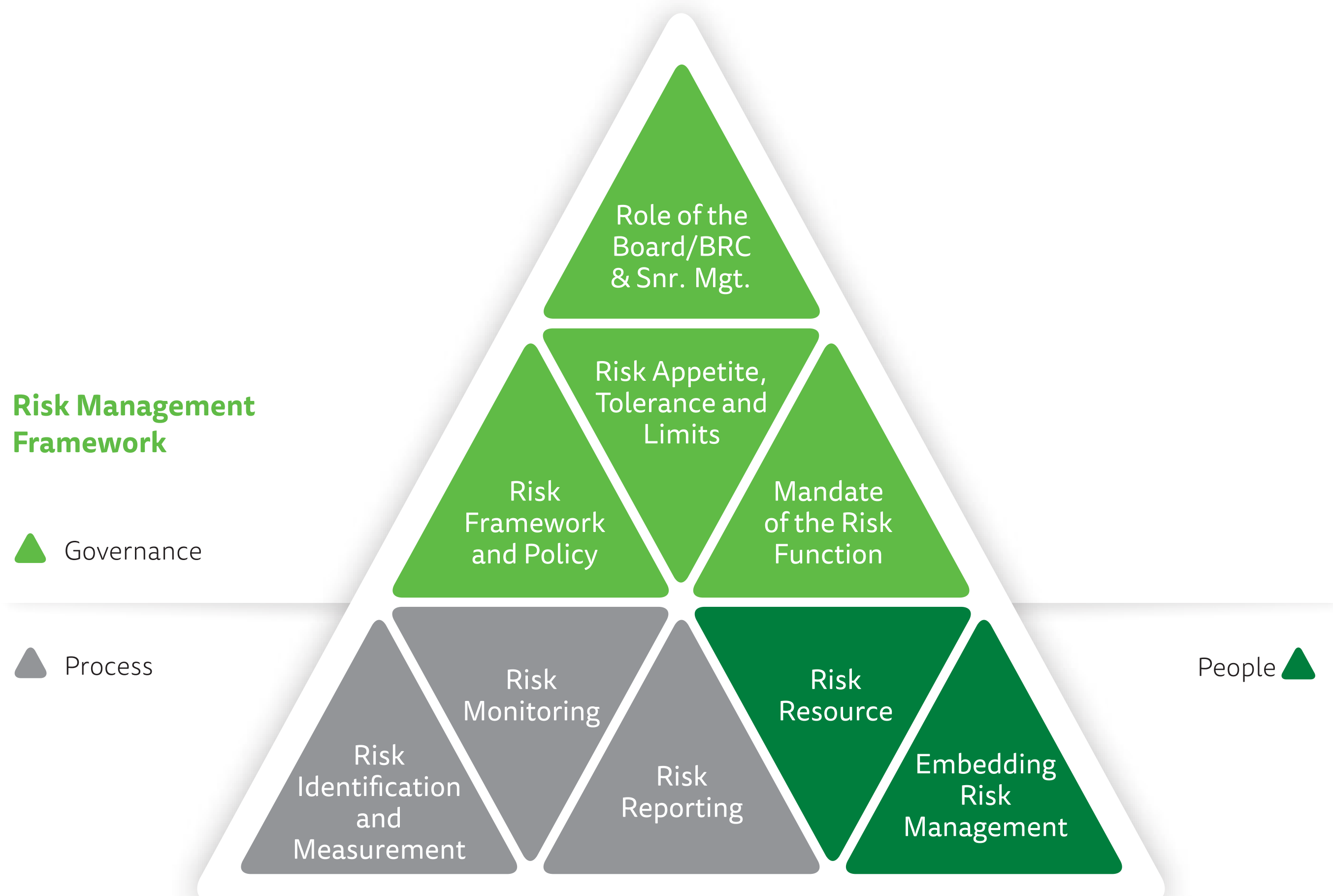
The Group has adopted an Enterprise Risk Management approach to identifying, assessing and managing risks. This approach is incorporated in the Risk Management Framework which is approved by the Board and subject to annual update and review. The key components of the Risk Management Framework include Risk Appetite; Risk Governance; Risk Process and People.

B. Risk Management Framework

Risk Appetite

Risk appetite is a measure of the amount and type of risks the Group is willing to accept or not accept over a defined period of time in pursuit of its objectives. The Group's risk appetite seeks to encourage measured and appropriate risk-taking to ensure that risks are aligned to business strategy and objectives.

The risk appetite in the Group's underwriting subsidiary is driven by an over-arching desire to protect its solvency at all times. Through the proactive management of risk, it ensures that it does not take on an individual risk or combination of risks that could threaten its solvency. This ensures that it has and will have in the future sufficient capital to pay its policyholders and all other creditors in full as liabilities fall due.



Strategic Report

RISK & UNCERTAINTIES REPORT (continued)

Risk Governance

The Board set the business strategy and have ultimate responsibility for the governance of all risk taking activity in FBD. Risk is governed through business standards, risk policies and Oversight Committees with clear roles, responsibilities and delegated authorities.

FBD uses a 'three lines of defence' framework in the delineation of accountabilities for risk governance:

- Primary responsibility for risk management lies with line management.
- Line management is supported by the second line Risk, Actuarial and Compliance functions who provide objective challenge and oversight of first line management of risks.
- The third and final line of defence is the Internal Audit function, which provides independent assurance to the Audit Committee of the Board on risk-taking activities.

Risk Process

Identify and Measure

Risk, including emerging risk, is identified and assessed through a combination of top-down and bottom-up risk assessment processes. Top-down processes focus on broad risk types and common risk drivers rather than specific individual risk events, and adopt a forward-looking view of perceived threats over the planning horizon. Bottom-up risk assessment processes are more granular, focusing on risk events that have been identified through specific qualitative or quantitative measurement tools. Top-down and bottom-up views of risk come together through a process of upward reporting of, and management response to, identified and emerging risks. This ensures that the view of risk remains sensitive to emerging trends and common themes. FBD measures risk on the basis of economic capital and other bases (where appropriate) to determine materiality, potential impact and appropriate management. Risks are recorded on the Group Risk Register.

Monitor and Report

We regularly monitor our risk exposures against risk appetite, risk tolerances and limits and monitor the effectiveness of controls in place to manage risk. Reporting to the Risk Committees is dynamic and includes material risks, emerging risks, risk appetite monitoring, changes in risk profile, risk mitigation programmes, reportable errors, breaches of risk policies (if any) and results of independent assessments performed by the Risk function.

People

Risk Management is embedded in the Group through leadership, governance, decision making and competency. The Risk Management Framework establishes the roles and responsibilities of risk resources. A risk training programme is in place to ensure all risk resources have the knowledge and competency to perform their roles effectively.

In accordance with Group policy, business unit management has primary responsibility for the effective identification, management, monitoring and reporting of risks. There is an annual review by the Risk Committee of all major risks and emerging risks, to ensure all risks are identified and evaluated. Each risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are made against financial, operational, regulatory, reputational and customer impact criteria.

Key Risks and Mitigants

All individual risks recorded on the Group Risk Register are assigned to key risk categories which are reviewed regularly by the Risk Committees. FBD's key risk categories and mitigants are provided in the table below. Escalation parameters for key risks that are outside of tolerance/appetite and a 'three lines of defence' system, complemented with external reviews are in place. The Board is satisfied that FBD maintains a robust and effective risk management framework.

Key Risks and Mitigants (continued)

Capital Management Risk

The risk that the Group fails to maintain an adequate regulatory solvency position resulting in an inability to pay policyholder and third party claims.

Key Mitigants

- The Group has an Investment Committee, a Pricing & Underwriting Committee, a Capital Management Forum, an Audit Committee, a Reserving Committee and Board and Executive Risk Committees, all of which assist the Board in the identification and management of exposures and capital.
- The annual Own Risk and Solvency Assessment 'ORSA' provides a comprehensive view and understanding of the risks to which the Group is exposed or could face in the future and how they translate into capital needs or alternatively require mitigation actions. Such risks include assessing the capital impact of a number of physical, transitional and liability related scenarios connected to Climate Change.
- An experienced Actuarial team is in place with policies and procedures to ensure that Technical Provisions are calculated in an appropriate manner and represent a best estimate.
- Technical Provisions are internally peer reviewed every quarter, audited once a year and subject to external peer review every two years.
- An approved Reinsurance Programme is in place to minimise the solvency impact of Catastrophe events to the Group.
- The Chief Financial Officer is responsible for consideration of the implications for the capital position as part of the strategic planning process and key strategic decision-making and for ensuring appropriate action is taken as approved by the Board/Chief Executive Officer/ relevant committee.
- On at least an annual basis, thresholds for Solvency Capital Requirements (SCR) Ratio, developed as part of the annual planning/budgeting process, are approved by the Board as part of the Risk Appetite Statements in the Risk Appetite Framework.
- The Group also devotes considerable resources to managing its relationships with the providers of capital within the capital markets, for example, existing and potential shareholders, financial institutions, stockbrokers and corporate finance houses.

RISK & UNCERTAINTIES REPORT (continued)

Key Risks and Mitigants (continued)

Underwriting Risk

This is the risk that underwritten business is less profitable than planned due to insufficient pricing and setting of claims case reserves as a result of higher than expected claims frequency, higher average cost per claim and catastrophic claims.

Key Mitigants

The Group manages this risk through its underwriting strategy, proactive claims handling and its reinsurance arrangements.

Underwriting Strategy:

- The Group's underwriting strategy is incorporated in the overall corporate strategy which is approved by the Board of Directors and includes the employment of appropriately qualified underwriting personnel; the targeting of certain types of business that conform with the Group's risk appetite and reinsurance treaties; ongoing review of the Group's Pricing Policy using up-to-date statistical analysis and claims experience; and the surveying of risks carried out by experienced personnel. All risks underwritten are within the Group's underwriting policies.
- The Group has developed its insurance underwriting strategy to diversify the type of insurance risks written and, within each of the types of cover, to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The principal insurance cover provided by the Group include, Motor, Employers' and Public Liability and Property.
- The Group seeks to identify opportunities to promote a transition to a low carbon environment and take into consideration climate change and ESG considerations in the product development process.
- While all of the Group's underwriting business is conducted in Ireland, with a significant focus on the agri-sector, it is spread over a wide geographical area with no concentration in any one county or region.

Reserving:

- The Group uses statistical and actuarial methods to calculate the quantum of claims provisions and uses independent actuaries to review its liabilities to ensure that the carrying amount of the liabilities is adequate. The provision includes a margin for uncertainty to minimise the risk that actual claims exceed the amount provided. The Reserving Committee assists the Board in its review of the adequacy of the Group's claims provisions.
- Case reserve estimates are subject to robust controls including system controls preventing claim handlers from increasing reserves above their reserve limits without supervisor approval and secondary review and challenge of case reserve estimates.

Reinsurance Arrangements:

- The Group purchases reinsurance protection to limit its exposure to single claims and the aggregation of claims from catastrophic events. The Group's reinsurance programme is approved by the Board on an annual basis. FBD has purchased a reinsurance programme which has been developed to meet the local domestic risk profile and tailored to FBD's risk appetite. The programme protects Motor, Liability, Property and other classes against both individual large losses and events.

Key Risks and Mitigants (continued)

Market Risk

The risk that the value of the Group's investments may fluctuate as a result of changes in market prices, changes in market interest rates or changes in the foreign exchange rates of the currency in which the investments are denominated.

Key Mitigants

- The extent of the exposure to market risk is managed by the formulation of, and adherence to, an Investment Policy incorporating clearly defined investment limits and rules, as approved annually by the Board of Directors and employment of appropriately qualified and experienced personnel and external investment management specialists to manage the Group's investment portfolio. The overriding philosophy of the Investment Policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk.
- The Group will only invest in assets the risks of which can be properly identified, measured, monitored, managed and controlled in line with the Prudent Person Principle under Solvency II.
- The Group has an Asset Liability Matching policy whereby its liabilities are backed by fixed interest assets of similar currency and duration.
- The Group monitors its allocation to the various asset classes and has a long term Strategic Asset Allocation target.

Credit & Concentration Risk

This is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations and/or over allocation to a single entity that may default or fall in value resulting in adverse financial impact.

Key Mitigants

- Credit and concentration risk is managed by the formulation of, and adherence to, an Investment Policy that is approved annually by the Board of Directors. The Investment Policy incorporates clearly defined investment limits and rules and ensures that there is an optimum spread and duration of investments.
- The Group only places reinsurance with companies that it believes are strong financially and operationally. Credit exposures to these companies are closely monitored by senior management. All of the Group's current reinsurers have either a credit rating of A- or better from a rating Organisation such as Standard and Poor's or AM Best. The reinsurance programme structure ensures that there is no significant concentration of risk. All of the Group's fixed term deposits are with financial institutions which have a minimum A- rating.

Liquidity Risk

This is the risk of insufficient liquidity to pay claims and other liabilities due to inappropriate monitoring and management of liquidity levels or inadequate Asset Liability Management.

Key Mitigants

- The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the maturity profile of its financial assets is well matched to the maturity profile of its liabilities and maintaining a minimum amount available on term deposit at all times.

Strategic Report

RISK & UNCERTAINTIES REPORT (continued)

Key Risks and Mitigants (continued)

Strategy Risk

The risk that the strategy adopted by the Board is incorrect or not implemented appropriately resulting in sub-optimal performance and impact on profitability.

Key Mitigants

- The Group has a strategic planning cycle which commences with a fundamental review of strategy at least every 5 years (normally every 3 years). Further supporting this is an annual review of the strategy by the Board to determine the continuing relevance. To ensure the strategy is implemented effectively, the Group engages in a robust business planning and review process that results in an annual plan including key initiatives and budget.
- The Group has a 2023-2027 Strategy in place which notes the importance of developing a clear ESG strategy, as well as having defined metrics and targets to ensure FBD is making a meaningful impact on wider ESG considerations.

Reputational Risk

The risk of reputational or brand damage arising from inadequate or failed processes and systems or badly executed strategy/poorly executed communication.

Key Mitigants

- The Group's Board and senior management set the ethical and behavioural tone for the Group. In support of this a number of Group policies are utilised which influence employee behaviour, including a Reputational Risk Policy, Fitness & Probity Policy, an Anti-Fraud Policy, Code of Conduct Policy, Conflicts of Interest Policy and a Speak Up Policy.
- The Group has established a Corporate Governance Framework which is in full compliance with the requirements of the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings and the UK Corporate Governance Code.
- Reputation, integrity and character of persons are key considerations in establishing business arrangements and throughout the life of the relationship.
- Independent customer satisfaction research is undertaken and customer complaints are dealt with efficiently to ensure the quality of products and services offered to customers.
- The Group's claims philosophy is to be "Fair to the customer and fair to FBD". This philosophy guides the Claims function in its handling of all customer claims.
- The Group has aligned its Environmental, Social and Governance (ESG) initiatives to assist it focus and influence on improving the lives of our customers and wider Irish society.
- FBD have set up a Sustainability Committee that report into the Board through the CEO and, during 2022, the Group agreed a company wide ESG strategy which they will implement over the coming years.

Key Risks and Mitigants (continued)

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. FBD's material operational risks include people risk, business process risk, change management risk, information technology risk, legal and regulatory risk and business continuity risk and outsourcing.

Key Mitigants

Risk Management Framework

- Operational risk is governed through business standards covering key processes. This is complemented by our Risk Management Framework that defines the structure in place to identify, measure, manage, monitor and report on operational risks and mitigating controls with defined risk tolerances and Key Risk Indicators (KRIs).
- There is a 'three lines of defence' system in place, with line management being primarily responsible for risk management, with extensive second and third line challenge over the operational control environment.
- The Own Risk Solvency Assessment (ORSA) provides for a scenario based approach to determine the appropriate level of capital to be held in respect of operational risks.
- The appropriateness of the risks and controls related to Climate Risk, including the potential risks, time horizon and double materiality impact will be assessed on a quarterly basis via the Risk Control Self Assessment (RCSA) process.
- The Group will, going forward, perform periodic assessments to assess the materiality of climate change exposures at a Group level.

Information Technology Controls

- Sound information technology controls are in place across the Group, including a dedicated IT security team with overall responsibility for managing information technology security standards, which together with on-going employee training and regular cyber-risk reviews are used to mitigate such information technology risks.

Business Continuity Plans

- The Group has taken significant steps to minimise the impact of Business Interruption that could result from a major external event. Formal Business Continuity and Disaster Recovery plans are in place for both workspace recovery and retrieval of communications, IT systems and data. If a major event occurs, these plans will enable the Group to either move the affected operations amongst its various sites or invoke remote working from home. FBD carries out two minor and one major Business Continuity/Disaster Recovery exercises per year.

Personnel

- The success of the Group depends upon its ability to retain, attract, motivate and develop talent. FBD are committed to providing employees at all levels with appropriate training, development and education relevant to their role. Training needs are identified through performance management and operational planning. A Talent Management and Succession Plan is in place and reviewed regularly. This ensures that FBD develops and retains key talent and is best placed to replace key roles in a seamless manner should the need arise.

Strategic Report

RISK & UNCERTAINTIES REPORT (continued)

C. Climate Change

The management of climate risk is strategically important to FBD, from both a commercial and Stakeholder perspective. It is an area of focus for the Group and under active consideration, particularly;

- Physical risks to property and person from variable weather patterns and long term climate change.
- Transition risks from the process of adjustment to a low carbon economy.

FBD will manage climate risk primarily through the quarterly Risk and Control Self Assessments process. The review ensures that each Business Area has appropriately captured the risks related to Climate Risk (both transition risks and physical risks) and has supporting mitigating controls in place.

The quarterly review will also ensure that risks and controls related to climate consider the time horizon and double materiality impact. This approach ensures that climate risk is evaluated and managed within a defined Framework subject to ongoing challenge and validation, ongoing analysis, monitoring and reporting of it are in place and embedded within governance structures as it evolves.

Climate risk has been integrated into capital planning as part of the Own Risk and Solvency Assessment (ORSA) process.

D. Inflation and Geopolitical Risk

2022 saw the return of significant inflation to developed world economies. The energy crisis, which was exacerbated by the Russian invasion of Ukraine, was largely behind the upward spiral. Central banks around the world have been raising interest rates aggressively in an effort to keep the rate of inflation under control. This has resulted in bond markets having their worst year in a long time. It remains a risk whether this monetary policy will have the desired outcome in controlling inflation and whether it will push these economies into a recession with a resultant impact on asset prices.

FBD experienced significant mark-to-market losses on its bond portfolios during 2022, however, due to the buy and hold nature of the portfolios these losses will unwind as the bonds approach maturity while the higher yields on reinvestments will have a material impact on investment income over the coming years.

Higher inflation not only impacts on market risk but also reserving and underwriting risk. The rapid rise in the rate of inflation during 2022 has a resultant impact on reserving for future claims and pricing of new business. FBD's Actuarial team is continually monitoring the rate of inflation for the purposes of reserving and pricing.

The rising cost of building materials and labour during 2022 meant the risk of underinsurance for FBD policyholders was a significant risk in the case of home and property insurance. In response to this risk FBD ran a number of initiatives including issuing a communication to home policyholders outlining the consequences of underinsurance and updating the Home Policy Booklet with additional guidance for our customers in relation to underinsurance.

Geopolitical risks have increased globally in the last year. The Russian invasion of Ukraine was the catalyst for the energy crisis in Europe last year and exacerbated inflation which was already increasing significantly. The risk of the war broadening remains a significant risk. There are other flash points in the world where geopolitical risk is elevated also. An escalation in these risks may impact FBD in the form of market risk and inflation risk.

E. Emerging Risks

An emerging risk is a risk which may or may not develop, is difficult to quantify, may have a high loss potential and is marked by a high degree of uncertainty. We have a defined process in place for the identification of and response to emerging risks, which is informed through the use of subject matter experts, workshops, Risk and Control Self Assessments and consulting a range of external resources. Key emerging risks are monitored regularly by the Board and Risk Committees to assess whether they might become significant for the business and require specified action to be taken.

Key Emerging Risks include:

- An increased frequency of cyber attacks, and the impact that these factors may have on society's future insurance needs and claims types and frequencies.
- Stricter Emission Targets and ESG driven market change.
- Technological advances changing the shape of the insurance industry and competitive environment.
- Changes in customer behaviour including the potential expectation to communicate largely through mobile channels or the expectation of self-service and self-solve.
- Global deterioration in economic conditions and particularly in Ireland may lead to a reduction in revenue and profits.
- Global socio-political uncertainty that may cause an adverse impact on profitability.
- Evolving regulatory and legislative landscape. We continuously monitor developments at both a local and EU level to ensure continued compliance with legislative and regulatory requirements.
- Availability of reinsurance may be restricted due to macroeconomic, environmental and/or market developments.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Strategic Report
Environmental, Social & Governance
Financial Statements
Other Information

What ESG means to FBD

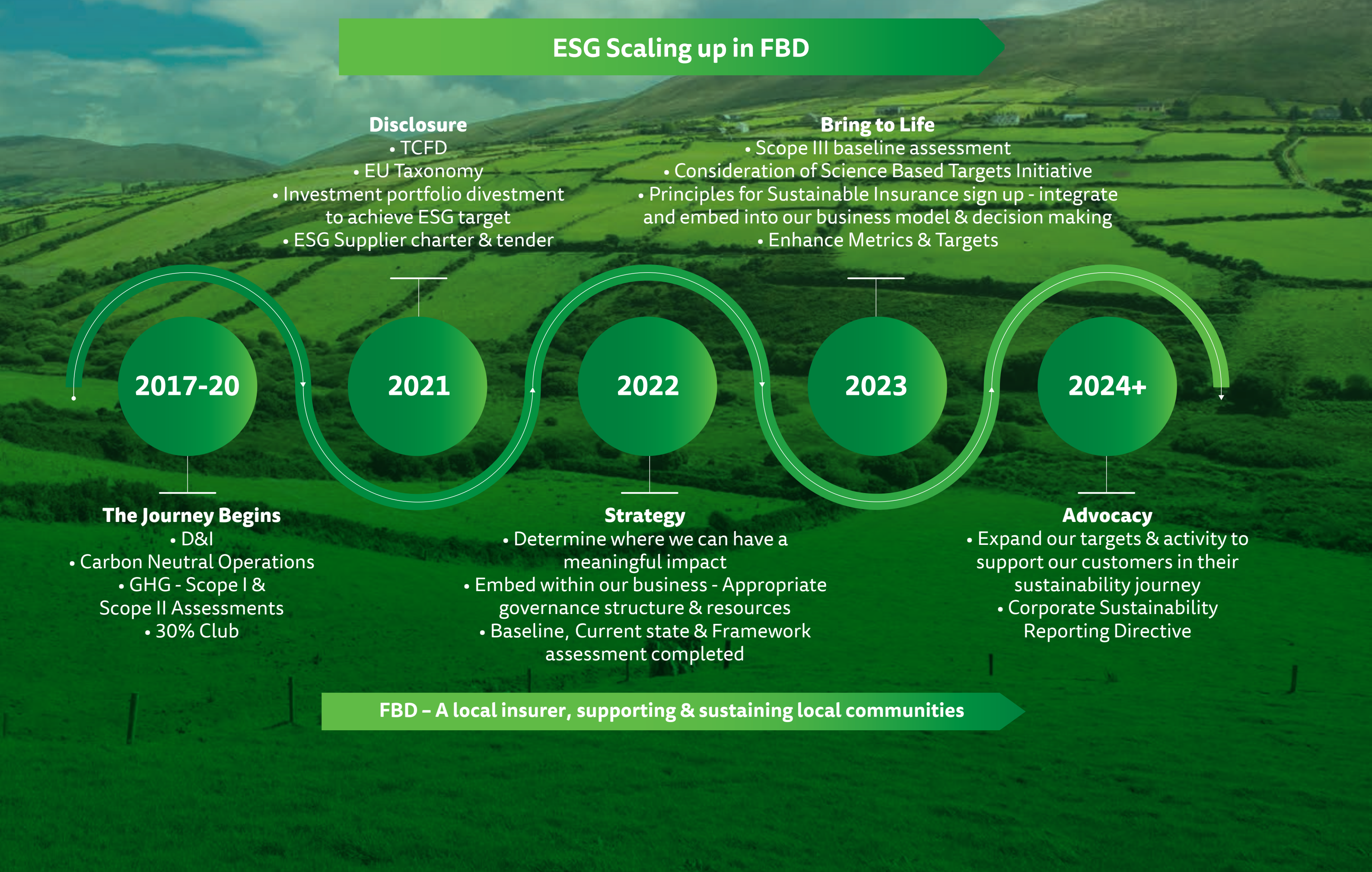
Environmental, Social and Governance (ESG) refers to three pillars of a set of standards which guide corporate behaviour with a view to companies becoming better global citizens. ESG is relevant to any company in any country and in any sector.

Environmental ("E") considers how a company impacts the environment around it, and includes issues such as climate change, biodiversity, nature, carbon emissions, waste and pollution.

Social ("S") considers how a company impacts people, and includes issues such as working conditions, diversity, equity and inclusion (DEI), charitable giving, human rights infringements, modern slavery, sourcing of goods and services, product liabilities, privacy concerns, consumer protection and data security.

Governance ("G") considers how sustainable a company is (business model; financial & outputs) & how a company functions ethically across its corporate culture, its board and management, and its disclosures.

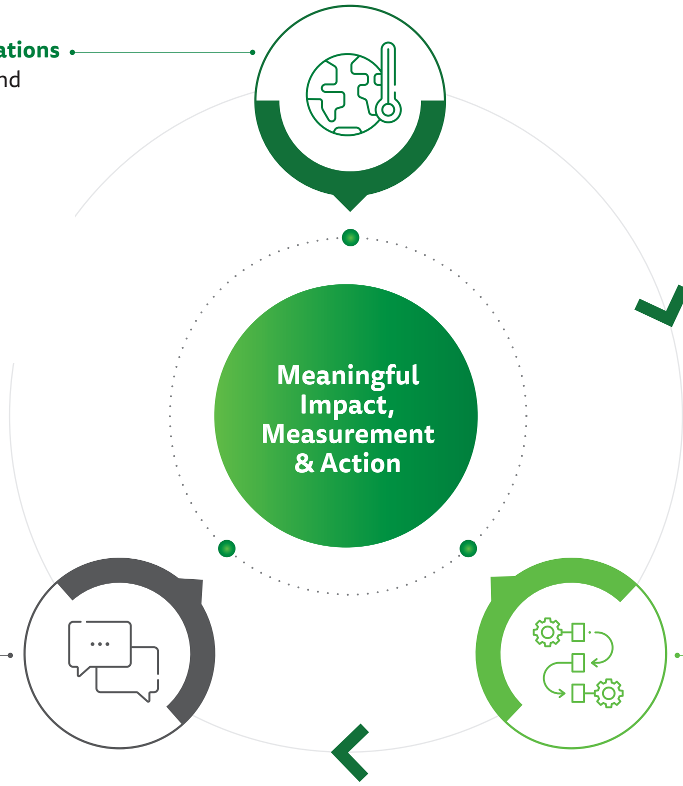
FBD'S ESG Direction of Travel



In 2022

…we undertook a structured process involving 3 steps

Step 1: FBD's Culture & Regulations
- It is in FBD's DNA to support and sustain our communities
- Determine the regulations of importance to FBD



Step 2: The Principles
- Detail the framework at the forefront for the insurance sector

Step 3: Our Framework
- Create a framework to assess our activities relative to the Principles for Sustainable Insurance

… to determine where we can have a meaningful impact

Focus on **Ireland**…

…are the leading insurer in **Agri/Farming**

E

…Deliver on our ESG journey & **support our customers** in theirs

S

…a strong presence at the **heart of the community we serve**

G

…and a best in breed, **proactive governance** structure

Deliver on our ESG Journey

UN PSIs will guide our ESG Strategy and be delivered by our Business through clearly defined Pillars

UN Principles for Sustainable Insurance

Principle 1: We will **embed** in our decision-making

Principle 2: Work together with our clients and business partners to **raise awareness**

Principle 3: Work with key stakeholders to **promote widespread action**

Principle 4: **Disclose** publicly our progress in implementing the Principles

…& Our Pillars

Corporate & Advocacy
How we govern the organisation, our pledge and promise

Operations
How we run the organisation

Underwriting & Sales
Areas of the business that create liabilities

Investments
Manage the company assets

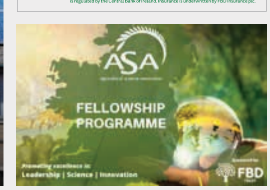
Disclosures
Reporting, Metrics & Measurements

UN Sustainability Development Goals

In line with previous reports we have aligned our ESG initiatives to the UN 17 point Sustainability Development Goals (SDGs)

Highlights and examples of how we are already delivering and having a meaningful impact

E Support our customers in their ESG Journey



S A strong presence at the heart of the community we serve

G Best in breed, proactive governance structure

Investors in Diversity SILVER

Gender Pay Gap report produced

2025 Target % of board female / male

40% 60%

2026 Target % Women in leadership & management

40%

ENVIRONMENTAL

CLIMATE ACTION

FBD Supporting the Environment

Climate related disclosures for FBD

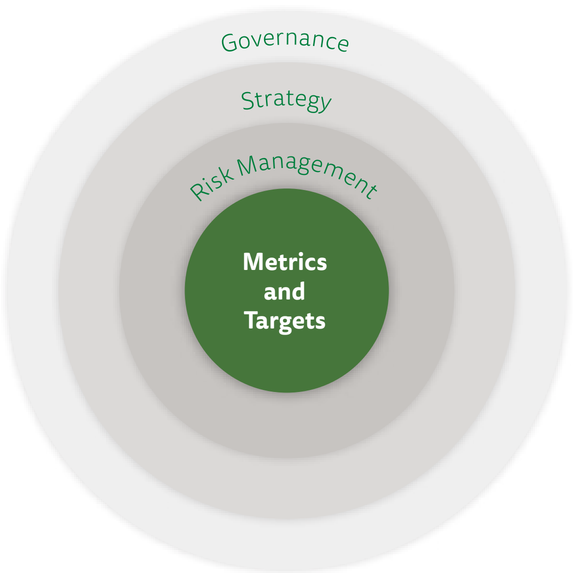
The Task Force on Climate related Financial Disclosures (TCFD) is the framework through which FBD discloses the Group's climate related risks and mitigation and forms a key part of FBD's overall ESG framework. This is the second year that FBD will be disclosing climate related information aligned to the TCFD recommendations. Good progress has been made and the Group will continue over the year ahead to further integrate the recommendations throughout the business. Whilst FBD has included climate related financial disclosures below which are consistent with the TCFD recommendations and recommended disclosures there are some gaps with the requirements which are called out in the 'Future Developments' section below.

About TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) is a group of experts appointed by the Financial Stability Board to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks – risks related to climate change. The Task Force developed four core elements on climate related financial disclosures that are applicable to organisations across sectors and jurisdictions.

Under these four headings are a further eleven supporting recommended disclosures. FBD has summarised its climate related disclosures under these eleven supporting disclosures in the paragraphs below. For further detail on TCFD including the final recommendations and the latest status report, see the following link: https://www.fsb-tcfd.org/.

Core Elements of Recommended Climate-Related Financial Disclosures



Governance
The organisations' governance around climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management
The processes used by the organisation to identify, assess and manage climate-related risks.

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf

Governance

TCFD Recommendation:
"Describe the board's oversight of climate-related risks and opportunities."

The Board of FBD is ultimately responsible for decision making within the Group including the oversight of climate related risks and opportunities. The Board has responsibility for oversight of climate related risk and for monitoring and mitigating this risk. It is responsible for the Group's climate strategy.

In 2022, following a Strategic Review, ESG (including climate related issues) was included as a dedicated work-stream within FBD's overall Group Strategy. The FBD Sustainability Committee (see below) is responsible for implementing the ESG Strategy and reports to the Board through the Chief Executive Officer. There is a climate agenda item on all regular Board meetings where Directors are kept informed of all developments in this area.

- The Board Risk Committee has additional oversight of climate-related risks as the management of climate risk is a core part of FBD's Risk Management Framework and climate risk has been integrated into capital planning as part of the Own Risk and Solvency Assessment (ORSA) process.
- The Board Audit Committee has oversight of FBD's climate related disclosures.

The Board members have received ESG training, with a particular focus on climate issues, from an external consultant and will continue to receive training at least annually. Following this, the Board participated in a dedicated ESG Strategy session which further informed the Board how these issues impact FBD. In addition:

- A Board member obtained a qualification on Responsible and Sustainable Finance in 2022.
- A number of Board members have direct experience of climate issues impacting the agricultural sector through their past and current roles in organisations in this sector.

TCFD Recommendation:
"Describe management's role in assessing and managing climate-related risks and opportunities."

FBD established a Sustainability Committee comprised of its Executive Management Team (EMT) and chaired by the Chief Executive Officer. During 2022 the Committee met on a regular basis to develop the ESG Strategy and is now scheduled to meet at least quarterly. The Committee is tasked with implementing the Group's strategy for climate related risk mitigation and for driving the climate agenda across the Group.

In 2022 the Sustainability Committee commissioned a Strategic Review to conduct a current state analysis of FBD's ESG credentials (including climate related risks and opportunities) and to determine the Group's long-term strategy in this area. This project was supported by a number of external consultants and an internal ESG Working Group. The ESG Working Group is comprised of key personnel from across the business including representatives from Investments, Underwriting, Facilities, Claims, HR and Risk.

The Risk function is represented on the Sustainability Committee and is the second line function which monitors and oversees the implementation and integration of ESG initiatives throughout the Group.

The output of this Strategic Review included a new structure for assessing and managing ESG issues (including climate related issues). It determined five Pillars and assigned Executive Officers as owners of each Pillar:

- Corporate & Advocacy – Company Secretary
- Operations – Chief Technology & Operations Officer
- Underwriting & Sales – Chief Commercial Officer & Chief Underwriting Officer
- Investments – Chief Financial Officer
- Disclosures – Chief Financial Officer

The Sustainability Committee and ESG Working Group members received ESG training, with a particular focus on climate issues, from an external consultant and will continue to receive training at least annually. It is the intention to roll out this training to all Senior Management in 2023 as we further embed awareness and management of climate related issues throughout the organisation.

Environmental, Social & Governance

ENVIRONMENTAL (continued)

Strategy

TCFD Recommendation:
"Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term."

FBD has split climate Risk into two sub-categories of risk:

- Transition risk - risks that arise from the transition to a low-carbon and climate resilient economy; and
- Physical risk - risks that arise from the physical effects of climate change.

We define climate related time horizons as:

- Short-term: 0-10 years
- Medium-term: 10-30 years
- Long-term: 30-80 years

FBD has identified the following risks and opportunities. We continually seek to enhance our knowledge and understanding of climate related risks and opportunities in order to mitigate these risks and to take advantage of opportunities as they arise:

Physical Risk	Increased frequency and severity of weather events
Description	If weather events increase in both frequency and severity leading to: • Gross and Net claims becoming both larger and more volatile. • Some risks becoming uninsurable, shrinking the insurance market and with negative impact on customers.
Materiality	There are no obvious signals that this is a material risk over the **short term** horizon. However in Ireland there are increasing trends observed in river flows and an increase in frequency of heavy rain observed suggesting that in the **medium/long term** that this could be a material risk for FBD.

Physical Risk	Increased costs of reinsurance or unavailability of reinsurance cover
Description	Our reinsurance costs and availability is dependent on recent weather experience in Ireland but also depends on global weather events as we purchase cover from global reinsurers. Increased frequency and severity of weather events could increase our reinsurance costs and/or reduce our level of Reinsurance cover leading to an increase in our net claims costs.
Materiality	There has not been an increase in extreme weather events in Ireland in recent years, however, there has been an increase in extreme weather events in other parts of the globe. Increases in extreme weather events on a global level may have a knock on effect on our reinsurance costs and Program structure as capacity in the overall market reduces and represents a risk in the **short term** for FBD. In Ireland there are increasing trends observed in river flows and an increase in frequency of heavy rain observed suggesting that in the **medium/long term** that this could become a more material risk for FBD.

Physical Risk	Reduction in asset values and lower investment returns
Description	Some of our assets may be exposed to the physical impact of climate change on certain sectors and regions, through for example, food and water supply restrictions and related inflation and natural disaster related business interruption and asset repair costs.
Materiality	While there are material risks in the **short term** for certain sectors and regions this is not deemed to be a material short term risk for FBD given the short duration of the bond portfolios and the diversified nature of the risk asset portfolios. **Medium term** risks may be more pronounced in emerging market countries which are more vulnerable to natural disasters, lack the resources to plan for these events and mitigate the social and economic consequences of them. If current climate policies do not progress and temperatures continue to rise this risk becomes more material to the global economy as a whole in the **medium/long term**.

Transition Risk	Reduction in asset values and lower investment returns
Description	A reduction in the value of our assets where the companies in which we have invested in lose revenue and/or asset values reduce due to one or more of the following: • Increased cost of raw materials and abrupt and unexpected shifts in energy costs. • Increased business costs due to changing input prices (e.g. energy, water, insurance cover) and output requirements (e.g. waste treatment). • Reduced demand for existing assets (stranded assets), goods and services due to a shift in consumer preferences. • Certain companies and sectors being less resilient to the transition to a low carbon economy. • GDP and profitability impact of aggressive move to implement climate policies, levies etc.
Materiality	While each of the above are risks in the short term this is not deemed to be a material **short term** risk for FBD given: • the short duration of the bond portfolios. • the stress testing analysis shows FBD has a relatively small exposure to bonds with a high or excessive Transition Risk as per our external manager's rating system. • the diversified nature of the risk asset portfolios. This risk becomes more material in the **medium/long term** if climate related economic and societal changes and/or aggressive climate policies impact growth and profitability.

Environmental, Social & Governance

ENVIRONMENTAL (continued)

Transition Risk	The risk of a shrinking insurance market due to policy and societal changes
Description	This is the risk that policy changes aimed at reducing carbon emissions and societal changes have the impact of reducing insurable activity for example; • Emissions reduction target of 25% for agriculture in Ireland reducing farm activity and potential for further reductions beyond 2030. • Increased carbon costs alongside better public transport and cycling infrastructure, autonomous vehicles and the sharing economy which lowers reliance on the car in Ireland, reducing the size of the motor insurance market.
Materiality	Emission reduction targets have been set for agriculture and there has been a collaborative stakeholder roadmap developed. However, there are no obvious signs that the agricultural targets and roadmap represent a material risk over the **short term**. While the road map does indicate a change of agricultural land use of approx. 9% to 2030, the objective is for farmers to continue to generate a viable income from the land but by way of different mechanisms e.g. Forestry, Tillage, Anaerobic Digestion and other climate friendly land uses which all require insurance cover. Stakeholder planning is focused on how to incentivise farmers to engage to ensure targets are achieved. This approach should ensure no material impact on farmer's profitability and ability to meet insurance costs in the **short-term**. Production practices may change more materially over **the medium/long term** but would still likely be replaced with a need for insurance products to support customers as they develop and grow business models which enhance biodiversity and reduce carbon footprint. Public transport in Ireland requires years of development before we might see a significant reduction in society's reliance on the car and/or the development of alternative car use practices. Therefore this represents a **medium/long-term** risk for FBD.

Transition Opportunity	Extension of Insurance Products to include climate related features
Description	Redesign of insurance products to incentivise better customer behaviour and provide additional cover for climate positive customer risks.
Materiality	Substantial change is predicted around the transition to more climate friendly practices across all business lines and FBD will seek to enhance product features and claims delivery to complement these changes in both the **short and medium/long-term**. FBD already has a strong track record on Agri insurance to facilitate changing customer's needs, changes in the regulatory environment and supporting our customer base with new coverage needs with innovative climate related features such as cover for environmental liability, damage to solar panels and damage to domestic wind turbine cover. Home insurance customers already benefit from discounts for high BER ratings and it is envisaged the market will evolve to incentivise other climate friendly practices and offer more options in claims resolution. Research and product design is and will be on-going to ensure future opportunities are accessed and appropriate changes are incorporated to ensure opportunities are realised within our risk appetite. Current and potential ESG impacts are a key feature in the annual product assessment process.

Transition Opportunity	Assisting customers on their climate transition journey
Description	There may be opportunities for FBD to enhance its relationships among farmers by understanding their needs and aiding them in any transition.
Materiality	FBD has a strong track record in supporting the Agri-community and stakeholder groups. Substantial funding is provided, primarily via FBD Trust, to support farm research, education, farm knowledge transfer and health and safety. The overall objective is to support farmers and farm families into the future with a focus on education, training and assisting in developments in technology and science for a wider range of Agri-stakeholder organisations. As stakeholder focus moves to science based emission reduction targets, enhanced biodiversity and farm efficiency, FBD can be at the forefront of the insurance sector to continue our longstanding support. FBD's presence in the community and at farm level can continue to be seen by our customers and wider stakeholder group as we engage positively and proactively to support customers on their ever-changing farming journey and this can ultimately deepen our relationships with these communities. This represents a **short and medium/long-term** opportunity for FBD.

Transition Opportunity	Investment Opportunities
Description	Identifying investments that will benefit from the transition to a more sustainable economy and avoiding investments with high transition risk, may improve the risk/return profile of the portfolio.
Materiality	This is an opportunity in both the **short and medium/long-term** as FBD has already made investments in public and private market equity funds that aim to benefit from the transition to a low carbon economy. As more products become available in other asset classes there is the opportunity to continue to enhance the overall risk/return profile of the portfolio.

TCFD Recommendation:
"Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning."

Investments

FBD recognises that as an asset owner it has an important role to play in the journey to a low carbon economy and the goal of limiting future global temperature increases enshrined in the Paris Agreement. Over the last number of years, we have approached our climate related objectives through the prism of the ESG framework.

As better data analytics have become available we have progressed our analysis of the carbon intensity of the investment portfolio with a view to implementing carbon reduction strategies.

- FBD has set targets for reducing the carbon intensity of the corporate bond portfolio (see metrics section below) and has actively sold bonds to achieve this.
- The carbon intensity of a number of the funds in our risk asset portfolio is significantly below the carbon intensity of the relevant funds benchmark and we continue to work with our manager to further reduce the carbon intensity of the individual funds.

FBD actively integrates ESG considerations into its investment processes across its book of more than €1bn in assets. We are continually seeking to enhance our understanding of the ESG investment landscape, the ESG characteristics, risks and opportunities of our portfolio and the actions we can take to invest in a more sustainable future. There is broad acknowledgement across the investment industry that including sustainability as part of the investment process provides a wider perspective on risk, potentially reducing volatility and enhancing risk-adjusted returns. The FBD ESG framework incorporates the following measures:

ENVIRONMENTAL (continued)

Asset Manager Selection including Stewardship

FBD's external asset manager due diligence review, selection and retention processes place a strong emphasis on the manager's ESG capabilities and credentials. All our external managers are signatories of the UN's Principles for Responsible Investment (PRI) and are required to provide Sustainability Policies/Reports detailing how they promote ESG both within their own corporate structures and through engagement with underlying companies and fund managers in relation to ESG transparency and proxy voting on company resolutions. Stewardship is the process by which asset owners can use their voting rights to influence the management of a company to act in a more sustainable manner – FBD's main asset managers are signatories to the UK's Stewardship Code, the global gold standard.

Integration of ESG Factors into Investment Portfolio

FBD's corporate bond manager has developed their own proprietary ESG scoring system, on a scale of A-F (A being the best in class from an ESG perspective and F being the ESG laggards) which takes into account the current ESG profile and the steps the companies are taking to improve their ratings. FBD has built quantitative limits based on this scoring system into the Investment Policy, committing to excluding F rated securities and holding a maximum of 5% in E rated securities and 20% in D rated securities. This rating system includes corporate emissions (and reduction strategies) as a key input and utilises revenue thresholds for sectors such as oil sands and coal extraction as an exclusion screen. While there is a financial implication of this for FBD in terms of foregone book yield, excluding or limiting investment in these lower rated companies decreases demand for their bonds and increases the cost of funding which in turn incentivises companies to adopt more sustainable practices. FBD initially sold c. €20m of bonds in order to implement this policy and continues to monitor the limits and dispose of bonds where appropriate to comply with these restrictions.

The Risk Asset Fund is invested through collective investment schemes and the external manager undertakes due diligence and selection, placing an emphasis on how ESG is built into the underlying manager's investment strategy and processes. They rate the managers on these criteria as well as on the traditional investment metrics.

- FBD allocates 50% of its developed market equity exposure into a dedicated Sustainable Global Equity Fund.
- Approximately 70% of our Risk Asset funds are classified as Article 8 under the Sustainable Finance Disclosure Regulations (SFDR) (which means they seek to promote environmental and social objectives).
- FBD made a €5m commitment to a private markets Global Impact Fund. The Fund targets 70-100% of its investments towards those with a positive environmental impact, with the balance targeted towards those with a positive social impact.
- While we are restricted by the availability of sustainable investment products in some of the asset classes within the risk asset portfolio, we continue to monitor developments and expect to make more active investment decisions in the future.

Insurance

In FBD we seek to identify opportunities to promote a transition to a low carbon environment. We take into consideration climate change and ESG considerations in our product development process. We aim to incentivise customers to make the transition to low carbon alternatives where possible. One example of this is via a premium discount for new home insurance customers whose BER rating is a minimum of B3. This feature is available to all of our home insurance product offerings. On our website we also offer suggestions on how to make a person's home more energy efficient: https://www.fbd.ie/protection-stories/home/how-to-improve-your-homes-ber-rating/.

On FBD's Farm Multiperil product we have included environmental liability cover for farmers as a standard feature. This will respond to the clean-up and remediation costs associated with an insured environmental incident including first party clean up (the farmers own property), for example leaking of silage effluent, slurry or oil resulting in contamination of lands or watercourse.

FBD also provide insurance cover for farmers investing in forestry. This is a key mitigant against climate change giving forestry farmers the peace of mind that their investment will not be lost due to fire or storm.

FBD is constantly seeking to innovate in its product features. We are continually reviewing changes in the Agricultural sector to ascertain if we can support policy aligned to improving our climate footprint.

FBD product design also incorporates standard features to support Farmers, Home Owners and Businesses such as solar panels and wind-turbines used for own energy production.

Facilities

The Facilities department in FBD manage the Group's buildings and infrastructure. A key objective for the department is energy management with priority for usage reduction and consequent emissions reduction. A 3% energy reduction target in 2023 is now a mandatory objective within the scope of all mechanical and electrical infrastructure projects. The Facilities Manager's business objectives, which feed into their remuneration outcome, include an energy usage reduction target.

The Facilities team coordinate a number of initiatives aimed at reducing the Group's carbon footprint:

- FBD purchases all its electrical energy from renewable sources.
- In 2022, FBD reviewed mechanical & electrical technology upgrade opportunities, focusing on controls.
- In 2022, FBD improved its management of end of life ICT (Information & Communications Technology) equipment to maximise recycling potential.
- In 2022, FBD introduced Electric Vehicle charging at our Head Office.
- In 2022, FBD completed the rollout of LED across all properties. LED is a more energy efficient and environmentally friendly light source.
- FBD has an ongoing process to transition customers from paper based printing to digital document management.

Procurement

FBD expect our suppliers to measure, manage and reduce their carbon footprint, to prevent environmental damage and at all times comply with legislative and regulatory requirements. The Head of Procurement in FBD has introduced an ESG assessment tool on all large and strategic tenders as part of its selection criteria for providers.

TCFD Recommendation:
"Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario."

FBD has undertaken stress testing in relation to its investment portfolio for transition risk (a scenario where the increase in average global temperatures is limited to 2°C or lower). The stress testing involved FBD obtaining stresses for its corporate bonds based on the 'transition risk rating' of the underlying securities. These stresses were obtained from the Group's corporate bond portfolio manager and derived by expert judgement. FBD's Investment Department extrapolated the stresses to the rest of the Group's investment portfolio adopting a prudent approach and calculated an overall stress of €10m on the Group's €1.1bn investment portfolio (or 1% of the overall portfolio).

The transition risk stress for the Group is relatively low demonstrating that the Group is resilient in respect of its investment portfolio. This risk is further mitigated by:

- The average duration of the corporate bond portfolio is less than three years and FBD will have time to reinvest maturities into companies with less transition risk.
- Transition risk is more applicable to equities and is less likely to result in the inability of companies to repay their corporate debt over such a short timeframe to maturity.
- Equity allocation is achieved through highly diversified global equity funds (including an actively managed sustainable equity fund) and the assumptions used in this stress test are likely to be prudent.
- Politically and economically it may take years to implement legislation that would significantly increase costs for companies.
- Many of the companies that currently rate poorly are also investing in "Green" solutions so their ratings are likely to improve.
- FBD actively integrates ESG (Environmental Social Governance) considerations into its investment processes across its book of €1.1bn in assets and is continually seeking to enhance both its understanding of the ESG investment landscape and the actions it can take to invest in a more sustainable future.

Concurrently, Stress and Scenario Tests have been carried out on the Company's underwriting portfolio to understand the potential impact of physical risks including;

- The impact of an increase in the frequency and severity of catastrophe (CAT) weather events on reinsurance costs over a period of years;
- The impact of a severe windstorm event (modelled on 2014 and adjusted for inflation and climate change effects) on the capital position;
- The impact of a severe flood event (modelled on 2009 and adjusted for inflation and climate change effects) on the capital position, and;
- The impact of a 1 in 200 year weather event on the current capital position using a number of different models.

ENVIRONMENTAL (continued)

The scenario analysis highlights the good coverage provided by FBD's CAT reinsurance program, however, it also highlights that climate change could make reinsurance a lot more expensive and this could lower profits if these costs are not passed on to customers. Also if the current level of cover became unaffordable or unavailable FBD would be more exposed to these CAT events.

There are no obvious trends that suggest an increase in catastrophe weather events are a material risk over the short term. Increased weather activity in other parts of the globe may have a knock on effect on our reinsurance costs and program structure, however, FBD benefits from a geography that provides for exposure that is uncorrelated with high-risk areas. In Ireland there are increasing trends observed in river flows and an increase in frequency of heavy rain observed suggesting that in the medium/long term this could be a material risk for FBD. Mitigants against this risk are:

- We do re-price our policies frequently and can share any increased reinsurance cost with policyholders, something our competitors would also be forced to do.
- We could adjust our underwriting acceptance criteria to avoid insuring high risk policyholders in order to lower reinsurance costs.

Risk Management

TCFD Recommendation:
"Describe the organisation's processes for identifying and assessing climate-related risks."

FBD has adopted an enterprise risk management approach to identify, measure, monitor, manage and report on risk. Risks are identified through a combination of top-down and bottom-up forward looking risk assessment processes, outlined in a documented risk management framework, which is approved by the Board and subject to annual update and review. During 2022 climate risks were moved from the Emerging Risks process and are now considered a core risk for FBD and as such are integrated into the overall enterprise risk management approach.

Operationally a 'three lines of defence' framework is deployed to support the mitigation of each risk identified. This framework ensures appropriate oversight of identified risks through ongoing review and challenge from independent Risk Management, Compliance and Internal Audit functions.

This enables FBD to understand and assess risk effectively and integrate risk based decision making into strategic planning and reporting.

In addition to this, identified climate risks are analysed through the Own Risk and Solvency Assessment (ORSA) process and assessed, on a quantitative and qualitative basis as appropriate, for materiality and mitigation measures.

Notwithstanding the ongoing work and analysis in this area, FBD will continue to develop and enhance its approach to climate risk. The Group will continue to develop the skills of its people through regular training, updates and role specific initiatives to ensure appropriate management of climate risk going forward.

Climate risk forms a core part of the 2023 FBD Risk function plan with the integration of Risk and ESG reporting continuing over the course of the year.

At an overall level, FBD will continue to ensure that guidance and support is in place to provide for appropriate action to identify, measure, monitor, manage and report on the risks and opportunities presented by climate change and the refinement of current techniques as it evolves for all of its people. See section above in relation to governance for details on these structures.

FBD will continue to work with its stakeholders and partners to build solutions and products which reflect the changing environment and the needs of its communities to ensure effective support for future initiatives and the changing environmental landscape.

TCFD Recommendation:
"Describe the organisation's processes for managing climate related risks."

The management of climate risk is strategically important to FBD, from both a commercial and stakeholder perspective. The Group has a 2023-2027 strategy in place which notes specifically the importance of assessing various climate related risks. It is an area of focus for the Group and under active consideration, particularly;

- Physical risks to property and people from variable weather patterns and long term climate change.
- Transition risks from the process of adjustment to a low carbon economy.

The Management of Climate Risk is a core part of FBD's Risk Management Framework. FBD will manage climate risk operationally through the quarterly Risk Control & Self-Assessment (RCSA) process. This process involves reviewing the appropriateness of the Risks and Controls related to Climate Risk, including potential risks (both physical and transition risks), time horizon and double materiality impact and ensuring that these risks are understood and integrated into the wider Risk Management system for ongoing mitigation and reporting. On an overarching basis environmental considerations will continue to influence the evolution of our overall Risk Appetite Statement also.

This approach ensures that climate risk is evaluated and managed within a defined Framework subject to ongoing independent challenge and validation, meaning ongoing analysis, monitoring and reporting of it are in place and embedded within local governance structures as it evolves.

TCFD Recommendation:
"Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management."

Climate risk has been integrated into capital planning as part of the Own Risk and Solvency Assessment (ORSA) process. The annual ORSA is central to developing an integrated approach to climate risk. It forms a forward looking view through various physical, transitional and liability scenario analysis to understand the impact on strategy, business model, and activities across the Group.

Risks associated with physical risks including stresses on catastrophe claims and Reinsurance cost assumptions have been modelled as part of the 2022 ORSA. In terms of transition risk, FBD has worked with Investment Managers to establish exposures to assets with high or excessive transition risk ratings. Stress tests were calibrated and performed on asset values to help determine the financial risk associated with these exposures.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Metrics

TCFD Recommendation:
"Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process."

GHG Emissions

Since 2017 FBD has been obtaining independent third party validation of its greenhouse gas (GHG) emissions. It has enlisted the services of Clearstream Solutions for this measurement and verification. They have calculated Scope 1 and Scope 2 emissions for FBD. The GHG verification methodology employed entails:

- Interviews with key personnel;
- Review of methodology for data collection, aggregation and appropriate classification of emission sources;
- Review of data and information systems and controls.

Description of		
Scope 1	**Scope 2 – Location Based**	**Scope 2 – Market Based**
Includes CO_2 emissions generated from gas and heating oil.	Includes emissions from the purchase of electricity by location. Individual FBD property consumption approach.	Includes emissions based on FBD's purchasing decisions.

Carbon Neutrality

FBD has purchased carbon offsets from an Irish overseas development agency called Vita. The carbon offsets purchased offset the total Scope 1 and Scope 2 emissions as well as those emissions generated by business mileage done by its employees in 2021. This is the second year that FBD is carbon neutral in respect of these GHG emissions.

Vita is an Irish overseas development agency working in Africa for nearly thirty years, fighting hunger and latterly, the impacts of climate change. Vita sells voluntary carbon offsets on the wholesale and retail voluntary market using the Gold Standard, an independent and highly respected accreditation agency that operates to UN rules which determines the emission savings from projects.

Environmental, Social & Governance

ENVIRONMENTAL (continued)

Carbon Disclosure Project

On an annual basis FBD completes voluntary disclosure to the Carbon Disclosure Project (CDP). CDP is a non-profit charity which supports the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP takes independently verified information supplied by FBD, and scores our progress on climate action on a scale from A to F.

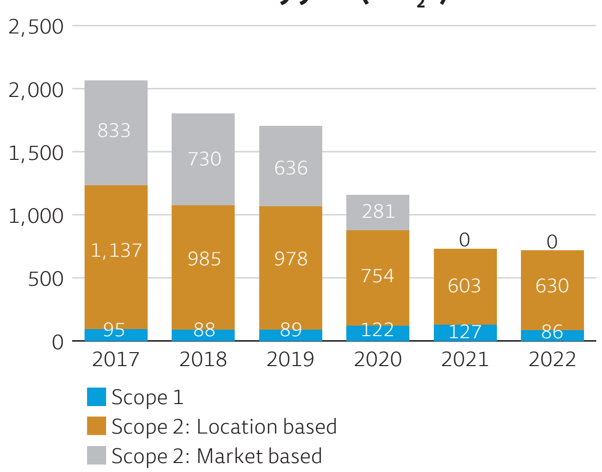
FBD's rating in respect of 2021 (CDP submission for 2022 will not be done until July 2023) is a 'B' which is in the Management category and is defined by CDP as "Taking coordinated action on climate issues". The European Regional and the Financial Services sector averages are B and B- respectively. This rating represents an increase on the previous years 'C' rating and reflects the additional focus that FBD has placed on ESG issues in this period.

TCFD Recommendation:
"Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks."

Scope 1 and 2 Emissions

The following graph illustrates the GHG emissions by year from 2017 to 2022. While the impact of Covid-19 on workplace occupancy had a distorting effect on the GHG emissions in 2020 to 2022, we can see from the following graph that total Scope 1 and 2 emissions have been on a downward trajectory since 2017.

GHG Emissions by year (tCO_2e)



Progress made on emissions in 2022:

Scope 1	-32% ↓	Scope 1 emissions were down by 41 tCO_2e. The decrease on the previous year arises from a combination of post Covid normalisation of ventilation and heating requirements, together with better FBD House heating control.
Scope 2: Location Based	+4% ↑	Scope 2 location based emissions were up 4% on the previous year. Workplace attendance increased in 2022, increasing the demand for purchased electricity.
Scope 2: Market Based	0%	Scope 2 market based emissions continue to be zero in line with 2021 as FBD only purchase energy from renewal sources.

Scope 3 Emissions

Scope 3 emissions are indirect emissions generated as a result of doing business from FBD's upstream and downstream activities. Due to the lack of reliable data it can be difficult to quantify the emissions from some of these activities. In 2022, FBD conducted a screening exercise to identify the main contributors to its Scope 3 emissions in conjunction with an external climate consultant. Progress has been made in quantifying the emissions from some of these sources - the following table lists the activities identified as well as the methodology used in estimating the amount of Scope 3 emissions. We expect to refine the calculations of the emissions from these sources over time as better quality data becomes available. Due to the estimated nature of some of these numbers they should be considered indicative rather than the true level of FBD's emissions.

More work is required to quantify the emissions from the following sources:

- Purchased Goods and Services and
- Employee Commuting and Working from home.

Source of Scope 3 emissions	Methodology used to estimate	tCO_2 equivalent
Investments – Corporate Bond Portfolio	The emissions are estimated from the Scope 1 and Scope 2 carbon footprint metrics provided by our portfolio manager as at 31 Dec 2022.	39,733
Investments – Risk Asset Portfolio	Scope 1 and Scope 2 emissions data provided by our portfolio manager as of 31 Dec 2022. Sovereign bond exposure is not included in the analysis by convention.	12,312
Business Travel	Industry emissions factor applied to claimed mileage in 2022 for employees who travel as part of their job.	328
Waste	Industry emissions factor applied to waste generated during the year	11
Water	Industry emissions factor applied to water generated during the year	2
Total	**Total Scope 3 emissions**	**52,386**

TCFD Recommendation:
"Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets."

Carbon Intensity of Corporate Bond Portfolio

The carbon intensity of a bond portfolio expresses the carbon emissions of the companies in relation to their revenue, weighted according to the respective share of a security in the overall portfolio. In the case of FBD's corporate bond portfolio, which accounts for just under 50% of its overall assets, FBD has set a target to reduce the carbon intensity of the portfolio by a factor of 60% over 9 years starting from baseline date of 1st January 2021. FBD has written this target into the portfolio guidelines with its investment manager and will monitor the planned reduction on a regular basis to ensure that it is being achieved. The reduction versus the baseline stands at 53% as of 31 December.

Future Developments

FBD will continue to further develop and improve its management of climate risks/opportunities and enhance its disclosures in the future. The following areas were identified which are not fully consistent with the recommended disclosures due to a lack of relevant data/expertise/progress. FBD will strive to address these shortcomings in the coming years.

Governance

- Increasing the level of detail on the Board's oversight of climate related risk and opportunities, including how the Board considers climate related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance.

Strategy

- Increasing the level of detail disclosed regarding impacts and providing more quantitative analysis.
- Providing additional scenario analysis in respect of the resilience of the underwriting portfolio and increasing the number of scenarios modelled including those specified in the TCFD guidelines.
- FBD has adopted the UN Principles of Sustainable Insurance (PSI) and will continue to embed these principles throughout the business.

Risk Management

- Providing more information around the process for identifying and assessing climate related risks.
- Providing more information around the process for managing climate related risks and the specific mitigating actions undertaken.

ENVIRONMENTAL (continued)

Metrics and Targets

- Increasing the metrics and targets that FBD uses to measure and manage climate related risks and opportunities including for the Company's investment and underwriting portfolios as well as FBD's own facilities. Over the course of 2023 FBD intends to further develop reporting on Scope 3 emissions and to investigate signing up to the Science Based Targets initiative (SBTi) in order to set science-based emissions reduction targets.
- Continue to increase the measurement and understanding of Scope 3 emissions and how these will be mitigated.

Taxonomy Regulation

The EU Taxonomy is a tool to help investors, companies, issuers and project promoters navigate the transition to a low-carbon, resilient and resource-efficient economy. The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the taxonomy is a classification system for environmentally sustainable economic activities.

In the following sections, FBD describe the share of our non-life premium income and total assets, which are eligible economic activities to make a substantial contribution to the first two environmental objectives of the EU taxonomy:

- climate change mitigation and
- climate change adaptation,

in accordance with Article 8 Taxonomy Regulation. FBD will review the substantial contribution made to the remaining four environmental objectives in future reporting periods when screening guidance for these objectives are finalised.

Non-life premium income

FBD has considered all premium from each line of business described in the delegated regulations ((EU) 2021/2139) for eligibility for the taxonomy. The premium must demonstrate direct coverage of climate-related natural hazards in line with the delegated regulation. As our systems do not categorise data in a manner consistent with the taxonomy, we have assumed premium that has property cover, which includes catastrophe cover, and premium that includes environmental (pollution) cover, as eligible. We classify all other lines of business that do not contain any direct climate relevant coverage or are not described in the delegated regulations, as not eligible for the taxonomy, subject to the development of further guidance.

Taxonomy eligible premiums contributing to enabling climate change adaptation	31%
Taxonomy non-eligible premiums	69%

The taxonomy eligible premium is calculated as the amount of premium of the eligible lines of business (numerator) divided by total premium for all lines of business (denominator). The total premium is consistent with the amount disclosed in the Consolidated Income Statement.

From next year, FBD will be required to report under taxonomy alignment, which goes beyond the current eligible reporting. Under alignment, FBD will further scrutinise the eligible activities to see if the activity complies with the requirements of the Technical Screening Criteria (substantial contribution to climate change adaption), the "do no significant harm" criteria and minimum social safeguards to be taxonomy aligned. FBD are in the process of reviewing the alignment criteria in preparation for reporting in the 2023 Annual Report.

Assets

The EU Commission has clarified that specific information published by companies and investment funds may only be used to assess taxonomy capability within the framework of non-financial reporting. The availability of this data continues to be limited as investees struggle with the taxonomy requirements. FBD continues to engage with its investment managers, however, they do not have data that aligns with the taxonomy for the Group's investment assets as of the reporting date.

Availability of data from companies and investment funds is expected to improve which will enable us to provide better information for the next reporting period. We expect that our Key Performance Indicators (KPI's) will change with increasing data availability in the coming reporting periods.

As at 31st December 2022	%
Exposure to sovereign bonds as a proportion of Total Assets The share of sovereign bonds as a percentage of Total Assets	24%
****Exposure to derivatives as a proportion of Covered Assets** The proportion of derivatives is calculated according to the following formula: (Total derivatives/(Total Assets – Sovereign Bonds)) * 100	0%
Exposure to corporate bonds not subject to NFRD as a proportion of Covered Assets The proportion of non-reporting entities according to NFRD is calculated using the following formula: (Investments in Companies that do not report under the NFRD/(Total Assets – Sovereign Bonds)) * 100	44%
Taxonomy non-eligible activities – as a proportion of Covered Assets The non-taxonomy-eligible investments are calculated using the following formula: (non-taxonomy- eligible investments/(Total Assets – Sovereign bonds)) * 100	56%
****Taxonomy eligible activities – as a proportion of Covered Assets** The taxonomy-eligible investments are calculated using the following formula: (taxonomy- eligible investments/(Total Assets – Sovereign bonds)) * 100	0%

**0% as data not yet available

Notes:

- Total Assets is not clearly defined in the Regulations and is consequently open to interpretation. Taking into account the FAQ published by the EU on December 20, 2021 and with a view to consistent and comparable reporting, we have assumed Total Assets includes total financial assets per the Consolidated Statement of Financial Position.
- Covered Assets equal Total Assets less Sovereign Bonds.
- All investments whose issuer country is outside the EU and for which we have reliable information from our data provider that they do not fall under the reporting obligation according to NFRD (Out of Scope) are outside the scope of the KPIs for taxonomy eligibility reporting. In the absence of specific data on economic activities carried out and of the reporting according to NFRD, we report all other investments as non-taxonomy-eligible if they are located within the EU.

Environmental, Social & Governance

SOCIAL

DECENT WORK AND ECONOMIC GROWTH

FBD Supporting our People

FBD realises that our people are the most important asset that we have. To support our people, we need to have the appropriate culture and values embedded in our organisation.

Our Culture and Our Values

Our culture defines the values and behaviours that we will champion and promote as a Group. Values in action is based on the belief that real sustainable culture change is shaped by the behaviour of individuals at all levels across the organisation. These values define our culture and the character of the Group, guiding how we behave and make decisions.

FBD has a very clearly defined strategy that is aligned to our culture and is actively considered and set by the Board and EMT. The Board and EMT take a leading role in communicating the desired culture to the organisation. This remained a focus throughout 2022 and is achieved in a number of ways including:

- FBD has continued investing in various activities to align all our employees, our culture and our strategy. This has included the restructuring of elements of FBD's variable pay remuneration scheme to hold ourselves to account for how we deliver against the behavioural expectations of each role.
- We continue to rollout our Mindful Leadership Programme to support our desired leadership culture and build coaching skills to embed this culture in teams throughout the organisation.
- In 2023, we will roll out FBD's technical competency framework which will complement the behavioural competency framework and provide employees with a holistic view of the expectations required of them.

Putting the Customer First	Customer Focus Problem Solving
Supporting and Collaborating with Colleagues	Cultivating Relationships Communicating Effectively
Doing the Right Thing	Building Integrity & Trust
Driving for Results	Continuously Seeking to Improve
Leading Self and Others	Leading Self Leading Others

GENDER EQUALITY

Diversity and Inclusion in FBD

At FBD our Diversity and Inclusion (D&I) objective is to foster and promote an inclusive and equal employment work environment for our employees and the customers we serve, promote a harassment and discrimination free workplace, investigate equal employment opportunity complaints and provide guidance, training and resources. Our shared commitment to working towards a consciously inclusive workplace is key to creating an environment that fosters innovation, employee engagement, creativity and the collaboration required to be the insurance employer of choice.

2022 saw a continued focus on Building Awareness, Meeting the Standard and partnering with Industry Employee Diversity and Inclusion Allyship. For details on FBD's Board diversity see page 86.

Building Awareness

Building on previous D&I workshops, FBD's Executive Management Team participated in workshops on both the Gender Pay Gap and Un-Conscious Bias building awareness and consideration of the impacts our decisions as people leaders have on the demographics of our organisation. These workshops were facilitated by Inclusio from the Dublin City University Centre of Excellence for Diversity and Inclusion. By the end of 2022, 80% of FBD's people leaders had attended awareness training on Unconscious Bias.

Meeting the Standard

In 2022, FBD achieved the Silver accreditation for being Investors in Diversity through the Irish Centre for Diversity. It is our ambition to achieve the Gold accreditation in the near future.

The Irish Centre for Diversity host the Annual National D&I awards. FBD has been shortlisted for two awards **Outstanding Diversity Initiative Award**, and the **LGBTQ+ inclusion award** with the results being announced in February 2023.

Industry Employee Diversity & Inclusion Allyship

FBD are a founding partner of VOiCE. VOiCE (Valuing openness, inclusivity, culture and equity) is an industry-led collaboration to create sectoral D&I benchmarking and FBD are a founding partner within the insurance industry. The goal is to provide a blueprint for understanding what good culture and D&I practices in the workplace look like to provide the foundation for developing inclusive cultures. We are looking forward to being part of the collective voice and a programme that will hold organisations to account for promoting inclusivity and positive working cultures.

In 2022 FBD signed up to the Women in Finance Charter. The ambition is to see more female representation at all levels, including junior, middle and senior management, leadership and board roles within financial services organisations based in Ireland.

Building on our successful placement programmes in 2021, FBD continued our partnership with the Trinity Centre for People with Intellectual Disabilities in 2022. The programme offers work placement opportunities for course participants. The partnership will continue in 2023.

Gender Pay Gap

At FBD, we believe that an inclusive, diverse, and equitable workforce is critical for the success of any company. On the 15th of December 2022, FBD produced a Gender Pay Gap Report.

The Numbers

Our gender pay gap statistics provided below are based on every employee working for FBD on the 15th June 2022, The snapshot period used is the 12 months preceding the 15th June 2022.

		Overall Gender Pay Gap
Overall Gender Pay Gap	Mean Pay Gap	27%
	Median Pay Gap	20%

Like many peers within the Irish insurance sector, our results show a gender pay gap which is present within our organisational hierarchy. A key reason for this imbalance is that we have an under representation of female employees at the more senior levels of management within FBD. These roles attract a higher remuneration and is the key driver of imbalance in the context of our gender pay gap.

Environmental, Social & Governance

SOCIAL (continued)

Inclusion and diversity is a business priority for FBD. We are determined to lead programs and initiatives that increase female representation across all levels of our business. We continue to take a holistic approach to tackling the gender pay gap and accelerate parity for women, setting sustainable and measurable goals around gender representation at senior levels, reviewing our internal structures, policies and processes that bolster the ability of women to participate in the workforce and contribute to wider society.

We believe achieving a better gender balance will be to the benefit of FBD, the sector and wider community, bringing greater diversity of thought, experience and leadership styles in our decision making processes.

Women in Finance Charter

At FBD, we have committed to furthering our gender equality agenda by becoming a signatory of the Women in Finance Charter. Led by industry and supported by the Government of Ireland, the Women in Finance Charter underpins the financial services industry's ambition to see increased participation of women at all levels, including junior, middle and senior management, leadership and board roles within financial services organisations based in Ireland.

A key finding of FBD's Gender Pay Gap report is that we have a lower level of female representation at senior management level. By signing the Charter, we are confirming our commitment by demonstrating actions in advancing women through various management and board levels, creating stretch targets and a documented plan for greater gender balance in the organisation.

Our CEO and leadership team will be accountable for driving these visible changes in the organisation. They will also be responsible for measuring, monitoring and publicly communicating on an annual basis on progress against the targets set, so that transparency and accountability on progress in driving change is evident.

Our Representation Progress

				Interim Targets		Headline Targets	
	2022 % of Females	2021 % of Females	Progress	% of Females	Target date	% of Females	Target date
Board	27%	25%	+2%	30%	31/12/2022	40%	31/12/2025
Executive/C-Suite	30%	30%	0%	30%	30/06/2022	40%	31/12/2026
Senior Management	39%	33%	+6%	35%	31/12/2025	40%	31/12/2026
Middle Management	26%	24%	+2%	30%	31/12/2024	35%	31/12/2026
Junior Management	49%	47%	+2%	50%	31/12/2024	55%	31/12/2026

QUALITY EDUCATION

Investing in Training and Development for Our People

FBD's Learning and Development mission is to enable the implementation and delivery of FBD's strategy through the development of curious, innovative, resilient and engaged people.

Our Mindful Leadership Programme continues to be the bedrock of our leadership capability development. The focus here is to empower leadership, at all levels, to execute on FBD's strategy utilising the core programme principles and tools. We will build on this in 2023 to sustain leadership practices which can deliver high performance.

Successful teams thrive on results and accountability with both being inextricably linked. Accountability in the workplace fosters better work relationships, eliminates surprises, and improves overall job happiness. Our Accountable Leadership workshops and 'nudges' during the year were used to raise awareness of accountable behaviours in FBD and instill these behaviours in our culture.

The first ever FBD Graduate Programme kicked off with a week-long induction in our Head Office where participants got to meet many of the senior leadership and engage with them to understand our business. Although we have begun to pivot back to some in-house training, such as this, we continue to leverage on our ability to bring people together virtually across locations to learn and grow.

We invested in a new Learning Management System (LMS), which launched in May. This provides us with greater functionality and includes both On-Line and Off-Line learning capability. We used this to develop a Technical Passport in quarter three 2022 as a vehicle to provide technical and refresher training to our employees across FBD on an ongoing basis. These quarterly eLearning and in-house workshops ensure our people maintain and develop their product and policy knowledge as they continue to develop professionally in our regulated environment.

Staff Policies

FBD has a range of people policies in place to ensure full compliance with legislation and with our commitment to providing a safe and supportive working environment for our employees. Fundamental to these policies and the embedded culture, is a regard for the individual, their rights and the mutual advantage of fostering our employees' potential and supporting their career development.

These policies are communicated to all employees joining FBD as part of the on-boarding process. They provide information, guidelines and rules where appropriate in relation to every stage of employment including recruitment and selection; equality and diversity; probation; learning and development; all types of leave; benefits; remuneration; disciplinary and grievance. Refresher modules are provided via e-learning for certain policies to refresh the knowledge of employees on an ongoing basis. In addition, policies and procedures are reviewed on an annual basis to ensure they accurately reflect employee entitlements and continue to support FBD's business objectives while remaining fit for purpose and compliant and these updates are notified to employees.

We also run campaigns to promote certain policies. It is our mission to nurture the psychological safety among employees so that everyone has a voice and understands their rights.

GOOD HEALTH AND WELL-BEING

Our People Giving Back

FBD employees are active in supporting local and national charity based organisations. In 2022 our chosen charities were Ronald McDonald House, who enable families to stay close to their child for as long as they are undergoing treatment in CHI at Crumlin, DePaul, who provide assistance to the homeless and C.A.S.A. a support service for people with disability.

Throughout the year employees in FBD contributed both creatively through events such as 'wear your jersey to work day', step challenges and directly through salary sacrifice and food donation.

Health & Safety

FBD is committed to providing a safe place of work and conducting all aspects of its business activities in such a way as to achieve the best possible standards of health and safety and welfare for its employees. The FBD Safety Statement is the cornerstone of our safety management system. The Safety Statement clearly outlines FBD's commitment to health and safety, identifies persons with safety responsibilities, outlines the Group safety policies and includes site risk assessments.

SOCIAL (continued)

Supporting our Colleagues Wellbeing

FBD has an active and comprehensive Health & Wellbeing strategy in place for our colleagues. The past 12 months has seen significant engagement by our colleagues in the wide range of activities offered as part of these programmes.

Our programmes have included talks by specialists in Mental Health, Menopause, Nutrition and Emotional Wellbeing, supported by information campaigns on topics such as Suicide, Self-Care, Isolation, Alcoholism, Relaxation and Financial Wellbeing.

2022 saw the launch of two new flagship initiatives; our inaugural Mental Health First Aid Training programme with the first 15 volunteers completing training in 2022 and "MyWellfest" a weeklong programme of engaging panel discussions, motivational speakers and fun activities promoting positive health and wellbeing.

DECENT WORK AND ECONOMIC GROWTH

Anti-Bribery and Anti-Corruption

Our Code of Conduct Policy sets out the professional standards and responsible behaviours expected to ensure that we are appropriately focused on delivering the right outcomes for shareholders and customers, meeting our legal and regulatory requirements and appropriately managing and mitigating risks. FBD requires all employees at all times to act honestly and with integrity and to safeguard the resources for which they are responsible.

This is further underpinned by our:

- Delivery of mandatory ethics training to all employees annually;
- Anti-Fraud Policy which outlines the role and responsibilities for the reporting and investigation of fraud;
- Speak Up Policy which provides a framework for employees to raise concerns about unlawful or inappropriate conduct, financial malpractice, danger to the public or the environment, possible fraud or risks to the Group.

Respect for Human Rights

Under FBD's Equal Opportunities, Diversity and Inclusion Policy, all employees who work in FBD, and those who use services provided by FBD, are treated with dignity and respect, receive equality of opportunity and are not subject to discrimination.

FBD seeks to ensure that respect for diversity, equality and inclusion are embedded in all the services we provide and the work we do. To this end, FBD's Supplier Charter details how FBD supports the Universal Declaration of Human Rights and will work to enforce these rights within our supply chain.

FBD Supporting the Agricultural Community

For over 50 years FBD has been invested in agriculture, farming and rural life in Ireland. We believe farmers, businesses, retail customers and wider society feel real economic and social benefits as a result of our business activities. As a Group that has been providing insurance for Irish farmers for more than 50 years we are uniquely placed to support Irish farmers and the agricultural industry in Ireland.

QUALITY EDUCATION

The FBD Trust

FBD Insurance is proud to partner with FBD Trust to support a wide range of research and educational initiatives which support rural communities, Irish farmers and their families along with the Irish agriculture sector.

FBD Trust was established with an ambition to give back to local communities in a way which would support and promote their sustainable growth. FBD Trust achieves this through supporting research and educational scholarships for training and development, while also supporting community groups and organisations along with bodies who advocate for Irish agriculture. Currently, FBD Trust invests approximately €2 million annually on projects which include:

Teagasc/FBD Student of the Year Awards

Teagasc/FBD Student of the Year awards are presented to the highest achieving graduates from Teagasc agricultural colleges across the country. Nominees for these awards are the next generation of farm leaders and innovators. FBD has supported the Student of the Year Awards since their inception by providing a bursary to the winner, category winners and finalists. Dave Moloney from County Cork is the 2021 Teagasc FBD Student of the Year; the 2022 Student of the Year will be announced in May 2023.

Dave Moloney, winner of the 2021 Teagasc FBD Student of the Year awards

Nuffield Scholarships

FBD sponsors the Nuffield Farming Scholarship Programme. This programme provides agri-scholars the opportunity to undertake research and achieve a global perspective and exposure to new methods and ideas. Scholars regularly go on to become influencers of sustainable change and improvement within the food and agri sector. FBD supports Nuffield scholarships to promote excellence by developing and supporting these individuals.

ASA Conference Partner & ASA Fellowship

The Agricultural Science Association (ASA) is the professional body for graduates in agricultural, horticultural, forestry, environmental and food science. It is the voice of the Agricultural profession in Ireland. FBD has been the ASA conference partner for many years.

In addition, FBD sponsors the ASA Fellowship Programme, which aims to contribute positively to scientific innovation within the Irish agri-food industry. The fellowship assists candidates to further develop their scientific knowledge and experience while enhancing their communications skills in the sharing of scientific information in an engaging and accessible manner to the public.

The FBD Young Farmer of the Year Awards

The FBD 'Young Farmer of the Year' is a national competition held in conjunction with Macra. The purpose of these awards is to identify and recognise young farmer excellence to inspire and empower the next generation of young farmers in Ireland. The award recognises and rewards top-performing young farmers. It promotes knowledge-sharing, networking opportunities, a platform to showcase and highlight Irish agriculture and the fantastic work being done by young farmers. Adjudication is based on a number of criteria including business initiative, sustainability and innovation on the farm alongside enterprise quality, farm safety, environmental protection awareness, agricultural knowledge and community involvement. The 2022 FBD Young Farmer of the Year is Christopher Tuffy.

Environmental, Social & Governance

SOCIAL (continued)

FBD Young Farmer of the Year, Christopher Tuffy, pictured at the awards ceremony with Michael Berkery (FBD Trust), Tomas Ó'Midheach (FBD Insurance), John Keane (Macra), Tim Cullinane (IFA) and Liam Herlihy (FBD Insurance)

Women in Agriculture

FBD is a headline sponsor of the 'Women in Agriculture Conference'. This conference celebrates the role of women in agriculture while highlighting gender issues in farming and the agri-food sector. A key focus of this conference is to explore how the gender balance within agriculture might be improved into the future. Given the fact that 13% of all farm holders in Ireland are women, this conference plays a key role in the development of future government policies.

Breda O'Donnell, Clonmel Branch Manager, speaking at the Women & Agriculture Conference

INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Burren Winterage Weekend

At the end of summer, Burren farmers follow the ancient tradition of herding their cattle onto 'winterage' pastures. These cattle spend the winter grazing in the Burren's limestone uplands and this practise is key to the survival of the region's famous flora and fauna. The Burren Winterage Weekend is a celebration of this tradition of Winterage and includes a wide range of farming, heritage, cultural and family events around the October Bank Holiday weekend each year. The Burren Winterage School is held as part of the Winterage weekend and it aims to unite farmers, researchers, advisors and government representatives to allow them to share ideas on sustainable pastoral land management.

The annual Burrenbeo Winterage Weekend, supported by FBD, celebrates not only the unique farming traditions of the Burren, but also highlights, celebrates and supports the broader significance of pastoral farming in shaping much of the Irish landscape.

Patron Member of Agri Aware

A founding member of Agri Aware, FBD was one of a number of agri-businesses that recognised the need for an independent body to provide the general public with information and education on the importance of agriculture and the food industry to the Irish economy. FBD's annual support assists Agri Aware in continuing its programme of educational and public awareness initiatives among the non-farming community. Topics include modern agriculture, the rural environment, animal welfare, food quality and safety.

Grass10 – Grassland Excellence for Irish Livestock

Working in partnership with Teagasc, the 'Grass10' programme aims to increase grass utilisation on Irish livestock farms along with ambitious targets. Achieving 'Grass10' targets will require changes in farm practices associated with both grass production and utilisation, delivering best practice, and promoting sustainable agricultural methods.

AHI CellCheck Awards

Since inception FBD has supported the Animal Health Ireland (AHI) CellCheck awards. The purpose of cell check dairy awards is to recognise and reward farmers who have demonstrated excellence in the field of dairy herd health management. Awards recognise farmers who have implemented best practices in herd health management, such as cell counting, and achieved excellent herd health and milk production results.

Additionally, the CellCheck dairy awards encourage and motivate farmers to prioritise sustainable dairy herd health management and implement best practices, such as regular cell counting, to improve the health of their herds and increase milk production. It could also be used to raise awareness among the public and industry professionals about the importance of herd health management and the benefits of cell counting in ensuring high-quality milk production. 2022 saw over 500 recipient farmers attend the annual awards ceremony sponsored by FBD.

Young Stockperson Competition

In 2021 The Irish Shows Association and the Irish Farmers Journal organised the inaugural Young Stockperson Competition sponsored by FBD. This competition provides young people aged 8-25 the opportunity to practice their animal showing skills, in addition to training and educating the next generation about animal showing and stockmanship. FBD continued to support this initiative in 2022 with the National finals taking place at the Trim Show.

University Research & Support - At home and abroad

FBD supports a wide range of supports and grants to universities including academic positions and agri-related organisations and events. Recent academic sponsorships include Sustainable Soil research and development and supporting the UCD Ag Society.

Baraka Agricultural College (BAC) is a leading Innovation Support and Training Centre located in Kenya. The college is supported by the Irish Embassy in Kenya along with Teagasc and their Kenyan equivalent, KALRO.

In association with Teagasc, FBD Trust has provided a grant to invest and improve the Capital infrastructure of the college as it expands its educational reach. An innovation support unit is planned, and this unit will work with local Co-ops in the region. It will have the capacity to provide specialist support to extension officers working with Co-ops (~1,000 farmers) as well as to the county extension service. BAC will also demonstrate excellence in farming at the college along with dedicated demonstration farms.

GOOD HEALTH AND WELL-BEING

Farm Protect

Farming can be very rewarding and provide a great way of life, but it is also a high-risk industry, which presents many challenges due to its unique workplace setting, the aging profile of farmers and the fact farmers are potentially exposed to more dangers compared to other sectors, such as tractors, ATVs, heavy machinery, large animals, slurry gases and construction work. While there has been a small decline in the number of fatal accidents in Agriculture in 2021 and 2022 it still continues to be the sector with the most fatal accidents in the workplace. FBD's objective is to support initiatives which will make the farm a safer place for all. In addition, we have a dedicated risk management team who work directly with farms and businesses to help improve safety standards and awareness in the workplace. Stewart Gavin, FBD Agri Underwriting Product Manager represents FBD on the National Farm Safety Partnership Advisory Committee (FSPAC) to the Health and Safety Authority. The FSPAC is currently working on the delivery of the actions highlighted in the Farm Safety Action Plan 2021-2024, which aims to reduce the level of fatalities, serious injuries and ill health in the agriculture sector.

FBD's Farm Protect campaign aims to encourage farmers to make small but meaningful changes to their working behaviour. While farmers' attitudes to health and safety are generally positive, simple changes can make a big difference. We focus on promoting awareness of the critical behavioural changes required through press, online adverts, social media and through distributing safety messages, materials and farm safety signs through our network of branches and through farm safety campaigns and events.

Environmental, Social & Governance

SOCIAL (continued)

Farm Safety Videos

In November, FBD in partnership with Teagasc and the Farm Safety Partnership launched the first 13 safety videos of 'Managing Farm Safety and Health Video Series'. The videos were launched by Minister Martin Hayden, Minister of State with responsibility for Farm Safety and Minister Damien English, Minister with responsibility for Safety, Health and Welfare at Work. FBD believe that this video series can help make a real difference in improving safety culture and behaviour on Irish farms. Most accidents are very preventable by ensuring vehicles, machinery, facilities and equipment are maintained in safe operational condition and by ensuring safe working practices are followed at all times. By showing farmers best practices this will allow farmers to implement these safety standards on their own farm and in doing so making Irish farms a safer place for everyone.

Pictured at the launch of 'Managing Farm Safety and Health Video series' were (Left to Right): Francis Bligh, Teagasc; Minister of State at the Department of Agriculture, Food and the Marine with responsibility for Farm Safety, Martin Heydon TD; Harry Hill, Farm TV; Farmer participants in the series, John and Bernie Fitzgerald; John McNamara, Teagasc; Pat Griffin, H.S.A.; and Ciaran Roche, FBD Insurance.

National Marts Farm Safety Awareness and Remembrance Campaign 2022/2023

The FBD National Marts Farm Safety Awareness and Remembrance Campaign was launched in November 2022 and is being run in partnership with ICOS, ALM, HSA, FSP & Embrace Farm. The aim of the campaign is to start the farm safety conversation in marts, improve farm safety awareness and help prevent accidents from occurring on the farm. The focus of the 2022 campaign is on Livestock, Quad Bike Safety and Safety of the Elderly and Farm Buildings. On the day of each event, there is a minute's silence in remembrance of people who have lost their lives in farming accidents and a scripted safety speech is read out by a local FBD Representative from the auctioneers stand. On the day of each event FBD representatives set up a stall to promote farm safety and engage with farmers on the topic of farm safety and farmers will be encouraged to enter a farm safety competition.

Pictured at the launch of 'FBD Mart Farm Safety Campaign' were (Left to Right): Michael Lynch, Kilkenny Mart CEO, Ciaran Roche, FBD, Norma Rohan, Embrace Farm and Simon Doocey, FBD.

Farm Safety Signs

10,000 farm safety signs have been produced and will be distributed through our FBD branch network. The concept of the sign is to improve safety awareness on the farm on a daily basis and to help keep farmers, farm workers, family farm members and visitors focused on safety when they enter the farm.

The sign is designed to be displayed at the entrance to the farmyard and the messages on the sign are easily communicated through strong pictorials and simple wording. The sign has four clear messages focusing on key health and safety concerns. The first message signals that no unauthorised persons are allowed to enter the farmyard. This will ensure that a farmer can control who enters the farm and therefore help the farmer manage the safety of all persons who enter the farm. The second message warns persons entering the farm to be aware that livestock can be dangerous. This is an extremely important message due to the fact that livestock accidents are the most common serious accidents on farms. The third message warns persons entering the farm that machinery in operation can be dangerous and that they must proceed with caution. This message is essential as tractors and machinery are the main cause of fatalities on farms. The final message on the sign identifies that the farm is not a playground. This is a crucial message as on average two children are killed on farms every year.

Champions for Safety

Over the last 10 years, FBD has led "Champions for Safety" seminars and events across all Agricultural Colleges around the country. The aim of the initiative is to encourage young farmers to become champions for safety and to encourage them to stop taking risks. Speakers include staff from FBD, Teagasc, the Health and Safety Authority, ESB Networks and farm accident survivors who share the details of their accidents and the life changing effects it has had on their lives. Due to the perceived value of the seminars many colleges have made this a compulsory part of the curriculum for their students and the seminars have been extended to include UCD Agricultural Science students.

UCD School of Agriculture and Food Science Health and Safety Award Sponsorship

FBD renewed its commitment to sponsor the annual FBD Health and Safety Awards at the UCD School of Agriculture and Food Science Awards Ceremony. This awards ceremony is one of the highlights of the UCD academic year and it celebrates and acknowledges the excellent achievements of students during the academic session 2021/2022. Three students won awards and five students won certificates for their achievements in the Health Welfare and Safety module.

Pictured Receiving their 'FBD Trust Health and Safety Awards' at the UCD Agriculture and Food Science Awards Ceremony 2022 (Left to Right): Jamie Dooley, Sophie Cooke, Ciaran Roche (FBD) and Sarah Cooke.

Teagasc Beef Open Day 2022 Sponsorship and Farm Safety Exhibits

FBD worked with Teagasc in developing and delivering farm safety exhibits at the Grange open day 2022 to promote farm safety. The topics covered by the exhibits included tractors, machinery, livestock, work at height and farm buildings.

Tractor Training Skills

FBD continues to support the Farm Relief Services (FRS) tractor training skills course for young people over the age of 14, to ensure that safe driving practices are adopted at an early age.

Farm Safety Communication

FBD continue to run regular farm safety communications in the media. During 2022, FBD ran monthly farm safety adverts and advertorials in the Irish Farmers Journal and in the Irish Farmers Monthly. These focused on timely, seasonal hazards, their associated risks and appropriate safety controls and messages.

Strategic Report

Environmental, Social & Governance

Financial Statements

Other Information

Environmental, Social & Governance

SOCIAL (continued)

FBD Supporting the Wider Community

In addition to the farming community FBD is also active in the wider community. Some of the initiatives we have supported are as follows:

GOOD HEALTH AND WELL-BEING

Age Friendly Ireland

FBD is a member of Age Friendly Ireland. This programme is a Government initiative to prepare for the rapid ageing of our population. It aims to create an inclusive, equitable society in which older people can live full, active, valued and healthy lives. Age Friendly Ireland supports businesses to implement low cost changes which signal a strong welcome for older people. Extensive staff training has taken place to support FBD staff in contributing to this programme.

DECENT WORK AND ECONOMIC GROWTH

FBD's Supplier Charter

FBD's 'Supplier Charter' outlines the standards that we expect to see throughout our supply chain. We set high standards for ourselves and our suppliers. We insist that all of our business activities are conducted lawfully, sustainably and above all ethically. Our charter sets out FBD's zero tolerance approach to modern slavery in all its forms in our own business and in our supply chain. This means not using forced or compulsory labour and/or labour held under slavery or servitude. We also understand how important prompt payment is to our suppliers. Our standard payment terms are net 30 days and we work hard to make sure we meet this. FBD expects that all of our suppliers pay employees at least the minimum wage, and provides each employee with all legally mandated benefits.

PARTNERSHIPS FOR THE GOALS

Guaranteed Irish

FBD is a proud member of the Guaranteed Irish programme. As Ireland's only indigenous insurance company, FBD has a proud heritage of supporting local communities. The Guaranteed Irish symbol is awarded to companies that create quality jobs, contribute to local communities and are committed to Irish provenance.

Chambers of Commerce

With 34 branches located around Ireland, FBD is a committed member of many local Chambers of Commerce. Working collaboratively with local businesses, Chambers of Commerce provide a forum to promote initiatives, knowledge sharing and to assist local business in communities across Ireland.

Using Language that everyone understands

We understand that some insurance terminology can be complex and difficult to understand. We aim to write all our customer documents in plain language to ensure that we are more readily understood. A thorough Plain English review of our main products policy wording was undertaken by an expert third party with this objective in mind. Following this, we have now re-written our main policy wordings, using the recommendations on style and language captured as part of the Plain English review.

In addition, we have held workshops with customers where we reviewed our communications and how we explain insurance terms to check customer understanding and identify any improvements we can make.

Protecting Information

FBD collects and retains information from and about our customers and third parties. This is a vital and necessary part of providing insurance products. Keeping information secure is a top priority for us. We continue to implement appropriate technical and organisational measures to protect data from unlawful or unauthorised processing and against accidental loss, destruction, damage, alteration or disclosure.


FBD
INSURANCE
KID'S ZONE
WIN!
Enter here to win
EXIT

Environmental, Social & Governance

BOARD OF DIRECTORS

Biographical details of the Directors in office on the date of this Report are as follows:

Name: Liam Herlihy

Position: Chairman

Date of Appointment: 1 September 2015

Nationality: Irish

Age: 71

Committee Membership: Risk, Nomination and Governance Committee Chair, Remuneration

Skills and experience:

Liam Herlihy is a farmer and was appointed Chairman of FBD Holdings plc in May 2017. He was appointed Chairman of Teagasc the Agriculture and Food Development Authority in September 2018 and was, until May of 2015, Group Chairman of Glanbia plc, a leading Irish based performance nutrition and ingredients group, having served in that role for 7 years during which he presided over a period of significant structural change and unprecedented growth for Glanbia plc.

Mr. Herlihy completed the Institute of Directors Development Programme and holds a certificate of merit in Corporate Governance from University College Dublin. He brings to the Board a wealth of commercial experience and some deep insights into the farming and general agricultural industries in Ireland which, together, comprise the FBD Group's core customer base.

External Directorships:

Teagasc the Agriculture and Food Development Authority

Knockskeagh Farms Limited

Name: Tomás Ó Midheach

Position: Group Chief Executive Officer

Date of Appointment: 4 January 2021

Nationality: Irish

Age: 53

Committee Membership: None

Skills and experience:

Tomás Ó Midheach has 30 years' experience in the financial services industry spanning many diverse areas including finance, data, customer analytics, direct channels and digital. He spent 11 years with Citibank in the UK, Spain and Dublin where he held several senior positions in Finance ultimately assuming the position of CFO at Citibank Ireland. He joined AIB in June 2006 and held a number of senior executive positions including Head of Direct Channels and Analytics, Chief Digital Officer, and Chief Operating Officer. Prior to joining FBD, Mr. Ó Midheach held the position Deputy CEO and was an Executive Board Member of AIB.

External Directorships:

Insurance Ireland (Member Association) Company Limited by Guarantee

Name: Mary Brennan

Position: Independent Non-Executive Director

Date of Appointment: 31 August 2016

Nationality: Irish

Age: 57

Committee Membership: Audit, Risk Committee Chair

Skills and experience:

Mary Brennan is a Chartered Director, Certified Investment Fund Director and a Fellow of Chartered Accountants Ireland. In a career spanning over 30 years, Ms. Brennan has worked internationally in audit in KPMG and in a number of publicly listed companies, including Elan plc and Occidental Petroleum Corp. She is a highly experienced Non-Executive Director and currently holds the position of Chair of the Board, Chair of the Audit Committee and Chair of the Risk Committee in her portfolio of financially regulated directorships. Ms. Brennan previously served on the Boards of BNP Paribas Ireland, Atradius Reinsurance dac, Macquarie Capital Ireland, the Social Finance Foundation and Microfinance Ireland.

External Directorships:

MMS Multi Euro Services dac

MMS Multi Market Services Ireland dac

Inchario Life dac

ENI Insurance dac

HRTEU Limited

St Laurence O'Toole Catholic Social Care Company Limited By Guarantee (Operating as Crosscare)

Name: Tim Cullinan

Position: Independent Non-Executive Director

Date of Appointment: 31 December 2020

Nationality: Irish

Age: 63

Committee Membership: None

Skills and experience:

Tim Cullinan is a farmer and runs a pig enterprise alongside a feed mill operation. Mr. Cullinan was elected the 16th President of the Irish Farmers' Association in December 2019. He has been heavily involved in the Irish Farmers' Association over the past 15 years holding various positions including National Pigs Committee Chairman and County Chairman and most recently the position of National Treasurer. He is a Board Member of Bord Bia – the Irish Food Board which is an Irish semi-state Agency whose remit is to market and promote Ireland's food, drink and horticulture industry in Ireland and abroad. Mr. Cullinan is Vice President of the Committee of Professional Agricultural Organisations ("COPA") and represents Irish farmers at EU level on COPA, which is the official umbrella representative body for European farmers. Mr. Cullinan established the world's first DNA traceability for Irish pig meat and previously held the position Pig Expert to the Copa Cogeca.

External Directorships:

Tipperary Milling Limited

Woodville Pig Farms Limited

Feirmeoiri Aontuithe Na H-Eireann Iontaobaithe Cuideachta Faoi Theorainn Ráthaíochta

IFA Telecom Limited

The Agricultural Trust

Bord Bia

Name: Sylvia Cronin

Position: Independent Non-Executive Director

Date of Appointment: 28 November 2019

Nationality: Irish

Age: 60

Committee Membership: Risk, Nomination and Governance, Remuneration, Director Appointed for Engagement with the Workforce

Skills and experience:

Sylvia Cronin was Director of Insurance Supervision in the Central Bank of Ireland until October 2019 and was a Member of the European Insurance and Occupational Pensions Authority ("EIOPA") Board of Supervisors. Before joining the Central Bank, Ms. Cronin spent the majority of her career working in the insurance industry, most recently as Chief Executive of Augura Life Ireland Ltd. Previously, Ms. Cronin was the Chief Executive of MGM International Assurance Ltd. and spent several years with the AXA Group where she was Head of Business Development, Services and Marketing in Ireland. Ms. Cronin started her insurance career with the Fortis Group where her focus was on IT Management. Ms. Cronin holds a Masters in Business Administration, was admitted as a Chartered Director to the Institute of Directors in London and is a Centre for Effective Dispute Resolution Certified Mediator.

External Directorships:

Canada Life Group:
- Canada Life Assurance Europe plc
- Canada Life International Assurance (Ireland) DAC
- Canada Life Limited
- Canada Life Irish Holding Company Limited
- Saol Assurance DAC (trading as AIB Life)

Mercer Global Investments Europe Limited

Mediolanum International Life DAC

Name: David O'Connor

Position: Independent Non-Executive Director

Date of Appointment: 5 July 2016

Nationality: Irish

Age: 65

Committee Membership: Nomination and Governance, Remuneration Committee Chair

Skills and experience:

David O'Connor, Chair of FBD Insurance Plc, is a Fellow of the Society of Actuaries in Ireland. He commenced his career in New Ireland Assurance before joining Allianz Ireland in 1988 to set up its non-life actuarial function. He was a Member of Allianz Executive Management Board and held a number of senior management positions there prior to joining Willis Towers Watson in 2003 to set up its Property and Casualty consultancy unit in Dublin, where he worked until June 2016. Since 2016, he has acted principally as an Independent Director with a number of active and run-off insurers in Irish, UK and overseas markets.

External Directorships:

Acromas Insurance Company Limited

David O'Connor Consulting Actuary Limited

Environmental, Social & Governance

BOARD OF DIRECTORS (continued)

Name: John O'Dwyer

Position: Independent Non-Executive Director

Date of Appointment: 31 August 2021

Nationality: Irish

Age: 65

Committee Membership: Audit, Remuneration

Skills and experience:

John O'Dwyer was CEO of VHI for nine years prior to joining the Board of FBD. He has spent all of his career in insurance including the international Dutch insurance group Achmea where he was the Chief Operating Officer and Executive Director with responsibility for the life, general and health businesses in Interamerican, the second biggest insurer in Greece. Mr. O'Dwyer has an extensive track record in financial services and in particular, the health insurance sector which included roles such as Managing Director of Friends First Life Assurance, Director of Operations at Bupa Ireland and Assistant Chief Executive with responsibility for Claims in VHI. Mr O'Dwyer is Chairman of Google Payments Ireland Ltd. Mr O'Dwyer holds a B.A in Management and is a Chartered Director with the Institute of Chartered Directors.

External Directorships:

Google Payments Ireland Limited

Name: John O'Grady

Position: Group Chief Financial Officer

Date of Appointment: 1 July 2016

Nationality: Irish

Age: 61

Committee Membership: None

Skills and experience:

John O'Grady is a Chartered Accountant and an experienced insurance executive. He joined FBD from Liberty Insurance Limited where he held the role of Finance Director. Prior to his role in Liberty Insurance Limited, Mr. O'Grady worked for Aviva and its predecessor companies in Ireland in various roles between 1989 and 2012, including Finance Director, Claims Director and Operations Director.

External Directorships:

None

Name: Richard Pike

Position: Senior Independent Non-Executive Director

Date of Appointment: 18 September 2019

Nationality: Irish

Age: 56

Committee Membership: Risk

Skills and experience:

Richard Pike has extensive experience of working with financial institutions throughout the world, assisting companies in managing strategic and enterprise risk more efficiently while addressing local regulatory guidelines and standards. Mr Pike is currently Chairman of Citadel Securities (Ireland) Ltd and Citadel Securities (Europe) Ltd, and Independent Non-Executive Director of Tuath Housing Association. Prior to this, Mr Pike has worked in various senior banking, insurance, credit and market risk roles at Wolters Kluwer Financial Services, ABN AMRO, Bain, JP Morgan and Permanent TSB Bank. Mr Pike lectures on Risk Management and Governance at the Institute of Banking and the Smurfit Business School and was a contributing author to two books on risk management. Mr Pike has also received the designation of 'Certified Bank Director' by the Institute of Banking.

External Directorships:

Citadel Securities GCS (Ireland) Limited

Citadel Securities GCS (Europe) Limited

Tuath Housing Association CLG

Stir Consulting Services Limited

Name: Jean Sharp

Position: Independent Non-Executive Director

Date of Appointment: 16 August 2021

Nationality: Irish

Age: 64

Committee Membership: Audit Committee Chair, Nomination and Governance

Skills and experience:

Jean Sharp is a fellow of Chartered Accountants Ireland, and an experienced Financial Services executive. Until 2019, she was Chief Taxation Officer of Aviva and its predecessor companies, a role she had held since 1998. She is a former partner in EY, the Big Four accounting firm. Ms Sharp is an independent Non-Executive Director of Personal Assets Trust Plc, which is listed on the London Stock Exchange and is a constituent of the FTSE 250 index. She also chairs its Audit Committee. Ms Sharp is also an independent Non-Executive Director and Audit Committee Chair at Flood Re Limited.

External Directorships:

Flood Re Limited

Personal Assets Trust plc

Tribute to Padraig Walshe

As an ardent voice for many years for the development of Irish agriculture, Padraig was a truly valued member of FBD's Board of Directors. Whilst he became a Director in 2006, Padraig's relationship with FBD went back many years, both as supporter of the business and its values, and as a long-standing customer.

In his role as Director of FBD, Padraig more than ably represented our largest shareholder, Farmer Business Developments Plc. He also represented our farming community from where FBD originated and where it maintains its strongest roots today. He is an enormous loss both to FBD and to Irish agriculture where his work throughout his career to passionately promote the interests of Irish agriculture, particularly in the area of efficient grass management and dairy farming knew little bounds. He was recognised for his pioneering work when he was elected President of the Irish Grassland Association in 1996. These are areas supported by FBD today.

Padraig was a past Nuffield Scholar and held prestigious roles throughout his career including President of the Irish Farmers Association, President of COPA, the European Organisation representing farmers across the 27 member states of the EU, and President of Macra Na Feirme.

While he represented Farmer Business Developments on our Board, Padraig always came to the table with a strong customer focus, and many of FBD's customers and shareholders were personally known to him. Padraig has left a lasting legacy to Irish farming and his dedication, support and commitment to the success and growth of FBD will be deeply missed.

Ar dheis Dé go raibh a anam.

Environmental, Social & Governance

CORPORATE INFORMATION

Registered Office and Head Office
FBD House
Bluebell
Dublin 12
D12 Y0HE
Ireland

Stockbrokers
Davy Stockbrokers
49 Dawson Street
Dublin 2
D02 PY05
Ireland

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
D01 X9R7
Ireland

Bankers
Allied Irish Banks plc
Bank of Ireland
Barclays Bank plc
Close Brothers International
Credit Suisse (Luxembourg) S.A.
Deutsche Bank AG
The Goldman Group, Inc.
KBC Bank NV

Solicitors
Dillon Eustace
33 Sir John Rogerson's Quay
Dublin 2
D02 XK09
Ireland

Registrar
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
D24 AK82
Ireland

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the financial year 2022.

Principal Activities

FBD is one of Ireland's largest property and casualty insurers looking after the insurance needs of farmers, private individuals and business owners through its principal subsidiary, FBD Insurance plc. The Group also has financial services operations including a successful general and life and pensions intermediary. The Company is a holding company incorporated in Ireland.

FBD Holdings plc is subject to the UK Corporate Governance Code 2018 and the Irish Annex. FBD Insurance plc is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015 and is required to comply with the additional requirements for High Impact Designated Insurance Undertakings.

Business Review

The review of the performance of the Group, including an analysis of financial information and the outlook for its future development, is contained in the Chairman's Statement on pages 4 to 6 and in the Group Chief Executive's Review of Operations on pages 7 to 15. Information in respect of events since the financial year end and a review of the key performance indicators are also included in these sections. The key performance indicators include gross premium written, earnings per share, loss ratio, expense ratio, combined operating ratio, profit for the year, net asset value per share and return on equity.

Results

The results for the year are shown in the Consolidated Income Statement on page 121.

Financial Instruments

The Group makes routine use of financial instruments in its activities. The use of financial instruments is material to an assessment of the financial statements. Detail on the Group's financial risk management objectives and policies are included in the Risks and Uncertainties Report on pages 21 to 28. The Group's exposure to liquidity, market, foreign currency, credit and concentration risk are included in note 36 of the financial statements.

Dividends

Please refer to note 30 for further details.

Subsequent Events

There have been no subsequent events that would have a material impact on the financial statements.

Risk and Uncertainties

A description of the risks and uncertainties facing the Group are set out in the Risks and Uncertainties Report on pages 21 to 28.

Subsidiaries

The Company's principal subsidiaries, as at 31 December 2022, are listed in note 31.

Directors

The present Directors of the Company, together with a biography on each, are set out on pages 60 to 63. The Board has decided that all Directors continuing in office will submit themselves for re-election at each Annual General Meeting (AGM).

The Directors who served at any time during 2022 were as follows:

Liam Herlihy	*Chairman*
Walter Bogaerts	*Independent Non-Executive Director (Retired 12 May 2022)*
Mary Brennan	*Independent Non-Executive Director*
Sylvia Cronin	*Independent Non-Executive Director*
Tim Cullinan	*Independent Non-Executive Director*
David O'Connor	*Independent Non-Executive Director*
John O'Dwyer	*Independent Non-Executive Director*
John O'Grady	*Group Chief Financial Officer*
Tomás Ó Midheach	*Group Chief Executive Officer*
Richard Pike	*Senior Independent Non-Executive Director*
Jean Sharp	*Independent Non-Executive Director*
Padraig Walshe	*Non-Executive Director*

Mr Padraig Walshe sadly passed away on 1 February 2023.

Annual General Meeting

The AGM is scheduled to be held on Thursday, 11 May 2023. The notice of the AGM of the Company will be sent to shareholders giving 21 clear days' notice.

Articles of Association

The Company's Articles of Association may only be amended by way of a special resolution approved by the shareholders. They were last amended, effective as of 12 May 2021, by way of a special resolution passed at the Annual General Meeting held on that date.

Environmental, Social & Governance

REPORT OF THE DIRECTORS (continued)

Directors' and Company Secretary's interests

The interests of the Directors and Company Secretary (together with their respective family interests) in the share capital of the Company, at 31 December 2022 and 1 January 2022 were as follows:

	Number of ordinary shares of €0.60 each	
Beneficial	**31/12/2022 (or at the date of retirement)**	**1/1/2022 (or at date of appointment)**
Liam Herlihy	**8,000**	8,000
Walter Bogaerts	**0**	0
Mary Brennan	**0**	0
Sylvia Cronin	**0**	0
Tim Cullinan	**0**	0
David O'Connor	**1,500**	1,500
John O'Dwyer	**0**	0
John O'Grady	**32,139**	22,095
Tomás Ó Midheach	**1,212**	0
Richard Pike	**7,200**	2,500
Jean Sharp	**0**	0
Padraig Walshe	**1,100**	1,100
Company Secretary		
Nadine Conlon	**0**	0

There has been no change in the interests of the Directors and Company Secretary (together with their respective family interests) in the share capital of the Company up to the date of this report.

The interests of the Directors and the Company Secretary in conditional awards over the share capital of the Company under the shareholder approved Performance Share Plans are detailed in the Report on Directors' Remuneration on pages 89 to 106.

European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

For the purposes of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, the information on the Board of Directors on pages 60 to 63, the Performance Share Plans in note 34 and the Report on Directors' Remuneration on pages 89 to 106 are deemed to be incorporated in this part of the Report of the Directors.

On an annual basis the Directors seek shareholder approval for certain powers relating to the Company's shares. Pursuant to shareholder resolutions passed at the Annual General Meeting held on 12 May 2022 the Directors have the authority to allot shares up to an aggregate nominal value of €6,988,846 representing approximately 33% of the issued ordinary share as at 4 April 2022.

The Directors have authority to issue shares for cash other than strictly pro-rata to existing shareholdings in certain circumstances as approved at the AGM held on 12 May 2022. The Directors also have authority to make market purchases of the Company's ordinary shares up to 10% of the aggregate nominal value of the Company's total issued share capital. These authorities are due to expire on the earlier of the date of the next Annual General Meeting of the Company or 12 August 2023. These authorities are sought annually at the AGM.

Substantial Shareholdings

As at 31 December 2022 the Company has been notified of the following interests of 3% or more in its share capital:

Ordinary shares of €0.60 each	**No.**	**% of Class**
Farmer Business Developments Plc	8,531,948	23.97%
Sretaw Private Equity Unlimited Company	3,592,167	10.09%
Protector Forsikring ASA	3,200,210	8.99%
FBD Trust Company Limited	2,984,737	8.39%
M & G Investment Management Ltd.	2,217,021	6.23%
Black Creek Investment Management Inc.	1,516,426	4.26%

As at 6 March 2023, FBD have been notified of the following changes in substantial shareholdings; Sretaw Private Equity Unlimited Company increased its holding to 4,269,171 (12.00%); Protector Forsikring ASA reduced its holding to 2,690,210 (7.56%); M&G Investment Management Limited reduced its holding to 2,125,128 (5.97%); Black Creek Investment Management Inc. reduced its holding to 1,259,822 (3.54%).

Preference Share Capital

14% Non-cumulative preference shares of €0.60 each	**No.**	**% of Class**
Farmer Business Developments plc	1,340,000	100%

8% Non-cumulative preference shares of €0.60 each	**No.**	**% of Class**
FBD Trust Company Limited	2,062,000	58.38%
Farmer Business Developments plc	1,470,292	41.62%

Share Capital

The Group had four classes of shares in issue at the end of the year. These classes and the percentage of the total issued share capital represented by each are as follows:

Voting shares	Number in issue	% of Total
Ordinary shares of €0.60 each	35,587,279*	88.0%
14% Non-cumulative preference shares of €0.60 each	1,340,000	3.3%
8% Non-cumulative preference shares of €0.60 each	3,532,292	8.7%
	40,459,571	**100.0%**

* *excluding 164,005 shares held in treasury*

The Company's ordinary shares of €0.60 each are listed on the Main Securities Market of Euronext Dublin and have a premium listing on the London Stock Exchange. They are traded on both Euronext Dublin and the London Stock Exchange. Neither class of preference share is traded on a regulated market.

Each of the above classes of share enjoys the same rights to receive notice of, attend and vote at meetings of the Company.

Non-voting shares	Number in issue
'A' ordinary shares of €0.01 each	13,169,428

The rights attaching to the 'A' ordinary shares are clearly set out in the Articles of Association of the Company. They are not transferable except only to the Company. Other than a right to a return of paid up capital of €0.01 per 'A' ordinary share in the event of a winding up, the 'A' ordinary shares have no right to participate in the capital or the profits of the Company.

Dematerialisation

A change is coming that will impact all shareholders holding Irish securities in certificated form. Under the EU Central Securities Depositories Regulation (EU) 909/2014 ("CSDR"), there is a requirement for all securities in Irish issuers that are admitted to trading or traded on trading venues in the European Union to be represented in book-entry form by 1 January 2025. "Book-entry form" means an electronic record of ownership without the need for any further document (e.g. a share certificate) to be issued to a shareholder to evidence their ownership of shares.

Article 3(1) of CSDR sets a deadline of 1 January 2023 whereby all new issues of shares in the Company must be held in book entry form and all remaining shares must be held in book-entry form by 1 January 2025. Further updates regarding the switch to book-entry form will be provided in due course.

Non-Financial Statement

Under the EU Non-Financial Disclosure Regulations (Directive 2014/95/EU) FBD Holdings plc must provide a brief description of the Group's business model and disclose information in relation to:

- Environmental matters;
- Social and employee matters;
- Respect for human rights; and
- Anti-corruption and anti-bribery matters.

FBD comply with the EU Non-Financial Disclosure Regulations (Directive 2014/95/EU). The following table outlines the policies and detail required under the regulations for the key non-financial areas prescribed:

REPORT OF THE DIRECTORS (continued)

Environmental matters

FBD related policies/statements:

a. Investment Policy
b. TCFD Disclosures

Refer to pages 29 to 47 for further description and detail related to the above subject.

Social and employee matters

FBD related policies/statements:

a. Health and Safety Statement
b. Remuneration Policy
c. Learning and Development Policy
d. Equal Opportunities, Diversity and Inclusion Policy
e. Data Protection Policy
f. Vulnerable Customer Policy

Refer to pages 48 to 52 for further description and detail related to the above subject.

Respect for human rights

FBD related policies/statements:

a. Equal Opportunities, Diversity and Inclusion Policy
b. Dignity at Work Policy
a. Supplier Charter

Refer to page 52 for further description and detail related to the above subject.

Anti-corruption and anti-bribery matters

FBD related policies/statements:

a. Code of Conduct Policy
b. Anti-Fraud Policy
c. Speak-Up Policy
d. Conflicts of Interests Policy

Refer to page 52 for further description and detail related to the above subject.

FBD Business Model

Customers and our communities are at the heart of our business model. We offer our customers clear solutions to their insurance needs using extensive distribution networks which deliver the best customer experience. FBD invests in its people, empowering them to deliver for customers and shareholders alike.

FBD's business model is outlined on pages 16 to 17.

Non-financial Key Performance Indicators (KPI)

For non-financial KPI's see the following sections of the annual report:

Environment and climate: See metrics section of TCFD and EU Taxonomy disclosures on pages 43 to 47.

Risk Appetite Framework: See the Risk and Uncertainties report on pages 21 to 28 for Risk related key risk indicators.

Social and Employee matters: See gender diversity metrics on page 50 and Gender pay metrics on page 49.

Risk Management

Any risk relating to the above matters are identified, assessed, managed and reported in line with the risk management framework. Due diligence is implemented for the above policies in line with the Internal Control, Risk and Compliance frameworks and its three lines of defence risk model.

FBD's risk management framework, including the three lines of defence, is described in more detail in the Risk and Uncertainties report on pages 21 to 28.

Independent Auditors

PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, were appointed by the Directors in 2016 to audit the financial statements for the financial year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the financial years ended 31 December 2016 to 31 December 2022. PricewaterhouseCoopers have signified their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

Regarding disclosure of information to the Auditors, the Directors confirm that:

As far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's statutory auditors are aware of that information.

Accounting Records

The Directors have taken appropriate measures to ensure compliance with Sections 281 to 285 of the Companies Act, 2014 – the requirement to keep proper accounting records – through the employment of suitably qualified accounting personnel and the maintenance of appropriate accounting systems. The accounting records are located at FBD House, Bluebell, Dublin 12, Ireland.

Directors' Compliance Statement

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the Companies Act 2014 (the "2014 Act")) and, as required by section 225 of the 2014 Act, the Directors confirm that:

(i) a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;

(ii) arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and

(iii) a review of arrangements and structures has been conducted during the financial year to which the Directors' report relates.

Corporate Governance

The Corporate Governance Report on pages 71 to 85 forms part of this report. In the Corporate Governance Report the Board has set out how it has applied the principles set out in the UK Corporate Governance Code 2018, which was adopted by both Euronext Dublin and the UK Listing Authority, the Irish Corporate Governance Annex, and the Central Bank of Ireland Corporate Governance Code requirements for Insurance Undertakings 2015.

Board Committees

The Board has established four Committees to assist it in the execution of its responsibilities. These are:

- the Audit Committee;
- the Risk Committee;
- the Nomination and Governance Committee; and
- the Remuneration Committee.

A Disclosure Committee is in place with responsibility for overseeing the disclosure of information as required under the Irish and UK Listing Authority's Listing Rules, the Disclosure and Transparency Regulations, and Market Abuse Regulation (EU) 596/2014 and compliance with these obligations. A Standing Committee is also in place to assist the Board in implementing administrative actions.

Political Donations

The Group did not make any political donations during 2022.

Viability Statement

The Directors have assessed the prospects of the Group and its ability to meet its liabilities as they fall due in the medium term. The Directors selected a five year timeframe which they consider appropriate as this corresponds with the Board's strategic planning process. The objectives of the strategic planning process are to consider the key strategic choices facing the Group and to incorporate these into a financial model with various scenarios. This assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the principal risks and uncertainties facing the Group, as outlined in the Risks and Uncertainties Report on pages 21 to 28.

REPORT OF THE DIRECTORS (continued)

The Directors reviewed and approved the Group's five-year strategic plan in October 2021 and progress against the strategic plan is reviewed at least on an annual basis. In October 2022 the Board carried out an in-depth strategic review and focus had been given to factors potentially impacting FBD's trading environment over the strategic horizon. Associated risks are considered within the Board's Risk Management Framework. The Board re-confirmed FBD'S five-year strategy 2023 to 2027 in October 2022. The Group performs an Own Risk and Solvency Assessment ("ORSA") at least annually which subjects FBD's solvency capital levels to a number of extreme stress scenarios and Climate Change Risk had been considered as part of this. This was last performed in December 2022. Based on the results of these tests the Directors confirm that they have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, its future performance and solvency and that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Chairman's Statement and the Review of Operations, as is the financial position of the Group. In addition, the Risks and Uncertainties Report on pages 21 to 28 and note 36 of the financial statements include the Group's policies and processes for financial risk management.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of the approval of the financial statements.

In making this assessment the Directors considered the Group's Budget for 2023 and projections for 2024, which take into account foreseeable changes in the trading performance of the business, key risks facing the business and the medium term plans approved by the Board. In addition, the ORSA process monitors current and future solvency needs. A number of scenarios were projected as part of the ORSA process as well as a number of more extreme stress events. In all scenarios the Group's capital ratio remained in excess of the Solvency Capital Requirement.

On the basis of the performance projected by the Group and the additional ORSA scenarios carried out, the Directors are satisfied that there are no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of the approval of the financial statements. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Approval of Financial Statements

The financial statements were approved by the Board on 9 March 2023.

Signed on behalf of the Board

Liam Herlihy

Liam Herlihy
Chairman

Tomás Ó Midheach

Tomás Ó Midheach
Group Chief Executive

9 March 2023

CORPORATE GOVERNANCE

The Board of Directors is committed to the highest standards of corporate governance. Good governance stems from a positive culture and well embedded values. FBD's core values of respect, belief, innovation, community, ownership and communication are central to how the Board conducts its business and discharges its responsibilities. Equally, however, these values are relevant to every employee working throughout the Group in their interactions with each other, and with our customers, shareholders and other stakeholders.

UK Corporate Governance Code and the Irish Corporate Governance Annex

The UK Corporate Governance Code 2018 ("the Code") and the Irish Corporate Governance Annex ("the Annex") codify the governance arrangements which apply to listed companies such as FBD. Combined, these represent corporate governance standards of the highest international level.

Throughout 2022 and to the date of this report, we applied the principles of the Code and, save as set out on page 94, complied with the provisions of both the Code and the Annex.

This section of the Annual Report sets out the governance arrangements in place in FBD Holdings plc.

Location of information required pursuant to Euronext Dublin Listing Rule 6.1.80

Listing Rule	Information to be included:
6.1.77 (4)	Refer to Report on Director's Remuneration on pages 89 to 106

No information is required to be disclosed in respect of Listing Rules 6.1.77 (1), (2), (3), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14).

The Board of Directors and its Role

The Group is managed by the Board of Directors.

The primary role of the Board is to provide leadership and strategic direction while maintaining effective control over the activities of the Group.

The Board has approved a Corporate Governance Framework setting out its role and responsibilities. This is reviewed annually as part of the Board's evaluation of its performance and governance arrangements. The Framework includes a formal schedule of matters reserved to the Board for its consideration and decision, which includes:

- Approval of the Group's long term objectives and commercial strategy and any material changes;
- Approval of the annual operating and capital expenditure budgets and any material changes;
- Oversight of FBD Group Operations;
- Approval of changes to the Group capital structure, capital projects and approval of the dividend policy;
- Approval of Financial Statements and any significant change in accounting policies or practices; and
- The appointment of Directors and the Company Secretary.

This schedule ensures that the skills, expertise and experience of the Directors are harnessed to best effect and ensures that any major opportunities or challenges for the Group come before the Board for consideration and decision. The schedule was last reviewed in March 2022.

Other specific responsibilities of the Board are delegated to Board appointed Committees, details of which are given later in this report.

Board Composition and Independence

At 31 December 2022 the Board comprised two Executive Directors and nine Non-Executive Directors, including the Chairman. This structure was deemed appropriate by the Board. At the date of this report the Board is now comprised of ten Directors following the untimely death of Padraig Walshe.

The Board deemed it appropriate that it should have between ten and twelve members and that this size is appropriate, being of sufficient breadth and diversity to ensure that there is healthy debate and input.

Seven of the Non-Executive Directors in office at the end of 2022 were considered to meet all of the criteria indicating independence set out in the Code.

	Date first elected by shareholders	Years from first election to 2023 AGM	Considered to be independent
Liam Herlihy	29 April 2016	7 years 0 months	Yes on appointment
Mary Brennan	31 Aug 2016	6 years 9 months	Yes
Sylvia Cronin	31 July 2020	2 years 10 months	Yes
Tim Cullinan	12 May 2021	2 years	Yes
David O'Connor	31 Aug 2016	6 years 9 months	Yes
John O'Dwyer	12 May 2022	1 year	Yes
Richard Pike	31 July 2020	2 years 10 months	Yes
Jean Sharp	12 May 2022	1 year	Yes

CORPORATE GOVERNANCE (continued)

Liam Herlihy was independent on appointment as Chair of FBD Holdings plc in accordance with Provision of the UK Corporate Governance Code 2018. Prior to his death Mr Walshe was Chairman of the Group's largest shareholder, Farmer Business Developments plc, and was not considered to be independent.

Key Roles and Responsibilities

Chairman

The role of the Chairperson is set out in writing in the Corporate Governance Framework. They are responsible, inter alia, for:

- Setting the Board's agendas and ensuring that they cover the key strategic issues confronting the business;
- Promoting a culture of openness and debate at Board meetings and will make sure that the Directors apply sufficient challenge to management proposals;
- Facilitating the effective contribution of Non-Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors are maintained;
- Ensuring that the Directors receive accurate, timely and clear information;
- Leading the Board appointment process in line with the Board Recruitment, Succession and Diversity policy; and
- Ensuring that there is effective communication with shareholders.

Group Chief Executive

The role of the Group Chief Executive is set out in writing in the Corporate Governance Framework. They are responsible, inter alia, for:

- Developing a clear strategy for FBD with the Board and provide a formal process for review of strategy;
- Developing clear objectives and plans to implement strategy along with a suitable organisational structure;
- Day to day operational and financial performance of the Group;
- Establishing Key Performance Indicators quantifying individual and organisational goals for the business and the senior management team and evaluating performance accordingly;
- Ensuring that the organisation remains flexible to the changing business environment; and
- Maximising the efficient and effective use of resources.

Senior Independent Director

The Senior Independent Director is responsible for:

- Being available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairperson, the Group Chief Executive or the Group Chief Financial Officer, or for which such contact is inappropriate;
- Leading the annual appraisal of the performance of the Chairperson;
- Acting as a sounding board for the Chairperson; and
- Serving as an intermediary for the other Non-Executive Directors as required.

Company Secretary

The Company Secretary acts as Secretary to the Board and to its Committees. In so doing, they:

- Assist the Chairperson in ensuring that the Directors have access, in a timely fashion, to the papers and information necessary to enable them to discharge their duties;
- Ensure good information flows within the Board and its Committees and between senior management and Non-Executive Directors;
- Assist the Chairman by organising and delivering induction and training programmes as required; and
- Have responsibility for ensuring that Board procedures are followed and that the Board and Directors are fully briefed on corporate governance matters.

Board effectiveness and performance evaluation

Board effectiveness is reviewed annually as part of the Board's performance evaluation process. The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and that he or she receives any additional training he or she requires. The induction itself is organised and delivered by the Company Secretary and other Members of the Executive Management Team.

Board Evaluation

Every year the Board evaluates its performance and that of its Committees. Directors are expected to take responsibility for identifying their own training needs and to take steps to ensure that they are adequately informed about the Group and about their responsibilities as a Director. The Board is confident that all of its members have the requisite knowledge and experience and support from within the Group to perform their role as a Director of the Group.

In 2022 the Nomination and Governance Committee led the tender process for the external board evaluation. Board Excellence, an independent consultancy firm which has no other connections with the Group, was selected to carry out the external evaluation of the Board for the year ended 2022. FBD remains committed to ensuring that it has a high-performing Board, which is equipped to anticipate, meet and overcome future challenges and risks and to ensure alignment with the Group's long-term strategy.

Further details of the 2022 Board Effectiveness and Performance Evaluation are set out in the Nomination and Governance Report on pages 86 to 88.

Re-election of Directors

The Board has, since 2011, adopted the practice that all Directors will submit themselves for re-election at each AGM regardless of length of service or the provisions of the Company's Articles of Association.

Access to advice

All members of the Board have access to the advice and the services of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules, regulations and other obligations are complied with.

In addition, members of the Board may take independent professional advice at the Company's expense if deemed necessary in the furtherance of their duties.

Mr Bogaerts retired from the Board and its Committees on 12 May 2022. Mr O'Dwyer became a member of the Audit Committee on 3 March 2022. Ms Sharp became a member of the Nomination and Governance Committee on 14 June 2022. Mr O'Dwyer became a member of the Remuneration Committee on 9 December 2022.

If a Director is unable for any reason to attend a Board or Committee meeting, he or she will receive Board/Committee papers in advance of the meeting and is given an opportunity to communicate any views on or input into the business to come before the Board/Committee to the Board/Committee Chairman.

Each of the Committees has written terms of reference which were approved by the Board and set out the Committees' powers, responsibilities and obligations. The terms of reference are reviewed at least annually by the Board. These are available on the Group's website www.fbdgroup.com.

The Company Secretary acts as secretary to the Committees. Minutes of all of the Committees' meetings are available to the Board.

Each of these Committees has provided a report in the sections following.

Attendance at Board and Board Committee Meetings during 2022

	Board	Audit	Nomination and Governance	Remuneration	Risk
W Bogaerts	5/5	3/3	2/2	2/2	2/2
M Brennan	11/11	8/8			5/5
T Cullinan	11/11				
S Cronin	11/11		7/7	5/5	5/5
L Herlihy	11/11		7/7	5/5	5/5
D O'Connor	11/11		7/7	5/5	
J O'Dwyer	11/11	5/6			
J O'Grady	11/11				
T Ó Midheach	11/11				
R Pike	11/11				5/5
J Sharp	11/11	8/8	4/4		
P Walshe	11/11				

Environmental, Social & Governance

CORPORATE GOVERNANCE (continued)

Report of the Audit Committee

Jean Sharp
Committee Chairperson

Membership during the year

		Length of time served on committee at date of report
J Sharp	Committee Chairperson, Independent Non-Executive Director	1 year 4 months
M Brennan	Independent Non-Executive Director	6 years 6 months
J O'Dwyer (Appointed 3 March 2022)	Independent Non-Executive Director	1 year 0 months
W Bogaerts (Retired 12 May 2022)	Independent Non-Executive Director	6 years 3 months

Mr Bogaerts did not go forward for re-election as Director at the 2022 Annual General Meeting and stepped down as a member of the Committee. Following a review of the required skills and competencies, Mr O'Dwyer was appointed by the Board as a Member of the Committee. Mr O'Dwyer has had an extensive experience in the insurance and financial services industry. The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

The Board is satisfied that all Members are considered to have recent and relevant financial experience and qualifications. The Committee as a whole has the competence relevant to the General Insurance sector.

Objective of Committee

To assist the Board of the Group in fulfilling its oversight responsibilities for such matters as financial reporting, the system of internal control and management of financial risks, the audit process and the Group's process for monitoring compliance with laws and regulations.

Key responsibilities delegated to the Committee include:

- Reviewing the Group's financial results announcements and financial statements;
- Reviewing of significant financial reporting judgements;
- Overseeing the relationship with the external auditors including reviewing and approving their terms of engagement and fees;
- Reviewing and monitoring the independence and objectivity of the Statutory Auditor and the effectiveness of the audit process;
- Reviewing the findings of the audit with the Statutory Auditor;
- Approving the Internal Audit Annual Work Plan;
- Monitoring and reviewing the activities and effectiveness of the Group's internal audit function;
- Reviewing the independence and scope of the Internal Audit Department; and
- Performing detailed reviews of specific areas of financial reporting as required by the Board or the Committee.

Meetings

The Committee met on eight occasions during 2022. Attendance at the scheduled meetings held during 2022 is outlined on page 73. Meetings are attended by Committee Members. The Chief Financial Officer and the Head of Group Internal Audit are regular attendees at meetings. The Statutory Auditor is also invited to attend meetings on a regular basis. Additionally the Head of Actuarial Function and the Chief Risk Officer are invited to attend all scheduled meetings at the request of the Committee. The Chair of the Board and the Chief Executive Officer are not members of the Committee and do not attend meetings of the Committee unless invited. The Committee regularly meets separately with the Statutory Auditor and with the Head of Group Internal Audit, without members of management present.

The minutes of Committee meetings are circulated routinely to the Board. The Committee chairperson also provides a verbal report to the Board after each Committee meeting. The Committee reports formally to the Board annually on the overall work undertaken and the degree to which it discharged the responsibilities delegated to it.

Activities of the Committee during 2022

The principal activities undertaken by the Committee during 2022 include:

- Reviewed drafts of the Annual Report and the Half Yearly Report prior to their consideration by the Board;
- Considered and reviewed the Key Judgements and Uncertainties and Going Concern Assessment;
- Reviewed the reserving adequacy including the financial impact of Business Interruption claims;
- Reviewed the recognition of the Reinsurance Asset with the Best Estimate of Business Interruption Claims;
- Reviewed the Actuarial Opinion and the Actuarial Report on Technical Provisions;
- Reviewed all aspects of the relationship with the external auditors, including the statutory audit plan, audit findings and recommendations and consideration of the independence of the external auditors and the arrangement in place to safeguard this, including partner rotation, prohibition on share ownership and levels of fees payable to the statutory auditor for non-audit assignments;
- Reviewed the performance of the External Auditor;
- Appraised the Internal Audit function, plan, work, reports and issues arising and monitoring the scope and effectiveness of the function;
- Reviewed the adequacy and effectiveness of controls operated by management to identify, mitigate regulatory, operational and financial risk;
- Reviewed the progress towards implementation and the impact of the new Accounting Standard IFRS 17 Insurance Contracts;
- Reviewed IAASA publications including IAASA Observations on Selected Financial Reporting Issues for years ending on or after 31 December 2022 and publication of Information regarding IAASA's Financial Reporting Supervision Activities;
- Reviewed the External Quality Assessment of the Internal Audit Function;
- Reviewed certain policies including the Internal Control Policy, Anti-Fraud Policy and Speak Up Policy;
- Assessed compliance with financial reporting requirements; and
- Reported to the Board on its activities and confirmed the degree to which the Committee's delegated responsibilities had been discharged through verbal reports to the Board after each meeting and a formal written report presented annually.

In 2022 the Committee considered the independence of the Auditors and acknowledged the independence and quality control safeguards operated within PricewaterhouseCoopers. Annually the Committee review and approve a Non-Audit Services Policy which is in place to mitigate any risks threatening, or appearing to threaten, the external audit firm's independence and objectivity arising through the provision of other assurance services. The review of this policy was last carried out in August 2022. No other assurance services were provided by PricewaterhouseCoopers other than the audit of those elements of the Solvency and Financial Condition Report that PricewaterhouseCoopers are required to audit, the provision of certificates of premium amounts to the Motor Insurers Bureau of Ireland, and the audit of the defined contribution pension scheme.

As part of its responsibilities the Committee reviews the External Audit Plan, the audit approach and objectives and Audit Findings and has concluded that the external audit process has remained effective. PricewaterhouseCoopers were reappointed as Auditors of the Group in respect of the financial year ended 31 December 2022. The audit was last put out to tender in 2015 and PricewaterhouseCoopers was appointed as Auditors from 2016. PricewaterhouseCoopers have been auditors to the Group for seven years.

A significant area of focus for the Committee throughout 2022 was the introduction of the new accounting standard IFRS 17. The Committee received regular training, updates and attended workshops on the impact of IFRS 17 for FBD and progress against its planned implementation.

At least every five years an external assessment of the Internal Audit Function must be conducted and in 2022 the Committee approved the engagement of KPMG to carry out this review. When considering the level of conformance with the Standards; Code of Ethics; and the Internal Audit Financial Services Code of Practice of the Chartered Institute of Internal Auditors ("CIIA"), the CIIA identifies three levels namely i) Generally Conforms, ii) Partially Conforms, and iii) Does not Conform. KPMG have concluded that FBD's Internal Audit function generally conforms with the CIIA's Standards, which is the highest rating possible. KPMG noted their review is a strong and positive result for FBD.

CORPORATE GOVERNANCE (continued)

Report of the Audit Committee (continued)

The significant issues, critical judgements and estimates used in the formulation of the financial statements are set out in note 3. All are considered by the Committee, with particular focus on the following:

Key Issue	Committee conclusion
Valuation of claims provisions	The Committee reviewed the best estimate, claims handling provision and margin for uncertainty, as well as the actuarial methodologies and key assumptions. The Committee separately reviewed the Business Interruption claims provisions given the complexity and judgements involved in the calculations. The Committee was satisfied with the measurement and valuation of all claims provisions.
Going concern	The Committee reviewed management's documentation of the going concern assessment. The Committee was satisfied that there were no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of this report.

Fair, balanced and understandable

The Committee formally advises the Board on whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, in accordance with Provision 27 of the UK Corporate Governance Code 2018. The Committee must ensure that the Annual Report and financial statements also provide the information necessary for shareholders to assess the performance of the Group, along with its business model and strategy and the Committee is satisfied that the above requirements have been met.

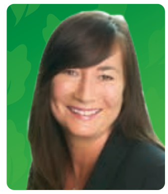
Evaluation

The Committee has reviewed the activities which it performed and its overall effectiveness and has concluded that it has operated effectively in providing the Board with the assurances needed to discharge its responsibilities.

Jean Sharp
On behalf of the Audit Committee

9 March 2023

Report of the Risk Committee



Mary Brennan
Committee Chairperson

Membership during the year

		Length of time served on committee at date of report
M Brennan	Committee Chairperson, Independent Non-Executive Director	1 year 4 months
W Bogaerts (Retired 12 May 2022)	Independent Non-Executive Director	5 years 3 months
S Cronin	Independent Non-Executive Director	3 years 0 months
L Herlihy	Independent Non-Executive Director and Board Chairman	5 years 10 months
R Pike	Senior Independent Non-Executive Director	3 years 0 months

Mr Bogaerts did not go forward for re-election as Director at the 2022 Annual General Meeting and stepped down as a member of the Committee. The Committee Members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

Objective of Committee

The Board Risk Committee is the forum for risk governance within FBD. It is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group and future risk strategy. This advice includes recommending a risk management framework incorporating strategies, policies, risk appetites and risk indicators to the Board for approval. The Risk Committee oversees the Risk Function, which is managed on a daily basis by the Chief Risk Officer.

Key responsibilities delegated to the Committee

- Promoting a risk awareness culture within the Group;
- Ensuring that the material risks and emerging risks facing the Group have been identified and that appropriate arrangements are in place to manage and mitigate those risks effectively;
- Advising the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, the amounts, types and distribution of capital adequate to cover the risks of the Group;
- Reviewing and recommending the annual Compliance Plan and Compliance Framework to the Board for approval;
- Reviewing and recommending the Risk Management Framework to the Board for approval;
- Reviewing and challenge risk information received by the Chief Risk Officer from the business departments to ensure that the Group is not exceeding the risk limits set by the Board; and
- Presenting a profile of the Group's key risks, risk management framework, risk appetite and tolerance and risk policies at least annually together with a summary of the Committee's business to the Board.

Meetings

The Committee met on five occasions during 2022. Meetings are attended by Committee Members. The Chief Risk Officer is an attendee at all Committee meetings. The Chief Executive Officer, the Chief Financial Officer and the Chief Underwriting Officer are regular attendees at Committee meetings along with the Head of Compliance, the Risk Actuary and the Head of Internal Audit.

The minutes of Committee meetings are circulated routinely to the Board. The Committee chairperson also provides a verbal report to the Board after each Committee meeting. The Committee reports formally to the Board annually on the overall work undertaken and the degree to which it discharged the responsibilities delegated to it.

Activities of the Committee during 2022

The principal activities undertaken by the Committee during 2022 include:

- Assisted the Board in the review and update of its risk policies, including frameworks, risk appetite, risk indicators and risk tolerance;
- Appraised the annual Risk Function plan, to ensure that the plan is sufficient and appropriate to effectively identify, monitor, manage and report, on a continuous basis, the risks to which the Group could be exposed; ensured that the material risks facing the Group have been identified and appropriately managed and mitigated;
- Reviewed and recommended the Risk Management Framework and Risk Appetite Framework to the Board;
- Reviewed the emerging risks facing the Group;
- Reviewed the embeddedness of Risk Culture in the Group;

CORPORATE GOVERNANCE (continued)

Report of the Risk Committee (continued)

- Reviewed and challenged the risk information reported to the Committee to ensure that the Group is operating within the risk limits set by the Board;
- Reviewed the quarterly Solvency Capital Ratio;
- Considered the results of risk policy stress tests and peer reviews of the Actuarial Best Estimate that were performed by the Risk Function;
- Reviewed the results of Control Design Reviews, Blank Page Risk Reviews and Emerging Risks Reviews undertaken by the Risk Function;
- Reviewed focus areas including Market Risk and Underwriting Risk;
- Reviewed updates on Data Protection from the Data Protection Officer;
- Reviewed updates from the Compliance Function;
- Reviewed the 2022 ORSA Report prior to its consideration by the Board; and
- Reported to the Board on its activities and confirmed the degree to which the Committee's delegated responsibilities had been discharged through verbal reports to the Board after each meeting and a formal written report presented annually.

Evaluation

The Committee has reviewed the activities which it performed and its overall effectiveness and has concluded that it has operated effectively in providing the Board with the assurances needed to discharge its responsibilities.

Mary Brennan
On behalf of the Risk Committee

9 March 2023

Report of the Nomination and Governance Committee

Liam Herlihy
Committee Chairman

Membership during the year

		Length of time served on committee at date of report
L Herlihy	Committee Chairman, Non-Executive Director, Board Chairman	6 years 8 months
W Bogaerts (Retired 12 May 2022)	Independent Non-Executive Director	3 years 0 months
S Cronin	Independent Non-Executive Director	3 years 0 months
D O'Connor	Independent Non-Executive Director	1 years 4 months
J Sharp (Appointed 14 June 2022)	Independent Non-Executive Director	0 years 8 months

Mr Bogaerts did not go forward for re-election as Director at the 2022 Annual General Meeting and stepped down as member of the Committee. Following a review of the required skills and competencies, Ms Sharp was appointed by the Board as a Member of the Committee. Ms Sharp is a Fellow of the Institute of Chartered Accountants in Ireland, and an experienced Financial Services executive. Ms Sharp has experience as a member of a Nomination Committee in her portfolio of Non-Executive Directorships.

The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

Objective of Committee

To ensure that the Board and its Committees are made up of individuals with the necessary skills, knowledge and experience to ensure that the Board is effective in discharging its responsibilities.

Key responsibilities delegated to the Committee include:

- Reviewing the structure, size and composition of the Board and making recommendations to the Board for any appointments or other changes;
- Recommending changes to the Board's Committees;
- Keeping under review the leadership needs of the Group and recommending the appointment of Directors, Executive Management and the Company Secretary to the Board;
- Advising the Board in relation to succession planning both for the Board and the Senior Executives in the Group;
- Monitoring the Group's compliance with corporate governance best practice with applicable legal, regulatory and listing requirements and to recommend to the Board such changes as deemed appropriate; and
- Overseeing, in conjunction with the Board Chairman, the conduct of the annual evaluation of the Board, Board Committees, Chairman and individual Director Performance.

Meetings

The Committee met seven times during 2022. The Group Chief Executive may attend meetings of the Committee but only by invitation and not at a time when their succession arrangements are discussed.

The minutes of Committee meetings are circulated routinely to the Board. The Committee chairperson also provides a verbal report to the Board after each Committee meeting. The Committee reports formally to the Board annually on the overall work undertaken and the degree to which it discharged the responsibilities delegated to it.

Activities of the Committee during 2022

- Reviewed the Succession Plan for the Board;
- Engaged with an independent external executive search firm, Odgers Berndtson, on Board succession;
- Reviewed the Talent Management and Succession Plan for the Group and its principal subsidiary, FBD Insurance plc;
- Reviewed the Board Skills matrix, the independence and time commitment of the Non-Executive Directors;
- Recommended the appointment of new members to Board Committees to the Board;
- Recommended the appointment of the Chief Strategy Implementation Officer to the EMT;
- Reviewed and recommended to the Board additional directorships for Non-Executive Directors;
- Reviewed the updates from the Chief Human Resource Officer on engagement with employees;
- Reviewed the tender process for the External Board evaluation and recommended an external evaluator to the Board;
- Reviewed the Corporate Governance report;
- Reviewed the Diversity and Inclusion Policy;

CORPORATE GOVERNANCE (continued)

- Reviewed compliance with governance best practice; and
- Reviewed and recommended to the Board the approval of a number of policies including the Fitness and Probity Policy, Conflicts of Interest Policy, Code of Conduct Policy and the Board Recruitment, Succession and Diversity Policy.

Further details of their activities are laid out in the Nomination and Governance report on pages 86 to 88.

Evaluation

The Committee has reviewed the activities which it performed and its overall effectiveness and has concluded that it has operated effectively in providing the Board with the assurances needed to discharge its responsibilities.

Liam Herlihy
On behalf of the Nomination and Governance Committee

9 March 2023

Report of the Remuneration Committee

David O'Connor
Committee Chairman

Membership during year

		Length of time served on committee at date of report
D O'Connor	Committee Chairman, Independent Non-Executive Director	5 years and 10 months
W Bogaerts (Retired 12 May 2022)	Independent Non-Executive Director	6 years and 0 months
S Cronin	Independent Non-Executive Director	3 years 0 months
L Herlihy	Non-Executive Director, Board Chairman	1 years 4 months
J O'Dwyer (Appointed 9 December 2022)	Independent Non-Executive Director	0 years 3 months

Mr Bogaerts did not go forward for re-election as Director at the 2022 Annual General Meeting and stepped down as member of the Committee. Mr Herlihy was appointed as a Member of the Committee in October 2021 and in accordance with Provision of the UK Corporate Governance Code 2018 he was independent on appointment as Chair of FBD Holdings plc. Following a review of the required skills and competencies, Mr O'Dwyer was appointed by the Board as a Member of the Committee 9 December 2022.

The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

Objective of Committee

To assist the Board of the Group in ensuring that the level of remuneration in the Group and the split between fixed and variable remuneration are sufficient to attract, retain and motivate Executive Directors and senior management of the quality required to run the Group in a manner which is fair and in line with market norms, while not exposing the Group to unnecessary levels of risk.

Key responsibilities delegated to the Committee include:

- Ensuring that the Group's overall reward strategy is consistent with achievement of the Group's strategic objectives;
- Determining the broad policy for the remuneration of the Group's Executive Directors, Company Secretary and Executive Management;
- Reviewing the on-going appropriateness and relevance of the Remuneration Policy;
- Determining the total remuneration packages for the foregoing individuals, including salaries, variable remuneration, pension and other benefit provision and any compensation on termination of office;
- Ensuring that remuneration schemes promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests;
- Ensuring that the Group operates to recognised good governance standards in relation to remuneration;
- Making awards of shares under the Group's approved share scheme; and
- Preparation of the detailed Report on Directors' Remuneration.

Meetings

The Committee met five times during 2022. The Group Chief Executive may attend meetings of the Committee but only by invitation and not at a time when individual remuneration arrangements are discussed.

The minutes of Committee meetings are circulated routinely to the Board. The Committee chairperson also provides a verbal report to the Board after each Committee meeting. The Committee reports formally to the Board annually on the overall work undertaken and the degree to which it discharged the responsibilities delegated to it.

Activities of the Committee during 2022

The principal activities undertaken by the Committee during 2022 include:

- Reviewed and approved the remuneration arrangements for Executive Directors and other Senior Executives;
- Reviewed and approved the Report on Directors' Remuneration for 2022;
- Reviewed the final measurement and tracking of long term investment performance awards presented by the Chief Financial Officer;
- Reviewed and approved the performance remuneration arrangements including performance conditions;

Environmental, Social & Governance

CORPORATE GOVERNANCE (continued)

- Made conditional awards of shares under the FBD Performance Share Plan and set the conditions attached;
- Reviewed of Gender Pay Gap Analysis and Reporting;
- Reviewed the Remuneration Policy;
- Reviewed IFRS 17 implications on remuneration; and
- Kept under review upcoming legislation impacting the Group in relation to Remuneration.

Full details of Directors' Remuneration are set in the Report on Directors Remuneration on pages 89 to 106.

Evaluation

The Committee has reviewed the activities which it performed and its overall effectiveness and has concluded that it has operated effectively in providing the Board with the assurances needed to discharge its responsibilities.

David O'Connor
On behalf of the Remuneration Committee

9 March 2023

Engagement

FBD has identified the following as its key stakeholders;

- Investors
- Employees
- Customers
- Regulators
- Wider Society

The Board is committed to ensuring that excellent lines of communication exist and are fostered between the Group and its stakeholders. The Board has approved a Stakeholder Framework which outlines FBD's approach to communicating with and hearing its Stakeholders. The Board is regularly updated on Stakeholder engagement and their views.

A planned programme of investor relations activities is undertaken throughout the year which includes:

- briefing meetings with all major shareholders after the full year and half yearly results announcements;
- regular meetings between institutional investors and analysts with the Group Chief Executive, Chief Financial Officer and/or Head of Investor Relations to discuss business performance and strategy and to address any issues of concern; and
- responding to letters and queries received directly from shareholders and from proxy adviser firms.

Should a significant proportion of votes be cast against a resolution at any general meeting, the Board will endeavour to identify the shareholders concerned and will initiate contact with them with the view to understanding the reasons for the adverse vote. In 2022 no resolution had 20% or more votes cast against it.

The Board receives reporting on shareholder engagement which includes details of meetings held, feedback received and issues either of interest or of concern raised. Any issues arising are addressed and discussed at Board meetings.

FBD has numerous channels through which it can engage with customers. FBD is available to our customers through our nationwide branch network, by phone, online or through our partner and broker networks. Through a number of events in the Community, FBD is visible and present to our customer base. The Customer is at the heart of FBD's Strategy.

Through regular meetings with Board Members and senior management, the Group has an engaging relationship with the Central Bank of Ireland, its regulator. Through attendance at Oireachtas meetings on insurance related matters the Group engages with Government bodies.

The Corporate Governance Code 2018 makes reference to Section 172 of the UK Companies Act 2006. As FBD is incorporated in Ireland it is subject to the Companies Act 2014. The success of FBD is a fundamental part of our Business Model and Strategy and success against our Strategy is continually reviewed and monitored by the Board and Executive Management. Details of how FBD promotes the success of the Company for the benefit of its members as a whole and initiatives undertaken in respect of the environment, the community and FBD's business relationships are outlined in the Strategy Section on pages 18 to 20, the Environmental Section on pages 29 to 47 and the Social Section of this Annual Report on pages 48 to 58.

Director Appointed for Engagement with the Workforce

Sylvia Cronin as Director of Engagement had a strong focus on FBD's Diversity and Inclusion (D&I) in 2022 and engaged with the Diversity and Inclusion Committee throughout the year. She attended D&I committee meetings as well as hosting a Christmas Lunch which was a big success. She visited a number of Branch Offices throughout the year to gather feedback and held listening sessions to gain insights into what was important and gather ideas on what we could improve. As Director of Engagement Sylvia updated the Board and the Nomination and Governance Committee throughout the year which supported the Board in making key decisions to support employees. As Director of Engagement Sylvia also played a key role in Board away day where the Board spent a day in FBD's Support Centre with employees. Listening sessions were held as Board members sat with employees and learned what their day entails as well as the challenges they face on a daily basis, to ensure FBD deliver the best customer experience.

Further information on supporting our People can be in the Social Section on pages 48 to 58.

FBD and Wider Environment

In addition, FBD spokespeople on Insurance, Farm Safety and the Claims Environment participate in and contribute to societal debate on topical issues.

Annual General Meeting

The Company's AGM is held each year in Dublin. The 2023 meeting will be held on 11 May 2023.

Who attends?

- Directors;
- Senior Group Executives;
- Shareholders;
- Company Advisers; and
- Members of the media are also invited and permitted to attend.

Environmental, Social & Governance

CORPORATE GOVERNANCE (continued)

What business takes place at the meeting?

- The Group Chief Executive and Chief Financial Officer makes a presentation on the results and performance to the meeting prior to the Chairman dealing with the formal business of the meeting itself; and
- All shareholders present, either in person or by proxy can question the Chairman, the Committee Chairpersons and the rest of the Board during the meeting and afterwards.

All formal resolutions are dealt with on a show of hands. Once the vote is declared by the Chairman, the votes lodged with the Company in advance of the meeting are displayed prominently in the venue for those present to see. Immediately after the meeting is concluded the results are published on the Group's website www.fbdgroup.com and also via Euronext Dublin and London Stock Exchange.

The notice of the AGM is issued to shareholders at least 21 working days in advance of the meeting. Details will be available in due course in respect to the holding of the AGM.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The system which operates in FBD is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with the revised Financial Reporting Council (FRC) guidance for directors on internal control published in September 2014, "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting", the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The key risk management and internal control procedures which cover all material controls include:

- skilled and experienced management and staff in line with fit and proper requirements;
- roles and responsibilities including reporting lines clearly defined with performance linked to Group objectives;
- an organisation structure with clearly defined lines of responsibility and authority;
- the maintenance of proper accounting records;
- a comprehensive system of financial control incorporating budgeting, periodic financial reporting and variance analysis;
- a Risk Committee of the Board and a Risk Management Framework comprising a Risk function headed by a Chief Risk Officer, a clearly stated risk appetite and risk strategy supported by approved risk management policies and processes;
- an Executive Risk Committee comprising senior management whose main role includes reviewing and challenging key risk information and to assist the Board Risk Committee, described earlier, in the discharge of its duties between meetings;
- the risk strategy, framework and appetite are articulated in a suite of policies covering all risk types and supported by detailed procedural documents. Each of these documents is subject to annual review and approval by the Board;
- performance of an ORSA linking to risk management, strategy and capital management;
- a Group Internal Audit function;
- a Group Compliance function;
- a Data Protection Officer;
- an Audit Committee whose formal terms of reference include responsibility for assessing the significant risks facing the Company in the achievement of its objectives and the controls in place to mitigate those risks;
- a Disaster Recovery Framework is in place and is regularly tested;
- a Business Continuity Framework is in place and is regularly tested;
- an IT Risk Management Framework;
- a number of key Group policies in place include a Corporate Governance Framework, Fitness and Probity Policy, Speak Up Policy and Code of Conduct.

The Annual Budget, Half-Yearly Report and Annual Report are reviewed and approved by the Board. Financial results with comparisons against budget are reported to Executive Directors on a monthly basis and are reported to the Board quarterly.

The risk management, internal control, reporting and forecasting processes are important to the Board in the exercise of its Governance and Oversight role. The Board constantly strives to further improve their quality. The Group has established a Speak Up Policy for workers* (as defined by the Protected Disclosures (Amendment) Act 2022), the purpose of which is to ensure that:

- Workers* are aware of the arrangements and protection in place for raising concerns in respect of wrongdoing in the Group.
- Workers* are aware that it is safe and appropriate for all employees to raise a concern.

- FBD take appropriate measures to ensure concerns are appropriately investigated and to safeguard workers* who:
  - Raise genuine concerns; or
  - Are the subject to an investigation; or
  - Were the subject to an investigation and where no evidence of wrongdoing was discovered.

The Policy and supporting procedures are reviewed annually and were reviewed and updated in December 2022 following the publication and enactment of Protected Disclosures (Amendment) Act 2022. The Policy is available on the FBD Group website and all employees received annual mandatory training.

Internal Controls over Financial Reporting

The main features of the internal control framework which supports the preparation of the consolidated financial statements are as follows:

- A comprehensive set of accounting policies are in place relating to the preparation of the interim and annual financial statements in line with IFRS;
- A number of policies and controls are in place to support the delivery of the annual report and half yearly report including a Financial Reporting Policy and Internal Control Policy;
- An appropriately qualified and skilled Finance team is in place operating under the supervision of experienced management who are compliant with fit and proper requirements;
- Appropriate financial and accounting software is in place;
- A control process is followed as part of the interim and annual financial statements preparation, involving the appropriate level of management review of the significant account line items, and where judgments and estimates are made, they are independently reviewed to ensure that they are reasonable and appropriate. This ensures that the consolidated financial information required for the interim and annual financial statements is presented fairly and disclosed appropriately;
- Preparation and review of key account reconciliations;
- The Audit Committee members attend a series of meetings in the lead up to the annual financial statements to consider and review the financial statements in detail and to have early sight of key uncertainties and judgement;
- Detailed papers are prepared for review and approval by the Audit Committee covering all significant judgmental and technical accounting issues together with any significant presentation and disclosure matters;
- The Audit Committee has a number of responsibilities delegated to it under its Terms of Reference. On an annual basis an assessment is carried out of the Committee's compliance with its Terms of Reference.

The Board confirms that it has reviewed the effectiveness of the Group's Systems of Internal Control for the year ended 31 December 2022. The 2022 internal control assessment provides reasonable assurance that the Group's controls are effective, and that where control weaknesses are identified, they are subject to management oversight and action plans.

NOMINATION AND GOVERNANCE REPORT

Dear Shareholder,

On behalf of the Nomination and Governance Committee, I am pleased to outline a summary of activities during 2022.

Board Changes during 2022

In 2022 Mr Bogaerts, an independent Non-Executive Director, did not go forward for re-election at the Annual General Meeting held on 12 May 2022 and he retired from the Board. On behalf of the Board we thank Mr Bogaerts for his extensive contribution and support for FBD over his tenure as Director and we wish him well in his future endeavours.

In December 2022, Mr O'Grady notified the Board of his intention to retire at the end of 2023 as Group Chief Financial Officer and Executive Director of FBD Holding plc and FBD Insurance plc. The process to appoint his successor has commenced in line with the Board Succession Plan.

During 2022 the Nomination and Governance Committee regularly kept board skills under review and, where needed, a search was initiated to fulfil any skill set required by the Board. The Group extensively use an independent external executive search specialist firm to assist it in the search for new independent Non-Executive Directors in line with the Board requirements.

Our fellow Director, Mr Walshe, sadly passed away on 1 February 2023. Padraig was a highly valued member of our Board and will be deeply missed by all who had the privilege of working with him over a sixteen-year period in his role as a non-executive Director of FBD. Padraig has left a lasting legacy to the business and his dedication and commitment to the success and growth of FBD will be deeply missed.

The Nomination and Governance Committee will keep the needs and requirements of the Board under regular review.

Board Induction, Training and Development

FBD recognises the importance and benefit of supporting the continued development of its employees. The Board is highly supportive of this and is committed to its own ongoing professional development. A detailed and comprehensive induction training programme is in place for newly appointed Directors.

During 2022 the Board regularly reviewed its programme of training which has been developed having given consideration to the business needs and requirements, current and emerging risks and forthcoming changes in law and regulation. Areas of training in 2022 included Market Abuse Regulation, IFRS 17, Competition Law, Differential Pricing, Individual Accountability Regime, Operational Resiliency, Risk including Cyber Security and ESG. Additionally Directors may request training as they may deem appropriate.

Board Succession

In 2022 the Committee and the Board reviewed the Board Succession Plan. The Committee, on behalf of the Board, regularly consider the Board composition and tenure, its diversity and that of its Committees along with the Board skill set. This assists the Committee in reviewing succession from a short, medium and long term perspective and in identifying any skills and diversity requirements that would be of benefit to the Board. Board succession is supported by the Board Recruitment, Succession and Diversity Policy and Board Conflicts of Interest Policy.

Diversity and Inclusion at FBD

The Board believe that diversity and inclusion are key to creating an environment that fosters innovation, employee engagement, creativity and the collaboration required to support and drive the Board agreed strategy 2023 to 2027.

The Board fully supports and encourages the leadership team in promoting an inclusive and equal employment work environment for our employees and the customers we serve. On behalf of the Board, the Committee regularly receive updates on Diversity and Inclusion including the work of our Diversity and Inclusion Committee and Phase two and three of our three-year Diversity and Inclusion strategy. The Board welcomes FBD's achievement of the Silver accreditation for being investors in Diversity through the Irish Centre for Diversity and we are committed to working towards attaining the Gold accreditation.

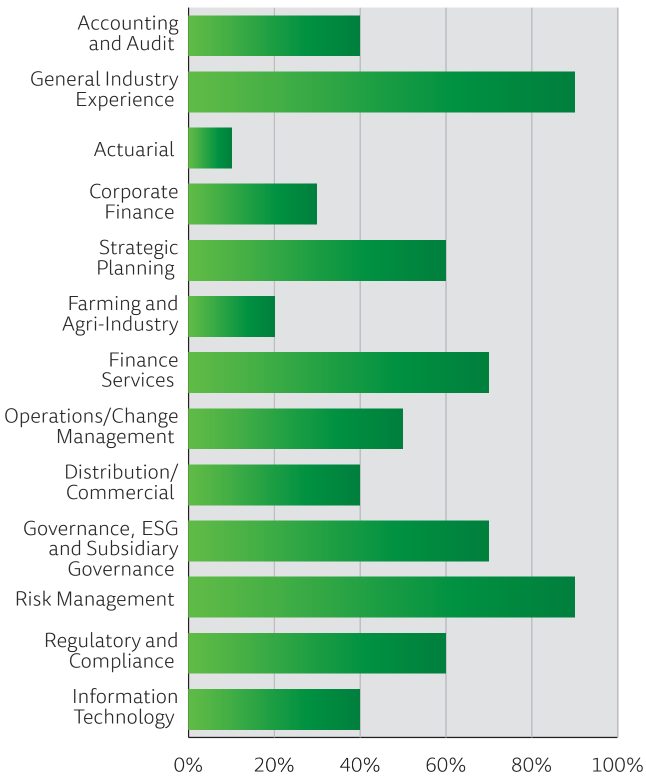
Board Diversity is supported by the Board Recruitment, Succession and Diversity Policy and reflects our continued commitment to promote a diverse and inclusive culture, valuing diversity of thought, skills, experience, knowledge and expertise including of educational and professional backgrounds, alongside diversity criteria such as gender, ethnicity and age. As set out in the Policy all Executive appointments and succession plans are made on merit and objective criteria, in the context of the skills and experience that are needed for the Board to be effective and to promote 'diverse thinking'. FBD aims to attract, recruit, and retain individuals with diverse backgrounds, skills, and competencies who individually and collectively enhance the service FBD provides to its customers and contribute to the successful delivery of FBD's strategy and objectives.

Please see pages 49 to 50 for further information on Diversity at FBD.

Board Experience and skills

The skills and experience identified by the Board as critical to its composition and that of its Committees at this time are outlined below. This was reviewed in 2022 and the Nomination and Governance Committee deemed it appropriate to add Strategic Planning, Operations and Change Management, ESG and Subsidiary Governance.

The percentage of the Board having the requisite skills and experience are as follows:



The Board values the major contribution which a mix of backgrounds, skills and experience brings to the Group and sees merit in increasing diversity at Board level in achieving the Group's strategic objectives. Differences in background, skills, experience and other qualities, including gender, are always considered and formally discussed at the Nomination and Governance Committee in determining the optimal composition of the Board, the principal aim being to achieve an appropriate balance between them.

While all appointments to the Board will have due regard to diversity, they will be made on merit, ensuring that the skills, experience and traits noted by the Board as being of particular relevance at any time are present on the Board and included in any planned recruitment.

The Board continues to comprise of a mix in backgrounds, experience and gender in line with the Policy. As at the date of this report, the Board was comprised as follows:

Tenure of Director	
0 – 2 years	40%
3 – 6 years	50%
7 – 9 years	10%
Over 9 years	—%

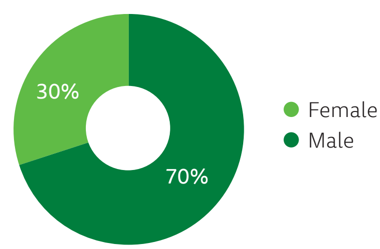
Gender	
Male	70%
Female	30%

Executive/Non-Executive	
Non-Executive	80%
Executive	20%

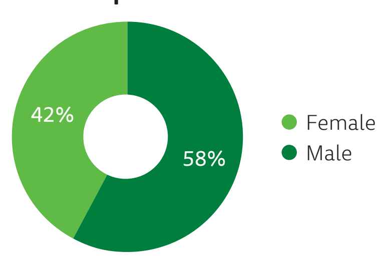
Gender Balance

The gender balance of those in the senior management and their direct reports.

Executive Management Team



Direct Reports



FBD are proud members and supporters of the '30% Club'. This International organisation was established with a goal of achieving a better gender balance on boards and in executive leadership. 30 per cent of the Board of Directors of FBD Holdings plc is female. 30 per cent of executive level and 44 per cent of manager/specialists level in FBD are female. 56 per cent of FBD's overall employees are female.

In 2022 FBD signed up to the Women in Finance Charter and has an ambition to see more female representation at all levels.

Environmental, Social & Governance

NOMINATION AND GOVERNANCE REPORT (continued)

Board Evaluation

Every year the Board evaluates its performance and that of its Committees. In 2022 the Nomination and Governance Committee led a tender process for the 2022 external evaluation of the Board and Board Excellence was the successful candidate. The previous external evaluation was carried out for the year ended 2019.

Board Excellence conducted an external board evaluation of the boards and committees of FBD Holdings plc and FBD Insurance plc. The evaluation was conducted by two Partners from Board Excellence. The external board evaluation process consisted of a comprehensive, independent and objective evaluation of the effectiveness, governance and performance of the FBD Boards and Committees across 20 categories.

This reflected the provisions of;

- The UK Corporate Governance code (2018)
- Irish Corporate Governance Code Annex
- Central Bank of Ireland (CBI) Corporate Governance Code requirements for Insurance Undertakings (2015)
- UK Financial Reporting Council (FRC) guidance on board and committee effectiveness (2018)
- Internationally recognised board best practices.

The external evaluation process consisted of the following phases;

- Confidential questionnaire completed by the Board Directors, Executive Team members and the Company Secretary
- Review of the last 12 months of board and committee materials, governance materials, strategy, risk management, internal controls, cyber-security, ESG, culture, HR, shareholder and stakeholder engagement materials
- Observation of the FBD Board and Committee meetings
- Confidential one-to-one interviews with the Board Directors, Executive Team members and the Company Secretary
- Development of a draft report covering the outcome of the assessment and an agreed action plan implementing the recommendations.

The Board Excellence external board evaluation process provides an overall summary assessment of the board and committees utilising 6 rankings: High-performing, Strong, Effective, Average, Mediocre and Dysfunctional. The external board evaluators assessed the FBD Holdings plc and FBD Insurance plc Boards and Committees to be Strong. Key assessment highlights include;

- Strong board dynamics with a healthy balance of intelligent robust oversight by the Non-Executive Directors and value-adding support by the Non-Executive Directors to the CEO and Executive Team
- A progressive approach to collaboration on strategy between the Executive Team and the Board
- Hard working effective Committees which are adding significant value
- High-quality Executive reporting to the Board and Committees
- Deep commitment to the highest standards of corporate governance, engagement with Shareholders and Stakeholders, and ethics
- Key focus within the Board and Executive team on excelling for Shareholders, Customers, Employees, the Regulator, and Wider Society, underpinned by a progressive focus on ESG.

A number of recommendations have been made to build on this strong foundation and an action plan addressing the recommendations will be agreed and actioned over the remainder of 2023.

The Senior Independent Director is responsible for leading the evaluation of the performance of the Chairman and this was carried out through an individual meeting with the Chairman and the Senior Independent Director and also at a meeting with the Directors in the absence of the Chairman. Feedback was provided to the Chairman through the Senior Independent Director.

Liam Herlihy
On behalf of the Nomination and Governance Committee

9 March 2023

REPORT ON DIRECTORS' REMUNERATION

Introductory Letter from the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Remuneration Committee and the Board, I am pleased to present the Directors Remuneration Committee Report for the year ended 31 December 2022.

The Directors Remuneration Committee report sets out the operation of the Directors Remuneration Policy in 2022. As explained below, we intend to put a slightly amended version of the Policy for shareholders' approval at the 2023 AGM. The Remuneration Committee ensures that as a Group, we comply with all relevant remuneration and legislative requirements.

Our Strategy which we launched in 2022 supported the delivery of our objectives and the growth achieved in Gross Written premium and Policy Count while also ensuring continued profitability across our business. Controlled growth in GWP and Policy Count during 2022 represents a strong first step in the delivery of our strategy. This is a tribute to the continued hard work of all our people.

Remuneration in context

In making decisions in relation to executive directors' remuneration outcomes in 2022, the Committee took into account key measures of the Group's performance as well as the experience of wider stakeholders as outlined below.

Strategic Priorities

In 2022, we progressed our strategy towards being a digitally enabled data enriched organisation which delivers excellent customer and employee experience.

- Developed our data to build a segmentation model of our farm customers, providing clearer opportunities to grow our relationships with our key sector;
- Confirmed our commitment to our successful Branch Network, invested in training and engagement in energising our direct business;
- Begun implementing technology enhancements to provide additional capacity for our staff, to further engage with our customers;
- Our increased focus in this area assisted in reversing the decline on farm and increasing our policy count on farm for the first time in five years and growing our overall policy count across our three main sectors.

Financial Performance

- €382.9 million Gross Written Premium achieved
- 2.9% Growth in Policy Count in 2022
- 74.5% Combined Operating Ratio

Our Employees

Improved employee experience in FBD is delivered through our People Strategy as we strive to be a great place to work for all our employees and a company of choice when recruiting key talent. FBD is strengthening the connection between our purpose, culture and values. Throughout the year we communicated directly with our colleagues detailing our performance, changes in the economic and regulatory environment and updates on our key strategic initiatives. We have a continued focus on the culture in FBD by delivering initiatives that reinforce our values and behaviours.

We are committed to creating a diverse and inclusive workspace that embraces and celebrates each other's differences. We recognise that it is important that our colleagues both represent and reflect diversity as with this comes creativity and allows for the exploration of ideas in a nurturing environment. Promotion and recruitment at FBD is fair and objective and all our people are rewarded appropriately for their contribution to our business. We have achieved Silver Accreditation with the Irish Centre for Diversity in respect of our Diversity and Inclusion programme.

REPORT ON DIRECTORS' REMUNERATION (continued)

We have also introduced Hybrid Working with all employees working two days a week in the office and will review this arrangement on an annual basis. A wellness wallet was introduced for all employees in 2022 with a €180 per year allowance. We also had a comprehensive calendar of Wellness events throughout 2022 with a focus on employee wellbeing, nutrition and mental health. As part of our plan to improve the gender pay gap we will include bonus payments for those on paid maternity leave to ensure fairness in our pay model going forward. We have also reviewed and enhanced our pay bands following our 2022 benchmarking in order to ensure we have a robust pay model that attracts and retains key talent.

A pay pot of 3.5% was awarded in April 2022 for our employees and took into account performance, current position on salary range and pay grade. Also in order to support our employees as a result of the cost of living crisis a €500 voucher was awarded to all employees in November 2022.

A bonus pot of 112.5% was awarded to our employees taking into account individual performance in April 2022 following achievement of business performance conditions for 2021.

Paying for Performance

The Committee ensures alignment with the long term interests of the Group's key stakeholders by aligning remuneration metrics with the Group's business model and strategic objectives and by ensuring sufficient stretch in the performance targets. The Remuneration Committee have reviewed performance against the 2022 Annual Bonus Plan targets and approved the 2022 Bonus payments. We have also reviewed and approved the 2023 Annual Bonus Plan structure to ensure it is aligned to our strategy, our shareholder and all stakeholder requirements.

We reviewed the LTIP award granted in 2020 against the applicable performance conditions and approved the vesting outcome. We also reviewed and approved the metrics and targets for LTIP to be granted in 2023.

In approving the performance conditions for 2023 the Committee considered the following;

- Motivate and reward executives to perform in the long term interest of shareholders;
- Attract and retain executives of the highest calibre;
- Reflect the strategy of the Company for all our shareholders with a strong focus on Culture, ESG and our People;
- Provide an appropriate blend of fixed and variable remuneration and short and long term incentives.

2022 Remuneration

- Base Salary for the CEO was €500,000 and for the CFO was €331,200
- Bonus for the CEO resulted in a payout of €500,000 and for the CFO €178,020
- LTIP Vesting outcome was 83.25%

External Advice

Willis Towers Watson (WTW) continued to provide advice in respect of FBD's Remuneration Policy in 2022 and the total fees paid were €43,702.

2023 Remuneration Policy and Implementation

The current Remuneration Policy was approved by shareholders at the 2021 AGM and received 99.6% support for the votes cast. The committee intends to put a slightly amended version of the policy for shareholders' approval at the 2023 AGM.

The one change proposed will be to amend the proportion of annual bonus paid to executive directors deferred into shares from 50% to 30%. The Remuneration Committee has carefully considered the appropriate balance between shorter and long-term incentive elements for both the Executive Directors and the next level of senior executives. The current arrangements have been found to incorporate very extensive deferral of the variable element of the overall award.

We expect the effect of the planned change will be to make the overall incentive program more tangible for executives, whilst maintaining a strong degree of deferral. The Committee believes that the combination of this bonus deferral, post vesting holding periods for LTIP awards and in-employment and post-employment shareholding requirements will ensure that executives are appropriately aligned with the experience of shareholders and long-term sustainable value creation, will allow for the potential operation of malus and clawback arrangements and will continue to be compliant with the Insurance Regulatory requirements.

Shareholder Dialogue and Support

Section 1110N of Companies Act 2014 (EU Shareholder Rights Directive), requires a vote on the Report on Directors' Remuneration at the AGM on an advisory basis. At the 2022 AGM, this report received 93.78% support from shareholders.

The Committee requests shareholders to consider and approve the annual remuneration report set out on the pages following at the 2023 AGM.

David O'Connor
Chairperson of the Remuneration Committee

9 March 2023

REPORT ON DIRECTORS' REMUNERATION (continued)

Role of Remuneration Committee

Responsibility for determining the levels of remuneration of the Executive Directors has been delegated by the Board to the Remuneration Committee whose membership is set out in the Corporate Governance Report.

In framing remuneration strategy, frameworks and policies, the Committee gives full consideration to the principles and provisions of the Corporate Governance Requirements for Insurance Undertakings 2015 and UK Corporate Governance Code 2018 as well as the update to the EU Shareholder Rights Directive in 2020. It also takes into account the long term interests of shareholders, investors and other stakeholders of the Group.

The duties of the Remuneration Committee are to determine Directors Remuneration Policy and practices by reviewing performance structures, performance metrics, target setting and application of discretion.

The Remuneration Committee also reviews overall workforce remuneration and related policies and alignment of incentives and rewards with culture and takes these factors into account when setting the policy for Executive Director Remuneration.

The Committee considers and reviews the Remuneration Policy and are in agreement that it is operating as intended in respect of Group performance quantum.

In determining outcomes under the bonus and the long term investment plan (LTIP), the Remuneration Committee considers performance achieved during the year and satisfies themselves that the incentive outcomes were appropriately aligned with the extent to which the Group met its strategic goals and the shareholder experience.

Remuneration Policy

The current Remuneration Policy was approved by shareholders at the 2021 AGM and received 99.6% support of the votes cast. The Committee intends to put a slightly amended version of the Policy for shareholders approval at the 2023 AGM.

The one change proposed will be to amend the proportion of annual bonus paid to executive directors deferred into shares from 50% to 30%.

Remuneration arrangements are determined throughout the Group based on the same principle – reward should be sufficient in order to attract, retain and motivate high performing individuals who are critical to the future development of the Group. The fair distribution of our Group's profits is an integral part of our corporate culture as we wish to reward our employees' contribution to the success of the Group.

The performance measures ensure everyone is focussed on delivering the same business priorities and that employees share in the success if the business strategy is delivered.

It is the policy of the Group to provide all members of executive management, middle management and employees of the Group with appropriate remuneration and incentives that reward performance. The aim is to ensure reward aligns to Group objectives in terms of profitability built on good customer outcomes together with balanced and responsible assumption of risk. This is done by ensuring that the principles of sound and prudent risk management are fully reflected and that excessive risk taking is neither encouraged nor rewarded. The appropriateness is assessed with reference to internal and external sources.

The Committee has aimed to build simplicity and transparency into the design and delivery of our Remuneration Policy which was revised and updated in 2020, to ensure it was in line with any recent updates in legislation. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business. We aim for our disclosures to clearly explain the design of our arrangements and the way that they have been operated so that they can be fully understood by all stakeholders.

When determining Executive Director Remuneration policy and practices, all of the following are addressed:

- Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;

- Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- Proportionality - a significant part of an executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value;
- Alignment to culture - the incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy.

The Committee has the discretion to override formulaic outcomes and enable recovery and withholding of bonus where appropriate. The Committee will continue to monitor corporate governance developments and evolving best practice and take these into account in the Policy and its implementation.

The Policy includes a number of points in its design, the aim of which is to mitigate potential risk:

- defined limits on the maximum opportunity levels under incentive plans;
- provisions to allow malus and clawback to be applied by the Remuneration Committee where appropriate;
- performance targets calibrated at appropriately stretching but sustainable levels in line with our business strategy so that executives are incentivised to deliver performance but not at the expense of going beyond the Group's risk appetite;
- shareholding requirements ensures alignment of interests between Executive Directors and shareholders and encourages sustainable performance;
- a significant proportion of any Executive Director bonus will be deferred into FBD shares for a period of three years. This practice will allow the Committee to have flexibility to apply clawback if circumstances warranted; and
- persons subject to the Remuneration Policy shall commit to not using any personal hedging strategies or remuneration and liability-related insurance which would undermine the risk alignment effects embedded in their remuneration arrangement.

We aim for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements. All incentive arrangements have defined and disclosed limits on pay out/award levels.

A significant proportion of Executive Director Remuneration arrangements is share-based and we also require significant holding of shares which ensures that remuneration outcomes are closely aligned to shareholder returns. For example, the Chief Executive Officer is required to build and maintain a shareholding equivalent to two times annual salary.

It is also the policy of the Group to provide a remuneration framework that attracts, motivates and rewards Executives of the highest calibre who bring experience to the strategic direction and management of the Group and who will perform in the long term interests of the Group and its shareholders.

As part of our annual remuneration cycle a comprehensive analysis is completed in respect of comparison of changes to salary, benefits and annual bonus for Executive Directors, Senior Management and all employees. A gender pay gap comparison and gap analysis is also completed in respect of both pay and bonus around total workforce remuneration.

We are committed to ongoing and constructive engagement with our employees and use a number of channels to support our engagement process in order to incorporate their views into our business activities.

Among our key stakeholders is Farmers Business Development plc and as FBD's largest shareholder they have held, and will continue to hold a seat on the Board in the future which benefits the Group as they share knowledge in respect of our largest customer base.

FBD is committed to being open and transparent in respect of its remuneration arrangements for all employees and as part of this transparency table the Report on Directors' Remuneration at the AGM each year for an advisory vote. The FBD Performance Share LTIP Plan (LTIP) was approved by shareholders at the AGM on 5th May, 2018. FBD engaged individually with a number of shareholders prior to the AGM in respect of the Long Term Investment Plan.

As part of our regular interaction with investors we answer questions that they may have on remuneration arrangements and take into consideration views expressed in the formulation of policy and setting appropriate performance conditions. In addition we engage with investor advisory services about any concerns they may have. We have listened to our Investors and their feedback in respect of the importance of balance between growth and profitability. The Remuneration Committee have taken this feedback into account when setting appropriate performance conditions for 2023. In respect of the proposed amendment to the remuneration policy the committee engaged with the company's largest shareholders (representing more than 57.67% of issued share capital as of end of December). All of the shareholder's that responded to the engagement were supportive of the proposed change.

Environmental, Social & Governance

REPORT ON DIRECTORS' REMUNERATION (continued)

As part of the annual pay cycle, a communication is issued to all employees explaining how their bonus aligns to the Group Strategy and the steps taken to ensure fairness of distribution for all employees. Regular town halls and updates for all employees are held throughout the year which include financial and remuneration updates. Two way communication is a key part of these forums with Q&A to Executive Management at each update. Regular engagement takes place with employer representative bodies to discuss remuneration and other matters. Employee Surveys are also completed and feedback utilised to ensure employees are engaged.

In December 2022 we published our Gender Pay Gap and communicated with all employees using a number of different forums. This outlined to all employees how we are closing the gap, understanding our results and how at FBD we believe an inclusive, diverse and equitable workforce is critical for the success of the company.

Our Director of Engagement Sylvia Cronin also engaged throughout the year with our employees and gathered feedback which she shared with the Board and Committee which enabled the Remuneration Committee make informed decisions in respect of employee remuneration.

FBD also has a programme of Investor Relation Activities where we engage with all shareholders in order to enhance bi-lateral communication by fostering objective orientated dialogue with shareholders.

The Committee considers remuneration in respect of all employees and is satisfied that pay arrangements are appropriate

The following table sets out the key elements of the Remuneration Policy for Executive Directors and Senior Executives, their purpose and how they link to strategic rationale.

Element and link to strategy	Policy and operation	Change from 2021 Remuneration Policy
Base Salary (fixed remuneration)		
To help recruit and retain senior experienced Executives	Base salaries are reviewed annually with effect typically from 1 April taking the following factors into account: • The individual's role and experience • Group performance • Personal performance • Market practice and benchmarking Although salaries are reviewed annually there is no automatic right of any Executive to receive a salary increase.	No change
Benefits (fixed remuneration)		
To provide market competitive benefits	Benefits provided include motor allowance and an agreed percentage contribution to health and other insurance costs.	No change
Pension Provision (fixed remuneration)		
To provide market competitive benefits and reward performance over a long period, enabling Executives to save for retirement	Since 2020, the Remuneration Policy ensures that all newly appointed Executive Directors receive defined contribution pension benefits (or equivalent cash in lieu), in line with existing scheme arrangements available to the wider workforce. One Executive Director's defined contribution pension rate is not aligned with the rate in operation for the majority of the workforce, due to existing contractual arrangements. He has indicated his intention to retire at the end of 2023. The Remuneration Committee intends to bring this contribution rate into line with that of the wider workforce by the end of 2023 on appointment of a replacement Executive Director.	No change in 2022 however on appointment of a new CFO in 2023, all Executive Directors defined contribution pension rate will be aligned with the rate in operation for the majority of the workforce.

Element and link to strategy	Policy and operation	Change from 2021 Remuneration Policy
Annual Performance Bonuses (variable remuneration)		
To reward achievement of Group targets, personal performance and contribution	Annual bonus is based on stretching performance conditions set by the Remuneration Committee at the start of the year. The maximum opportunity level under the Policy for the Chief Executive Officer is 120% of base salary and 100% of base salary for other Executive Directors. In a given year, the Committee may determine that a maximum opportunity level below the above Policy levels will be operated. Annual bonus outcomes will be determined based on performance against Group financial targets and the achievement of defined individual strategic objectives. The Remuneration Committee will determine the performance measures, their weightings and the calibration of targets each year and will clearly disclose these in the Remuneration Report. Financial targets will determine the majority of the bonus. Financial targets will be set in a manner which will encourage enhanced performance in the best interests of the Group and its shareholders and will be approved by the Remuneration Committee. In addition, if annual Group profit before tax does not reach a minimum level, to be determined annually by the Remuneration Committee after the budget has been approved, then the bonus may be revised downwards potentially to zero, the ultimate discretion over which rests with the Remuneration Committee following consultation with the Chief Executive Officer. Individual performance will be assessed against agreed performance objectives, which will include a risk objective to ensure that all employees identify, evaluate and mitigate and control risks as part of our overall objectives to meet the organisation's strategic goals. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so. Any such discretion would be fully disclosed in the relevant annual report. Any bonus payments are subject to the potential for the Remuneration Committee to apply provisions to withhold, reduce or require the repayment of awards for up to two years after payment if there is found to have been (a) material misstatement of the Group's financial results or (b) gross misconduct on the part of the individual. 30% of any executive bonus will be deferred into FBD shares for a period of three years. This practice will allow the committee to have flexibility to apply clawback if circumstances warranted.	No change other than the level of deferral has been amended to 30% of any bonus payment.

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REPORT ON DIRECTORS' REMUNERATION (continued)

Element and link to strategy	Policy and operation	Change from 2021 Remuneration Policy
Long Term Incentives - the FBD Performance Share Plan (variable remuneration)		
To align the financial interests of Executives with those of shareholders	The Group Performance Share Plan (LTIP) was approved by shareholders in 2018. Under the LTIP, the Remuneration Committee may, at its sole discretion, make conditional awards of shares to Executives. Conditional awards of shares under the LTIP are limited to 10% in aggregate with any other employee share plan of the Company's issue ordinary shares of €0.60 each over a rolling 10 year period. The market value of shares which are the subject of a conditional award to an individual may not, in any financial year, normally exceed 150% of the participants base salary as at the date of the grant. The Remuneration Committee set performance conditions each year, selecting appropriate metrics based on key strategic priorities. The period over which the performance conditions applying to a conditional award under the LTIP are measured may not be less than three years. The extent to which a conditional award may vest in the future will be determined by the Remuneration Committee by reference to the performance conditions set at the time of the reward. These conditions are designed to ensure alignment between the economic interest of the plan participants and those of shareholders. Different conditions, or the same conditions in different proportions, can be used by the Remuneration Committee in different years under the LTIP rules, provided that the Committee is satisfied that they are challenging targets and that they are aligned with the interest of the Group's shareholders. Consistent with prior periods, the LTIP rules allow the Remuneration Committee (at its sole discretion) to make awards which may be subject to an additional post vesting holding period. Awards will vest after three years once applicable performance conditions have been achieved and the vested shares (net of tax) will be required to be held for a further two year period to provide continued alignment with shareholders. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so and any such discretion will be fully disclosed in the relevant annual report. The LTIP includes provisions that allows the Remuneration Committee to withhold, reduce or require the repayment of rewards for up to two years after vesting (i.e. up to five years after grant) if there is found to have been (a) material misstatements of the Group's financial results: (b) gross misconduct on the part of the award holder.	No change

Share Ownership Policy

The Group incentivises its Executive Directors and Senior Executives with equity based awards under the Group's shareholder approved share schemes. Central to the philosophy underlying awards is the goal of aligning the economic interests of those individuals with those of shareholders.

Executives are expected to maintain a significant long-term equity interest in the Group. The requirement, which is set out in a policy document by the Remuneration Committee, approved and reviewed annually, is to build and retain a valuable shareholding relative to base salary, at a minimum, as noted hereunder.

Executive	Share ownership requirement
Group Chief Executive	2 times annual salary
Other Executive Directors	1.5 times annual salary

Until such time as the requirement has been met, Executive Directors are precluded from disposing of any shares issued to them under the group share schemes.

Executive Directors have a post employment shareholding requirement for at least two years at a level equal to the lower of the shareholding requirement immediately prior to departure or the actual shareholding on departure.

Recruitment Policy

When recruiting new Executive Directors, the policy is to pay what is necessary to attract individuals with the skills and experience appropriate to the role being filled, taking into account remuneration across the Group, including other Senior Executives as well as benchmarking against the financial services industry.

Base salary levels will be set in consideration of the skills, experience and expected contribution to the new role, the current salaries of other Executive Directors in the Group and current market levels for the role.

The Remuneration Committee has determined that the level of pension contribution for any newly appointed Executive Director, will be set in line with levels in operation for the majority of the workforce, as is the case with all employees.

Other fixed benefits will be considered in light of relevant market practice for the role and the provisions in place for Executive Directors.

In exceptional circumstances or where the Remuneration Committee determines that it is necessary for the recruitment of key executives, the Remuneration Committee reserves the right to offer additional cash and/or share based payments. Such payments may take into account remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attached to the remuneration. The Remuneration Committee may also grant share awards on hiring an external candidate to buy out awards which will be forfeited on leaving previous employer.

For an internal appointment, the Remuneration Committee reserves the right to offer additional cash and/or share based payments on an internal promotion when it considers this to be in the best interests of the Group and its shareholders.

Service Contracts

The service contract for the Group Chief Executive and the Group Financial Officer provide for the following periods of notice of termination of employment;

Executive	From Company	From CEO/CFO
Tomás Ó Midheach CEO	12 Months	6 Months
John O'Grady CFO	6 Months	6 Months

REPORT ON DIRECTORS' REMUNERATION (continued)

Termination Payments

Termination payments will be related to performance achieved over the whole period of activity and designed in a way that does not reward failure.

Bonus awards will generally be pro-rated to reflect the performance period which was worked and the performance outcomes achieved, although the Remuneration Committee retains discretion to dis-apply such pro-ration where it would be appropriate in the circumstances.

In the event of an Executive Director leaving before an LTIP award vests for reasons other than death, redundancy, injury, ill health or disability retirement with the agreement of the Remuneration Committee or any other reason approved by the Remuneration Committee the awards of the Executive Directors will lapse, except that the Remuneration Committee may at any time prior to vesting, in its absolute discretion revoke any determination to permit awards to vest where an Executive Director breaches a protective covenant.

Non-Executive Director Remuneration

The remuneration of the Non-Executive Directors is determined by the Board, and reflects the time commitment and responsibilities of their role. In setting this level, the Board has regard to the fees payable to the Non-Executive Directors of the other Irish publicly listed companies and also to the developments and policy for the remuneration of the employees in the wider Group.

Non-Executive Directors receive a basic fee. Additional fees are paid for acting as Senior Independent Director, being a member of and/or chairing Board Committees. These fees are reflective of their added responsibilities and time commitment.

Non-Executive Directors are not members of the Group's pension schemes and are not eligible for participation in the Group's long-term incentive schemes.

Derogation from Remuneration Policy

The Remuneration Committee intends that remuneration arrangements will operate in accordance with the above Remuneration Policy for a four year period or until an amended Remuneration Policy is put to shareholders for approval. The European Union (Shareholders' Rights) Regulations 2020 allow for the potential for a temporary derogation from the Remuneration Policy where doing so is necessary in exceptional circumstances, to serve the long-term interests and sustainability of the traded plc as a whole or to assure its viability.

By definition, it is not possible to fully list all such exceptional circumstances, but the Remuneration Committee would only use such ability to apply a derogation after careful consideration and where the Remuneration Committee considers the circumstances were truly exceptional and the consequences for the Group and shareholders of not doing so would be significantly detrimental. Where time allowed shareholders would be consulted prior to applying such a change, or at a minimum where this was not possible, the full details of the derogation would be communicated as soon as practical (e.g. by market announcement/on the Group's website) and disclosed in detail in the next Remuneration Report. Under the potential derogation, the Remuneration Committee would have the ability to vary the elements of the remuneration described in the above table, including levels of performance conditions applicable to incentive arrangements.

Remuneration Report

The information below on pages 99 to 106 of the Report on Directors' Remuneration identified as audited forms an integral part of the audited financial statements as described in the basis of preparation on page 130. All other information in the report on Directors Remuneration is additional information and does not form part of the audited financial statements.

Executive and Non-Executive Directors' Remuneration details - Audited

The following table sets out in detail the remuneration payable by the Group in respect of any Director who held office for any part of the financial year:

	Fees[1] €000s	Salary[2] €000s	Other Payments[4] €000s	Benefits[5] €000s	Pension Contribution[6] €000s	2022 Total €000s
Executive Directors:						
Tomás Ó Midheach	—	500	500	40	40	1,080
John O'Grady	—	328	178	18	49	573
Non-Executive Directors:						
Liam Herlihy (Chairman)	149	—	—	—	—	149
David O'Connor	144	—	—	—	—	144
Walter Bogaerts	35	—	—	—	—	35
Mary Brennan	87	—	—	—	—	87
Sylvia Cronin	73	—	—	—	—	73
Tim Cullinan	60	—	—	—	—	60
Richard Pike	88	—	—	—	—	88
Padraig Walshe	60	—	—	—	—	60
Jean Sharp	76	—	—	—	—	76
John O'Dwyer	64	—	—	—	—	64
	836	**828**	**678**	**58**	**89**	**2,489**

Notes (2022)

1. Fees were paid to Non-Executive Directors.
2. Salaries were paid to Executive Directors.
3. A pay increase was awarded to Mr O'Grady in line with the wider workforce.
4. Bonuses of €500,000 and €178,020 were awarded to Mr Ó Midheach and Mr O'Grady under the bonus scheme in 2022. The bonuses were calculated in accordance with the Annual Performance Arrangements described earlier and both Mr Ó Midheach's and Mr O'Grady's bonuses were approved by the Remuneration Committee.
5. Benefits relate exclusively to a motor allowance and contribution towards health insurance costs.
6. Pension contributions relate to contributions to a defined contribution pension scheme or a payment in lieu.
7. Walter Bogaerts stepped down as a Non-Executive Director 12th May, 2022.

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REPORT ON DIRECTORS' REMUNERATION (continued)

The following table sets out the detail for the previous financial year (2021):

	Fees[1] €000s	Salary[2] €000s	Other Payments[3] €000s	Benefits[4] €000s	Pension Contribution[5] €000s	2021 Total €000s
Executive Directors:						
Tomás Ó Midheach	—	500	485	40	40	1,065
John O'Grady	—	320	156	18	48	542
Non-Executive Directors:						
Liam Herlihy (Chairman)	149	—	—	—	—	149
David O'Connor	103	—	—	—	—	103
Walter Bogaerts	83	—	—	—	—	83
Mary Brennan	81	—	—	—	—	81
Sylvia Cronin	73	—	—	—	—	73
Tim Cullinan	60	—	—	—	—	60
Richard Pike	69	—	—	—	—	69
Padraig Walshe	60	—	—	—	—	60
Jean Sharp	25	—	—	—	—	25
John O'Dwyer	20	—	—	—	—	20
	723	**820**	**641**	**58**	**88**	**2,330**

Notes (2021)

1. Fees were paid to Non-Executive Directors
2. Salaries were paid to Executive Directors
3. Bonuses of €485,000 and €155,520 were awarded to Mr Ó Midheach and Mr O'Grady under the bonus scheme in 2021. The Bonuses were calculated in accordance with the Annual Performance Arrangements described earlier and both Mr Ó Midheach's and Mr O'Grady's bonuses were approved by the Remuneration Committee.
4. Benefits relate exclusively to a motor allowance and contribution towards health insurance costs.
5. Pension contributions relate to contributions to a defined contribution pension scheme or a payment in lieu.
6. John O'Dwyer was appointed Non-Executive Director on the 31st August 2021.
7. Jean Sharp was appointed Non-Executive Director on the 16th August 2021.
8. Directors' Fees have been adjusted to reflect the additional time and responsibilities and committee work following the introduction of dual boards.

Base Salary

No adjustments were made to the base salary of CEO in 2022. CFO salary was adjusted by 3.5% in line with increases awarded to wider workforce.

Determination of Annual Performance Bonus for the year ended 31 December 2022

As previously noted, the overall Annual Performance Bonus arrangements, the targets and their achievement are approved by the Remuneration Committee each year. Specifically the Remuneration Committee approve the merit pay and bonus arrangements for the Executive Directors in line with FBD's Remuneration Policy.

In 2022 the Remuneration Committee included a profit threshold that had to be reached in order to qualify for bonus.

The Group's short and long-term remuneration philosophy is to ensure that remuneration is aligned to FBD's purpose and values, supports strategy and promotes long-term success of the Group.

Remuneration includes performance related elements designed to align Directors' interests with those of shareholders and to promote long-term sustainable growth and performance in line with our strategy. Market-competitive total remuneration is structured to attract, motivate and retain individuals of the highest quality.

The following objectives were set for the Executive Directors for 2022:

Executive Director	Objective	Measure of Success	Result
Tomás Ó Midheach	Operational Excellence	Achieve our key operational metrics delivering retention and service and our day to day goals throughout the year.	Achieved
	Technology & Innovation	Hit our transformational targets in terms of core replacement and digital delivery.	Achieved
	Strategy	Successfully execute strategy in respect of our five key stakeholders, Our Investors, The Regulator, Our People, Wider Society and Our Customer. Meaningful progress made following the launch of FBD's purpose, strategy and values.	Achieved
	ESG	Ensure robust ESG strategy is created and key deliverables are aligned across the business with appropriate communication and engagement plan for investors, customers and employees.	Achieved
	People & Culture	Focus on two key values engagement and accountability to build a high performing engaged workforce with a focus on talent and succession planning as well as focussing on Diversity & Inclusion.	Achieved
John O'Grady	Financial Strategy	Strong balance sheet management and management of overall group profitability. Effectively and proactively manage investor relations.	Achieved
	ESG	Ensure robust ESG strategy is created and key deliverables are aligned across the business with appropriate communication and engagement plan for investors, customers and employees.	Achieved
	People and Culture	Ensure the group works effectively and supports the CEO in the roll out and implementation of strategy. Positive internal and external communications creating strong relationships with key stakeholders and regulatory bodies.	Achieved

The following bonus conditions were agreed by the Remuneration Committee for Executive Directors in respect of performance for 2022:

Combined Operating Ratio	60%
Grow Policy Count	20%
Lead Culture Change	20%

In respect of Combined Operating Ratio, target outperformance was achieved as well as achieving 2.9% of the Growth of Policy Count target. FBD has a very clearly defined culture strategy that is aligned to our business strategy and is actively considered and set by the Board and EMT. The Board and EMT take a leading role in communicating the desired culture to the organisation.

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REPORT ON DIRECTORS' REMUNERATION (continued)

Metric	% of Target Available	0%	25%-100%	100%	100%-150%	Result	% Achieved for Bonus
Combined Operating Ratio	60%	92.6%	90.3%	87.6%	82.6%	74.5%	90%
Grow Policy Count	20%	+1%	+1.5%	+3.2%	+5%	2.9%	15%
Lead Culture Change	20%	Communicate and embed purpose and mission, Define behaviours. Communicate and ensure they are embedded. Demonstrate core values				Achieved in full	20%
Total							**125%**

In respect of grow policy count an adjustment was made by the Remuneration Committee to give the benefit of a low number of policies where a delay occurred due to an external party. The effect was to increase the outcome of grow policy count from 13% to 15%.

The Remuneration Committee have assessed the performance of the Chief Executive Officer and Chief Financial Officer in relation to leadership of culture change. Achievements in the year include:

- A strong execution of the FBD strategy following launch in 2022
- A comprehensive programme of communication of strategy to all employees in a series of town hall meetings, Branch Roadshows and engagement forums throughout the year;
- The implementation of key initiatives focused on employee and customer experience.

The Remuneration Policy has operated as intended in terms of Group performance and quantum. The Remuneration Committee considered the above formulaic outcome to ensure that it was both fair and appropriate given wider stakeholder experience. The Committee did not adjust the outcome as it was comfortable that this was the case.

Long Term Incentives

Conditional Awards of Shares in 2022 - Audited

During 2022 one Conditional Award of shares was made under the Performance Share Plan. This was made in March 2022 to Executive Directors and Senior Management. The award represented 80% of salary for Chief Executive Officer and 70% Salary for Chief Financial Officer.

The conditions attached to the award, which reflect the Board's strategic plans, were based 30% on the compound annual growth rate (CAGR) of policy count. Policy count growth which was chosen to reflect the ambition of the Board to grow the business over the strategic time period. 50% was based on the Return on Targeted Equity and this has been chosen as it is aligned with our strategic intent and takes in both business profitability and balance sheet management. Strategic Metrics is 20% and has a number of key deliverables to align to the strategy.

Vesting levels range between a threshold level of 25% to a maximum of 125% for out performance. The average return target for Return on Targeted Equity is up to low double digit percentages and the CAGR target for policy count growth is up to mid single digit percentages. The actual upper level percentages are not disclosed due to commercial competitor sensitivity and because to do so would also constitute forward looking guidance.

The Committee will publish details regarding targets and vesting levels at the end of the performance period (2024).

The Committee has decided not to include relative performance to market targets as there is no relevant comparator in the Irish market.

The maximum and threshold for vesting for the performance conditions are as follows:

Metric	Weighting	Threshold Level	Proportion Vesting	Upper Level	Proportion Vesting
Return on Targeted Equity (ROTE)	**50%**	>6.7%	25%	Low double digits	125%
Policies in Force Growth	**30%**	>3.1%	25%	Mid single digits	125%
Strategic Metrics	**20%**				

Outstanding Conditional Awards (2019-2021) - Audited

The Committee considered the extent to which the performance conditions underpinning this award were met in the three financial years 2019 to 2021 (the 'Performance Period'). The Committee concluded that 125% of NAV was met as the adjusted compound annual growth rate (CAGR) was 15.8% when compared to the actual NAV at 31st December 2018. This was in excess of the upper performance threshold of 6.7%. Therefore in respect of the conditional awards granted in March 2019 125% vested.

The table below shows the applicable targets for this award and the actual performance achieved.

	Threshold (25% vesting)	Upper Level (125% vesting)	Performance Achieved	Vesting Level
NAV CAGR	3.4%	6.7%	15.8%	125%

The Remuneration Committee considered the above formulaic outcome to ensure that it was both fair and appropriate given holistic performance achieved and the wider stakeholder experience. The Remuneration Committee adjusted the CAGR calculation to reflect the variance in dividends compared to target.

Directors' and Company Secretary's Conditional LTIP Awards - Audited

Details of the conditional share awards to the Executive Directors who held office for any part of the financial year and to the Company Secretary made under the 2007 and 2018 LTIP plans are given in the table below. In respect of the 2020, 2021 and 2022 awards the number of shares could increase to a maximum of 125% of the number of shares outlined below (which is 100%) if the performance conditions previously described are met at stretch target level.

	At 1 January 2022	Granted during year	Dividends	Lapsed during year	Out-performance LTIP	Vested during year	At 31 December 2022	Performance Period	Earliest vesting date	Market price on award €
Executive Directors (who held office for any part of the financial year)										
Tomás Ó Midheach	58,055	—	—	—	—	—	58,055	2021-2023	Mar-24	6.89
	—	40,404	—	—	—	—	40,404	2022-2024	Mar-25	9.90
Total	**58,055**	**40,404**	**—**	**—**	**—**	**—**	**98,459**			
John O'Grady	15,927	—	1,016	—	3,982	(20,925)	—	2019-2021	Mar-22	8.79
	22,876	—	—	—	—	—	22,876	2020-2022	Apr-23	6.12
	27,866	—	—	—	—	—	27,866	2021-2023	Mar-24	6.89
	—	22,626	—	—	—	—	22,626	2022-2024	Mar-25	9.90
Total	**66,669**	**22,626**	**1,016**	**—**	**3,982**	**(20,925)**	**73,368**			
Company Secretary (who held office for any part of the financial year)										
Nadine Conlon	—	9,394	—	—	—	—	9,394	2022-2024	Mar-25	9.90
Total	**—**	**9,394**	**—**	**—**	**—**	**—**	**9,394**			

The total number of shares subject to conditional awards outstanding under the 2018 LTIP Scheme amount to 919,264 being 2.6% of the Company's ordinary share capital (excluding treasury shares) at 31 December 2022 (2021: 911,645 shares and 2.6% of ordinary share capital (excluding treasury shares)).

The aggregate limit of the number of shares over which conditional awards are permitted under the 2007 and 2018 LTIP scheme rules is 10% of the Company's issued share capital over a rolling 10 year period. In the past 10 years there have been 10 conditional awards with an aggregate of 2,404,877 shares or 7.0% of the Company's ordinary share capital (excluding treasury shares).

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REPORT ON DIRECTORS' REMUNERATION (continued)

Non-Executive Director Remuneration - Audited

The remuneration of the Non-Executive Directors is determined by the Board, and reflects the time commitment and responsibilities of their role. In setting this level, the Board has regard to the fees payable to the Non-Executive Directors of the other Irish publicly listed companies and also to the developments and policy for the remuneration of the employees in the wider Group.

The basic Non-Executive Director fee is €60,000 and this was reviewed in July 2020 following a benchmarking exercise carried out by WTW to ensure our Non-Executive remuneration was in line with the market rate. The previous review of Non-Executive Directors remuneration had taken place in 2016. Directors receive additional fees for being members of and/or chairing Board Committees as outlined within the Corporate Governance Report on pages 71 to 85. These fees are reflective of their added responsibilities.

Executive Director and Non-Executive Director Remuneration

European Union (Shareholders' Rights) Regulations 2020 came into force in Ireland on 30 March 2020 when they were transposed into Section 1110N of Companies Act 2014. The annual Executive Director and Non-Executive Director Remuneration over the last five years of those in office in 2022 is set out below:

		2018 €000s	2019 €000s	2020 €000s	2021 €000s	2022 €000s
Executive Directors:						
Tomás Ó Midheach	Total Remuneration	—	—	—	1,065,000	**1,080,590**
	% change in year[1]	—	—	—	—	**1%**
John O'Grady	Total Remuneration	445,000	462,000	372,000	541,520	**572,941**
	% change in year[1]	*(2)%*	*4%*	*(19)%*	*46%*	**6%**
Non Executive Directors:						
Liam Herlihy (Chairman)	Fees	119,000	119,000	134,000	149,000	**149,000**
	% change in year[1]	*16%*	*—%*	*13%*	*11%*	**—%**
Walter Bogaerts	Fees	70,000	71,000	77,000	83,000	**35,000**
	% change in year[1]	*2%*	*2%*	*8%*	*8%*	**(58)%**
Mary Brennan	Fees	58,000	62,000	74,000	81,000	**87,000**
	% change in year[1]	*1%*	*8%*	*20%*	*9%*	**7%**
Sylvia Cronin	Fees	—	5,000	64,000	73,000	**73,000**
	% change in year[1]	—	—	*17%*	*14%*	**—%**
Tim Cullinan	Fees	—	—	—	60,000	**60,000**
	% change in year[1]	—	—	—	—	**—**
David O'Connor	Fees	60,000	70,000	88,000	103,000	**144,000**
	% change in year[1]	*2%*	*17%*	*25%*	*17%*	**40%**
Richard Pike	Fees	—	14,000	59,000	69,000	**88,000**
	% change in year[1]	—	—	*4%*	*17%*	**28%**
Padraig Walshe	Fees	50,000	50,000	55,000	60,000	**60,000**
	% change in year[1]	—	—	*10%*	*9%*	**—%**
John O'Dwyer	Fees	—	—	—	20,000	**65,000**
	% change in year[1]	—	—	—	—	**225%**
Jean Sharp	Fees	—	—	—	25,000	**76,000**
	% change in year[1]	—	—	—	—	**204%**

[1] *% change shows the increase in remuneration and does not include a percentage change if related to the first year in office.*

The Chairman, Liam Herlihy received fees of €149,000 during the year (2021: €149,000) inclusive of the basic Non-Executive Director fee. David O'Connor, received fees of €144,000 during the year as he held the position of Chairman of FBD Insurance (2021: €103,000) inclusive of the basic Non-Executive Director fee, and reflecting his additional responsibilities as Chairman of the Remuneration Committee as well as his recent appointment as Chairman of FBD Insurance plc.

In respect of John O'Dwyer and Jean Sharp please note that 2021 payments reflect a partial year as John O'Dwyer joined the board on 31st August, 2021 and Jean Sharp was appointed on the 16th August, 2021. Both John O'Dwyer and Jean Sharp have also taken on additional committee responsibilities in 2022 which also impacts on the percentage change year on year.

Non-Executive Directors are not members of the Group's pension schemes and are not eligible for participation in the Group's long-term incentive schemes.

The remuneration of the Non-Executive Directors is determined by the Board, and reflects the time commitment and responsibilities of their role. In setting this level, the Board has regard to the fees payable to the Non-Executive Directors of the other Irish publicly listed companies and also to the developments and policy for the remuneration of the employees in the wider group.

External appointments held by the Executive Directors

In recognition of the benefits to both the Group and to our Executive Directors serving as Non-Executive Directors of other companies, our Executive Directors are, subject to advance agreement in each case, permitted to take on an external Non-Executive appointment and to retain any related fees paid to them.

At present no current Executive Director holds such an appointment.

Change in Directors' remuneration, employee remuneration and Group Performance

European Union (Shareholders' Rights) Regulations 2020 came into force in Ireland on 30 March 2020 when they were transposed into Section 1110N of Companies Act 2014.

The annual change over the last five years is set out below for Chief Executive Officer remuneration and remuneration of all other Group employees:

	2018	2019	2020	2021	2022
Chief Executive Officer					
Remuneration % change year on year	-11%	6%	-18%[1]	–	1%
All Group Employees					
Remuneration % change year on year	1%	2%	2%	1%	6%

[1] *In addition Mr D'Alton was paid consultancy fees of €790,000 and overlapped for part of 2020.*

Tomás Ó Midheach was appointed in January 2021 and therefore there is only two year prior comparison.

The average cost per full time equivalent for 2022, excluding Directors, was €80,375 (2021: €74,000).

When making decisions on executive pay the Remuneration Committee takes into account pay in respect of all employees and is satisfied that pay arrangements are appropriate.

The Group Net Asset Value (NAV) per share and dividend paid per share for the last five years is set out below:

	2018	2019	2020	2021	2022
Performance of the Group					
NAV per share	818	1,068	1,095	1,338	1,188
Dividend paid per share	24c	50c	-	-	100c

Implementation of policy in 2023

Base Salary

A pay pot of 4.5% has been agreed for our employees, however we are focusing our pay spend on our lower paid employees and therefore the average increase is 5.5% for 2023 and this will take into account performance, current position on salary range and pay grade. We have also increased our Health Wallet by €20 as well as awarding all employees €1,000 in recognition of their hard work and dedication throughout 2022.

REPORT ON DIRECTORS' REMUNERATION (continued)

The Committee has decided to award a pay increase of 8% to the CEO. This increase recognises his strong contribution since appointment in January, 2021 and no increase has been given since appointment. The annualised increase therefore is 3.9%. In respect of the CFO an increase of 4.5% has been awarded.

Annual Performance Bonus

The annual performance bonus for Executive Directors in respect of 2023 will be subject to the following performance measures and weightings:

Performance Metric	Weighting
Combined Operating Ratio	60%
Grow Policy Count	20%
Lead Culture Change	20%

Payment of any bonus will be subject to the achievement of a defined minimum level of Group profit after tax.

The Remuneration Committee considers that the above financial metrics are key measures of operational performance for the business. The culture change metric will assess the achievement of a number of key initiatives being carried out by the business and will be measured by employee surveys and output from culture initiatives.

The full details of targets and performance will be set out on a retrospective basis in next years Remuneration Report.

Pension

The pension contribution level for the Chief Executive Officer in 2023 will be 8% of base salary, which is in line with the rate for the wider workforce. The pension contribution rate for the Chief Financial Officer will be 15%. The Chief Financial Officer has indicated he will retire at the end of 2023. The Remuneration Committee intends to bring the Chief Financial Officer's contribution rate into line with that of the wider workforce on appointment of a replacement.

LTIP

The following conditions will apply in respect of LTIP's granted for the period 2023-2025:

Metric	% Weighting
Return on Targeted Equity	50%
Policy in Force Growth	30%
Strategic Metrics	20%

Vesting threshold levels will be applied at intervals of 25% to a maximum of 125% if the performance conditions are met.

The Remuneration Committee believes that return on targeted equity is a key strategic measure as it takes into account both business profitability and balance sheet management. Policies in force growth is a key measure of growth in the business and is a fundamental to FBD's strategy.

The strategic metrics element will be determined by performance achieved in relation to a number of key long-term strategic initiatives. The specific targets cannot be disclosed on a forward looking basis at this time as they are commercially sensitive however the Remuneration Committee has committed to full disclosure on a retrospective basis. Performance will be measured on assessment of outcomes for each key stakeholder group

Retirement of John O'Grady

As announced in December 2022, John O'Grady has informed the Board of his intention to retire as Group Chief Financial Officer and Executive Director at the end of 2023.

Details on the remuneration of John O'Grady's successor will be disclosed in next year's annual report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and financial statements, in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing each of the Company and Group financial statements, the Directors are required to:

- select suitable accounting policies for the Company and the Group financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company and the Group keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company and the Group, enable at any time the assets, liabilities, financial position and profit or loss of the Company and the Group to be determined with reasonable accuracy, enable them to ensure that the Annual Report and financial statements comply with the Companies Act 2014 and the Listing Rules of the Euronext Dublin and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (Transparency (Directive 2004/109/EC) (Amendment) (No. 2) Regulations 2015) to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

Under applicable law and the requirements of the Listing Rules issued by the Euronext Dublin, the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law and those Rules. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

- the financial statements, prepared in accordance with IFRSs as endorsed by the EU, give a true and fair view of the assets, liabilities and financial position for the Group as at 31 December 2022 and of the result for the financial year then ended;
- the Report of the Directors, the Chairman's Statement and the Review of Operations include a fair review of the development and performance of the Group's business and the state of affairs of the Group for the 12 months ending 31 December 2022, together with a description of the principal risks and uncertainties facing the Group; and
- the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to access the position, performance, strategy and business model of the Group.

On behalf of the Board

Liam Herlihy
Chairman

Tomás Ó Midheach
Group Chief Executive

9 March 2023

"From the start of the claims process FBD provided a listening ear and worked with us every step of the way to get us back in business. The efficiency and care they showed throughout the process made a really tough situation much easier. When a company looks after you it definitely makes a difference as you feel they have your back".

Vincent Cleary,
Managing Director, Glenisk


€3.00
Muffin
€3.00
Croissaint
€2.00

Financial Statements

Independent Auditors' Report

to the members of FBD Holdings plc

Report on the audit of the financial statements

Opinion

In our opinion, FBD Holdings plc's consolidated financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2022 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated and Company Statements of Financial Position as at 31 December 2022;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 7 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 January 2022 to 31 December 2022.

Our audit approach

Overview

Overall materiality

- €4.1 million (2021: €4.0 million) - Consolidated financial statements.
- Based on circa 1% of revenue.
- €1.0 million (2021: €1.0 million) - Company financial statements.
- Based on circa 1% of equity attributable to equity holders of the parent.

Performance materiality

- €3.1 million (2021: €3.0 million) - Consolidated financial statements.
- €0.75 million (2021: €0.75 million) - Company financial statements.

Audit scope

- We performed a full scope audit of the complete financial information of the group's principal operating entity, FBD Insurance plc, and the holding company. We performed audit procedures on certain balances and transactions of the group's shared services entity, FBD Corporate Services Limited.
- Taken together, the entities where we performed a full scope audit of the complete financial information and those selected balances at the group's shared services entity on which we performed audit procedures accounted for in excess of 95% of group revenues, 95% of group profit before taxation and 95% of the group's total assets.

Key audit matters

- Valuation of claims outstanding (group).
- Recoverability of Investments in Subsidiaries (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Financial Statements

Independent Auditors' Report (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of claims outstanding (group) *Refer to note 3 (E) (v) - Summary of significant accounting policies, note 3 (U) - Critical accounting estimates and judgements in applying accounting policies and note 24 (a) to (c) to the consolidated financial statements.* The valuation of the provision for claims outstanding involves considerable judgement. The provision for claims comprises: • an actuarial best estimate of the ultimate settlement cost of claims incurred at the reporting date including claims incurred but not reported at 31 December 2022; and • a margin over actuarial best estimate to provide for the risk of adverse development of the actuarial best estimate and to cater for known risk factors not in the underlying data used to calculate the actuarial best estimate. For claims excluding Government COVID-19 restriction related business interruption claims, the actuarial best estimate is determined using complex actuarial calculations and requires the consideration of detailed methodologies, multiple assumptions and significant judgements. Methodologies and assumptions vary by class of business. The key items underlying the valuation include past claims development patterns and assumptions in respect of expected loss ratios and the expected frequency, severity and duration of claims, including the potential impact of the current high inflationary environment on ultimate claims costs. The valuation is also dependent on the completeness and accuracy of the data used in the actuarial modelling, in particular data relating to amounts of claims paid and incurred in the current and prior years and historic loss ratios.	We performed procedures to understand the claims and actuarial reserving processing cycles as they relate to financial reporting. We tested the design and operating effectiveness of the controls over claims processing and payment, and the valuation of claims outstanding. Based on the results of our risk assessment and materiality, we selected certain classes of business for independent valuation by PwC actuarial specialists. The results of our independent valuation were compared to the group's valuation to assess the reasonability of the estimate. In respect of the remaining classes of business we assessed the reasonability of the group's valuation with the assistance of our actuarial specialists. This involved: • assessing the assumptions and methodologies underpinning management's actuarial valuation; and • considering the development of prior accident years' estimates and analysis of the current accident year estimate, including consideration of the group's historic claims experience, developments in the Irish claims environment including consideration of potential impact of the current high inflationary environment and our broader knowledge of developments in the insurance industry. We tested the determination of the best estimate provision in respect of Government COVID-19 restriction related business interruption claims incurred under the group's public house commercial policies. This involved: • assessing the continued appropriateness of the group's valuation model by reference to developments in the period; and • assessing any changes in the assumptions applied by reference to additional data available informing such changes.

Key audit matter	How our audit addressed the key audit matter
The group has performed a separate best estimate calculation in respect of the cost of the Government COVID-19 restriction related business interruption claims given that these claims have not been experienced previously and therefore no past claims development patterns are available. This calculation applies assumptions concerning the level of lost gross profit to be claimed and the level of expense savings expected to be deductible from this amount under the policy terms, taking into account submitted claims data. As set out in note 3 (U), the group awaits a Reasoned Ruling on its proposed resolution of the remaining issues from the Commercial Court in relation to a test case taken by four plaintiffs in 2020 on the interpretation of the business interruption clause within the policy wording, as it relates to Government closure orders resulting from the pandemic. Assumptions in relation to these remaining issues are included by the group in determining the valuation of claims outstanding. We determined the valuation of claims outstanding to be a key audit matter due to the judgements and level of estimation involved in the measurement thereof.	We tested the reconciliation of the data used in the actuarial models to the underlying systems and reconciled the actuarial valuation outputs to the financial statements. For the COVID-19 business interruption claims, where data has been provided by some policyholders we tested a sample of this data used in the setting of the model assumptions for accuracy. We tested the calculation of the margin over actuarial best estimate and discussed the rationale for the level of this element of the provision with management with particular focus on the consideration of the appropriateness of changes in the amount since the prior year and the level of margin included in the valuation of remaining uncertainties. Based on the results of these procedures we concluded that the valuation of claims outstanding included in the consolidated financial statements is within an acceptable range of reasonable estimates. We also assessed the appropriateness of the disclosures in the financial statements.
Recoverability of Investments in Subsidiaries (company) *Refer to note 31 'Principal Subsidiaries' to the consolidated financial statements.* The company has investments in subsidiaries of €91.8 million at 31 December 2022 which are stated at cost less accumulated impairment. We determined this to be a key audit matter as investments in subsidiaries are the principal assets held by the company.	We considered management's assessment as to whether an impairment was required. Based on our procedures we determined that management's conclusion that no impairment was required is reasonable. We also assessed the appropriateness of the disclosures in the financial statements.

Financial Statements

Independent Auditors' Report (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group consists of the holding company, FBD Insurance plc (an insurance provider), 5 other entities (4 of which are non-trading) and a group shared services entity, FBD Corporate Services Limited. All group entities are managed and reported on from a single head office. The consolidated financial statements are a consolidation of these individual entities.

On the basis of the group structure all audit procedures were performed by a single group audit team. We performed a full scope audit of the complete financial information of FBD Insurance plc and the holding company. Specific audit procedures on certain balances and transactions were performed in respect of FBD Corporate Services Limited. We also tested the consolidation process. This gave us the desired level of audit evidence for our opinion on the consolidated financial statements as a whole.

This gave us coverage in excess of 95% of group revenues, 95% of group profit before taxation and 95% of the group's total assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	**Company financial statements**
Overall materiality	€4.1 million (2021: €4.0 million).	€1.0 million (2021: €1.0 million).
How we determined it	Circa 1% of revenue.	Circa 1% of equity attributable to equity holders of the parent.
Rationale for benchmark applied	We have applied this benchmark as it provides a more stable measure as the group's result has fluctuated significantly in recent years. We also assessed the appropriateness of this benchmark by reference to other potential benchmarks and determined the overall materiality level to be appropriate.	We have applied this benchmark as it is considered appropriate given the company's activity as a holding company.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €3.1 million (group audit) and €0.75 million (company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €205,000 (group audit) (2021: €200,000) and €50,000 (company audit) (2021: €50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's going concern assessment and underlying forecasts for the period of the going concern assessment (being the period of 12 months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts we considered the group's historic performance and considered whether the forecast assumptions were consistent with those used in other areas of the entity's business activities, for example in testing for non-financial asset impairment;
- testing the mathematical integrity of the forecasts and the models, and reconciling these to Board approved budgets;
- considering the projected solvency position of FBD Insurance plc under a number of stress scenarios set out in the group's Own Solvency Risk Assessment and comparing these to regulatory and the group's solvency capital requirement; and
- considering the group's liquidity position and investments maturity profile to assess liquidity through the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

In relation to the company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

We are required to report if the directors' statement relating to going concern in accordance with Rule 6.1.82 (3) (a) of the Listing Rules for Euronext Dublin and Rule 9.8.6R(3) of the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Financial Statements

Independent Auditors' Report (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report).
- In our opinion, based on the work undertaken in the course of the audit of the financial statements,
  - the description of the main features of the internal control and risk management systems in relation to the financial reporting process; and
  - the information required by Section 1373(2)(d) of the Companies Act 2014;

  included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a), (b), (e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the "Code") specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Financial Statements

Independent Auditors' Report (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Irish insurance laws and regulations and in particular the Solvency II Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management and internal audit, including consideration of whether there are known or suspected instances of non-compliance with laws and regulation and fraud;
- Inspecting correspondence with the Central Bank of Ireland ('CBI'), including those in relation to compliance with laws and regulations;
- Reading relevant meeting minutes including those of the Board, Audit Committee and Board Risk Committee;
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to the valuation of claims outstanding as described in the related key audit matter;
- Identifying and testing journal entries based on risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

We are required by the Listing Rules to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Prior financial year Remuneration Report

We are required to report if the company has not provided the information required by Section 1110N of the Companies Act 2014 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the directors on 10 August 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 December 2016 to 31 December 2022.

Padraig Osborne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

9 March 2023

Financial Statements

Independent Auditors' Report (continued)

- The maintenance and integrity of the FBD Group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the financial year ended 31 December 2022

	Note	2022 €000s	2021 €000s
Revenue	4(a)	**406,395**	386,661
Income			
Gross premium written	4(c)	**382,889**	366,328
Reinsurance premiums	4(c)	**(40,016)**	(32,652)
Net premium written	4(c)	**342,873**	333,676
Change in net provision for unearned premiums	4(c)	**(7,019)**	571
Net premium earned	4(c)	**335,854**	334,247
Net investment return	5	**(10,413)**	15,679
Financial services income – Revenue from contracts with customers	4(a)	**3,173**	2,930
– Other financial services income	4(a)	**4,812**	4,375
Total income		**333,426**	357,231
Expenses			
Net claims and benefits	4(c)	**(145,807)**	(123,538)
Other underwriting expenses	4(c)	**(95,962)**	(93,369)
Movement in other provisions	4(c)	**(8,403)**	(22,143)
Financial services and other costs	4(e)	**(6,685)**	(6,138)
(Impairment)/revaluation of property, plant and equipment	13	**(287)**	937
Finance costs	26	**(2,559)**	(2,545)
Profit before taxation	6	**73,723**	110,435
Income taxation charge	10	**(9,269)**	(14,026)
Profit for the financial year		**64,454**	96,409
Attributable to:			
Equity holders of the parent		**64,454**	96,409

Earnings per share	*Note*	2022 Cent	2021 Cent
Basic	*12*	**181**	274
Diluted	*12*	**176**[1]	268[1]

[1]*Diluted earnings per share reflects the potential vesting of share based payments.*

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation.

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 9 March 2023.

Financial Statements

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2022

	Note	2022 €000s	2021 €000s
Profit for the financial year		**64,454**	96,409
Items that will or may be reclassified to profit or loss in subsequent periods:			
Movement on available for sale financial assets during the year		**(90,271)**	(11,169)
Movement transferred to the Consolidated Income Statement on disposal during the year		**129**	(1,033)
Taxation credit relating to items that will or may be reclassified to profit or loss in subsequent periods		**11,268**	1,525
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial movement on retirement benefit obligations	*27(d)*	**(2,272)**	280
Property held for own use revaluation movement		**5**	4
Taxation credit/(charge) relating to items not to be reclassified in subsequent periods		**282**	(265)
Other comprehensive expense after taxation		**(80,859)**	(10,658)
Total comprehensive (expense)/income for the financial year		**(16,405)**	85,751
Attributable to:			
Equity holders of the parent		**(16,405)**	85,751

Consolidated Statement of Financial Position

At 31 December 2022

ASSETS

	Note	2022 €000s	2021 €000s
Property, plant and equipment	*13*	**22,745**	24,178
Policy administration system	*14*	**23,683**	27,982
Intangible assets	*15*	**14,082**	9,031
Investment property	*16*	**15,052**	16,055
Right of use assets	*9*	**4,290**	5,078
Loans		**580**	577
Financial assets			
Available for sale investments	*17(a)*	**834,994**	893,715
Investments held for trading	*17(a)*	**132,965**	137,547
Deposits with banks	*17(a)*	**10,000**	—
		977,959	1,031,262
Reinsurance assets			
Provision for unearned premiums	*24(e)*	**1,937**	1,711
Claims outstanding	*24(e)*	**136,848**	195,249
		138,785	196,960
Retirement benefit surplus	*27(f)*	**8,499**	10,901
Deferred taxation asset	*28*	**8,091**	—
Deferred acquisition costs	*18*	**38,520**	35,458
Other receivables	*19*	**58,307**	58,047
Cash and cash equivalents	*20*	**162,398**	164,479
Total assets		**1,472,991**	1,580,008

Financial Statements

Consolidated Statement of Financial Position (continued)

At 31 December 2022

EQUITY AND LIABILITIES

	Note	2022 €000s	2021 €000s
Equity			
Called up share capital presented as equity	*21*	**21,583**	21,409
Capital reserves	*22(a)*	**30,192**	27,406
Revaluation reserve		**755**	752
Retained earnings		**370,258**	422,815
Equity attributable to ordinary equity holders of the parent		**422,788**	472,382
Preference share capital	*23*	**2,923**	2,923
Total equity		**425,711**	475,305
Liabilities			
Insurance contract liabilities			
Provision for unearned premiums	*24(d)*	**191,893**	184,648
Claims outstanding	*24(c)*	**740,784**	800,756
		932,677	985,404
Other provisions	*25*	**11,615**	13,492
Subordinated debt	*26*	**49,662**	49,603
Lease liabilities	*9*	**4,600**	5,349
Deferred taxation liability	*28*	**—**	2,761
Current taxation liability		**2,399**	6,437
Payables	*29(a)*	**46,327**	41,657
Total liabilities		**1,047,280**	1,104,703
Total equity and liabilities		**1,472,991**	1,580,008

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 9 March 2023.

They were signed on its behalf by:

Liam Herlihy
Chairman

Tomás Ó Midheach
Chief Executive Officer

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

	Note	2022 €000s	2021 €000s
Cash flows from operating activities			
Profit before taxation		**73,723**	110,435
Adjustments for:			
Movement on investments held for trading		**16,321**	(10,839)
Movement on investments available for sale		**2,955**	2,429
Interest and dividend income		**(11,510)**	(8,106)
Depreciation/amortisation of property, plant and equipment, intangible assets & policy administration system	*13, 14 & 15*	**13,239**	18,012
Depreciation on right of use assets	*9*	**788**	790
Share-based payment expense	*34*	**2,681**	2,650
Fair value movement on investment property	*16*	**1,003**	996
Revaluation of property, plant and equipment	*13*	**287**	(937)
Operating cash flows before movement in working capital		**99,487**	115,430
Movement on insurance contract liabilities		**5,448**	(66,720)
Movement on other provisions	*25*	**(1,877)**	1,425
Movement on receivables and deferred acquisition costs		**(2,809)**	5,460
Movement on payables		**7,353**	(394)
Interest on lease liabilities	*9*	**216**	236
Purchase of investments held for trading		**(25,312)**	(58,432)
Sale of investments held for trading		**13,573**	48,653
Cash generated from operations		**96,079**	45,658
Interest and dividend income received		**10,998**	8,620
Income taxes paid		**(12,603)**	(75)
Net cash generated from operating activities		**94,474**	54,203
Cash flows from investing activities			
Purchase of available for sale investments		**(238,126)**	(210,499)
Sale of available for sale investments		**203,750**	166,034
Purchase of property, plant and equipment	*13*	**(1,288)**	(1,273)
Additions to policy administration system	*14*	**(4,566)**	(4,685)
Purchase of intangible assets	*15*	**(6,987)**	(5,398)
Movement on loans and advances		**(3)**	24
Maturities of deposits invested with banks		**—**	40,000
Additional deposits invested with banks	*17(a)*	**(10,000)**	—
Net cash used in investing activities		**(57,220)**	(15,797)
Cash flows from financing activities			
Ordinary and preference dividends paid	*30*	**(35,870)**	—
Interest payments on subordinated debt	*26*	**(2,500)**	(2,500)
Principal elements of lease payments	*9*	**(965)**	(962)
Net cash used in financing activities		**(39,335)**	(3,462)
Net (decrease)/increase in cash and cash equivalents		**(2,081)**	34,944
Cash and cash equivalents at the beginning of the year	*20*	**164,479**	129,535
Cash and cash equivalents at the end of the financial year	*20*	**162,398**	164,479

The accompanying notes form an integral part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

	Called up share capital presented as equity	Capital reserves	Revaluation reserve	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**
Balance at 1 January 2021	21,409	24,756	978	336,838	383,981	2,923	386,904
Profit after taxation	—	—	—	96,409	96,409	—	96,409
Other comprehensive expense after taxation	—	—	(226)	(10,432)	(10,658)	—	(10,658)
Total comprehensive (expense)/income for the year	—	—	(226)	85,977	85,751	—	85,751
Recognition of share based payments	—	2,650	—	—	2,650	—	2,650
Balance at 31 December 2021	**21,409**	**27,406**	**752**	**422,815**	**472,382**	**2,923**	**475,305**
Profit after taxation	—	—	—	64,454	64,454	—	64,454
Other comprehensive income/(expense) after taxation	—	—	3	(80,862)	(80,859)	—	(80,859)
Total comprehensive income/(expense) for the year	—	—	3	(16,408)	(16,405)	—	(16,405)
Dividends paid and approved on ordinary and preference shares	—	—	—	(35,870)	(35,870)	—	(35,870)
Issue of ordinary shares*	174	105	—	(279)	—	—	—
Recognition of share based payments	—	2,681	—	—	2,681	—	2,681
Balance at 31 December 2022	**21,583**	**30,192**	**755**	**370,258**	**422,788**	**2,923**	**425,711**

**Further information on the issue of ordinary shares can be found in Note 22(a).*

Company Statement of Financial Position

At 31 December 2022

	Note	2022 €000s	2021 €000s
Assets			
Investments			
Investment in subsidiaries	*31*	**91,831**	91,831
Financial assets		**1**	1
		91,832	91,832
Cash and cash equivalents		**5,527**	3,417
Retirement benefit surplus		**1,988**	2,351
Deferred taxation asset		**—**	—
Other receivables		**6,248**	4,094
Total assets		**105,595**	101,694
Equity and liabilities			
Equity			
Called up share capital presented as equity	*21*	**21,583**	21,409
Capital reserves	*22(b)*	**30,192**	27,406
Retained earnings		**48,069**	47,308
Shareholders' funds – equity interests		**99,844**	96,123
Preference share capital	*23*	**2,923**	2,923
Equity attributable to equity holders of the parent		**102,767**	99,046
Payables	*29(b)*	**2,579**	2,354
Deferred taxation liability		**249**	294
Total equity and liabilities		**105,595**	101,694

The profit attributable to shareholders in the financial statements of the holding company for the year ended 31 December 2022 was €36,974,000 (2021 loss: €35,000). As permitted by Section 304 of the Companies Act 2014, the Income Statement of the Company has not been separately presented in these financial statements.

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 9 March 2023.

They were signed on its behalf by:

Liam Herlihy
Chairman

Tomás Ó Midheach
Chief Executive Officer

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Company Statement of Cash Flows

For the financial year ended 31 December 2022

	2022 €000s	2021 €000s
Cash flows from operating activities		
Profit/(Loss) before taxation	**36,513**	(93)
Adjustments for:		
Share-based payment expense	**2,943**	2,650
Operating cash flows before movement in working capital	**39,456**	2,557
Movement on receivables	**(1,691)**	179
Movement on payables	**215**	(199)
Net cash generated from operating activities	**37,980**	2,537
Net cash generated from investing activities	**—**	—
Cash flows from financing activities		
Ordinary and preference dividends paid	**(35,870)**	—
Net cash used in financing activities	**(35,870)**	—
Net increase in cash and cash equivalents	**2,110**	2,537
Cash and cash equivalents at the beginning of the financial year	**3,417**	880
Cash and cash equivalents at the end of the financial year	**5,527**	3,417

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

For the financial year ended 31 December 2022

	Called up share capital presented as equity	Capital reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2021	**21,409**	**24,756**	**47,353**	**93,518**	**2,923**	**96,441**
Loss after taxation	—	—	(35)	(35)	—	(35)
Other comprehensive expense after taxation	—	—	(10)	(10)	—	(10)
Total comprehensive expense for the year	—	—	(45)	(45)	—	(45)
Recognition of share based payments	—	2,650	—	2,650	—	2,650
Balance at 31 December 2021	**21,409**	**27,406**	**47,308**	**96,123**	**2,923**	**99,046**
Profit after taxation	—	—	36,974	36,974	—	36,974
Other comprehensive expense after taxation	—	—	(326)	(326)	—	(326)
Total comprehensive income for the year	—	—	36,648	36,648	—	36,648
Issue of ordinary shares*	174	105	(17)	262	—	262
Dividends paid and approved on ordinary and preference shares	—	—	(35,870)	(35,870)	—	(35,870)
Recognition of share based payments	—	2,681	—	2,681	—	2,681
Balance at 31 December 2022	**21,583**	**30,192**	**48,069**	**99,844**	**2,923**	**102,767**

**Further information on the issue of ordinary shares can be found in Note 22(b).*

Financial Statements

Notes to the Financial Statements

For the financial year ended 31 December 2022

1 GENERAL INFORMATION

FBD Holdings plc is an Irish registered public limited company. The registration number of the company is 135882. The address of the registered office is FBD House, Bluebell, Dublin 12, Ireland. FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, businesses and retail customers. Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a leading general insurer serving the needs of its direct agricultural, business and retail customers throughout Ireland. It has a network of 34 branches nationwide.

2 GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of this report.

In making this assessment the Directors considered up to date solvency, liquidity and profitability projections for the Group. The basis of this assessment was the Budget 2023 and projections for 2024 which reflect the latest assumptions used by the business. The economic environment may impact on premiums including potential reductions in exposures, new business and retention levels. Expense assumptions can change depending on the level of premiums as discretionary spend and resources are adjusted. There were a number of scenario projections run as part of the ORSA process as well as a number of more extreme stress events and in all scenarios the Group's capital ratio remained in excess of the Solvency Capital Requirement and in compliance with liquidity policies.

The Directors considered the liquidity requirements of the business to ensure it is projected to have cash resources available to pay claims and other expenditure as they fall due. The business is expected to have adequate cash resources available to support business requirements as well as claims in relation to public house Business Interruption as they fall due. In addition the Group has a highly liquid investment portfolio with over 50% of the portfolio invested in corporate and sovereign bonds with a minimum A- rating.

On the basis of the projections for the Group, the Directors are satisfied that there are no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of this report. Therefore the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The Group and Company financial statements are prepared in compliance with the Companies Acts 2014.

CONSIDERATION OF CLIMATE CHANGE

In preparing the financial statements the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 34 to 46 this year. There has been no material impact identified on the financial reporting estimates and judgements. In particular, the Directors have considered the impact of climate change in respect of the following areas:

- Viability assessment of the Group and future cash flow forecasts;
- Cash flow forecasts included in the impairment testing on page 149; and
- Valuation of the investment property on page 163 and property held for own use on pages 160 to 161.

The Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against estimates and judgements made in preparation of the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Standards adopted during the period

In the current year, the Group has applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022, unless otherwise stated.

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018 - 2020

The amendments of these standards has not had a material impact on the financial statements of the Group.

Standards and Interpretations not yet effective

IFRS 17	Insurance Contracts[1]
IFRS 9	Financial Instruments[2]

[1] *Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.*

[2] *Consolidated financial statements only. Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.*

Estimated quantitative impact of the adoption of IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments'

The impact to shareholder's equity will mainly be driven by the introduction of discounting claims reserves as well as the introduction of the risk adjustment calculation as an allowance for uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment under IFRS 17 replaces the margin for uncertainty currently in existence under IFRS 4. Based on assessments to date, the total adjustment after tax to the Group's total equity on the application of IFRS 17 and IFRS 9 is currently estimated to be an increase of approximately €7.9m at 1 January 2022 with the discounting impact becoming significantly more prevalent throughout the 2022 transitional period in line with the rising interest rate environment. Any future reserve releases will reflect the impacts of discounting and risk adjustment.

Estimated increase (reduction) in the Group's total equity:

	1 January 2022 €m
Adjustments due to the adoption of IFRS 17:	
Re-measurement of non-life insurance contracts under IFRS 17	9.4
Adjustments due to adoption of IFRS 9:	
Impairment of financial assets	(0.4)
Deferred taxation impact	(1.1)
Estimated impact of adoption of IFRS 17 and IFRS 9 after tax	**7.9**

The assessment above is preliminary as not all of the transitional work has been finalised. The actual impact of adopting IFRS 17 and IFRS 9 may change because:

a. Although the build phase of the programme is substantially completed, the Group has not finalised the testing and assessment of controls over new technology and infrastructure and reporting processes;

b. The new accounting policies, assumptions, judgements and estimation techniques applied are subject to change until the Group finalises its first financial statements under the new standards.

The Group will restate 2022 comparative information on adoption.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 17

Nature of change

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts. The main features of the new measurement model for insurance contracts are, as follows: an estimate of the present value of future net cash flows incorporating a risk adjustment for non-financial risk and re-measured at each reporting period (the fulfilment cash flows) and a contractual service margin representing the unearned profit of the insurance contracts relating to the future service to be provided under the contracts. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the 'liability for remaining coverage' ('LRC') comprising the fulfilment cash flows related to future service allocated to the group at that date, and the 'liability for incurred claims' (LIC), comprising the fulfilment cash flows related to past service allocated to the group at that date.

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are required to be further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. A group of contracts that is onerous on initial recognition results in a loss being recognised immediately in the statement of financial performance for the entire net cash outflow therefore the carrying amount of the insurance liability for the group is equal to the fulfilment cash flows and the contractual service margin is nil. Under the Premium Allocation Approach (PAA) it is assumed no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. IFRS 17 also requires that no group for level of aggregation purposes, may contain contracts issued more than one year apart.

Impact

Classification and measurement

The adoption of IFRS 17 is not expected to change the classification of the Group's insurance contracts. The Group expects to be able to apply the simplified premium allocation approach to all material insurance and reinsurance contract groups. The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- IFRS 17 requires a company to determine the level of aggregation for applying its requirements. FBD manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.
- The Premium Allocation Approach under IFRS 17 is in line with the Group's current earnings methodology which means that gross earned premium is expected to be materially unchanged under IFRS 17 however 'Insurance Revenue' will now include interest on instalment premiums.
- Measurement of the liability for incurred claims, (previously claims outstanding and incurred but not reported claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability for incurred claims includes the Group's obligation to pay other incurred insurance expenses.
- Under IFRS 17 the Group's contribution to the Motor Insurers' Insolvency Compensation Fund and the Motor Insurers' Bureau of Ireland levy are not considered part of the cash flows within the boundary of the underlying contracts and are presented separately from the 'Insurance service result' within the profit or loss.
- IFRS 17 requires that non-attributable expenses are presented separately from the 'Insurance service result' within the profit or loss.
- In accordance with IFRS 17 reinsurance contracts held are presented separately from the expenses or income from insurance contracts issued. Re-instatement premiums contingent on claims on the underlying contracts are treated as part of the claims that are expected to be reimbursed under the reinsurance contracts held and were previously included within 'Net premium earned' under IFRS 4. Similarly, ceded commission not contingent on claims on the underlying contracts are treated as a reduction in the premiums to be paid to the reinsurer and were previously included within 'Other underwriting expenses' under IFRS 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Summary of Key Accounting Choices under IFRS 17

	IFRS 17 Options	Planned approach	
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	FBD is eligible to apply the Premium Allocation Approach based on the fact that in general the insurance contracts issued have a duration of 12 months or less.	IFRS 17.53
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year then insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all groups, insurance acquisition cash flows will be allocated to related groups of insurance contracts and amortised over the coverage period of the related group. This will avoid timing mismatches between revenue earnings patterns and the recognition of the associated expenses.	IFRS 17.59 (a) IFRS 17.28A, IFRS 17.B35A
Liability for Remaining Coverage (LFRC) adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	No allowance for interest accretion will be made as the premiums are received within one year of the coverage period.	IFRS 17.56
Liability for incurred claims (LFIC) adjusted for the time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	FBD will discount cash flows when calculating the Liability for Incurred Claims as the claims are typically open for longer than a 12 month duration.	IFRS 17.59 (b)
Insurance finance income and expense	There is an option to disaggregate part of the movement in the LFIC resulting from changes in discount rates and present this in Other comprehensive income.	The impact on LFIC from changes in discount rates will be captured within the OCI, in line with the accounting for assets backing the relevant product lines.	IFRS 17.88

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key Judgements and estimates

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates.

Discount rates

The Group is required to discount future cash flows as the weighted time to settlement is greater than one year from the date the claim occurred. This requirement to allow for the time value of money is a change from the current practice where no allowance for the time value of money is made in the calculation of the claims liabilities.

The Group will determine the risk free discount rate using a bottom-up approach. The Group will use the Euro denominated EIOPA prescribed rates under Solvency II. The EIOPA EUR spot rates are derived from market observable EUR swap rates for durations one to twenty years.

The Group will adjust the EIOPA prescribed curve with an illiquidity premium.

Estimates of future cash flows to fulfil insurance contracts

The Group estimates insurance liabilities in relation to claims incurred for gross and reinsurance contracts using actuarial methods. Estimates are performed on an accident year basis with further allocation to annual cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supporting information that is available without undue cost or effort at the reporting date. This information includes both internal information and external historical data about claims and other experience, updated to reflect current expectations of future events.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide service ends when the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those that the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at the entity level and then allocated down to each group of contracts in accordance with their risk profiles. A confidence level approach is used to derive the overall risk adjustment for non-financial risk. FBD intend to target a risk adjustment within a range between the 75th and 80th percentiles. At year-end 2021, the risk adjustment is at the 80th percentile.

As the Group are using the PAA method, a Risk Adjustment is only required for the LIC and not the LRC (unless there is an onerous group).

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk transferred to the reinsurer as the difference between the two results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation

Key impacts on the presentation of the financial statements are outlined below.

- In the statement of financial position, the Group is required to present separately the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, groups of reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.
- No separate asset will be recognised for deferred acquisition costs or premium receivables. Instead, qualifying insurance acquisition cash flows and premium receivables are subsumed into the insurance liability for remaining coverage. Similarly transactional tax levies on insurance premium written and liabilities owing to reinsurers are subsumed into the fulfilment cash flows.
- The total amount recognised in the statement of profit or loss and other comprehensive income will be disaggregated into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.
- The Group does not intend to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and will include the entire change as part of the insurance service result.
- Income or expenses from reinsurance contracts held will be presented separately from the expenses or income from insurance contracts issued.
- The Group will apply the Fully Retrospective approach on the adoption of IFRS 17, with the exception of using the modified retrospective approach for the choice of initial recognition yield curves for underwriting years 2015 and prior.

Simplified P&L key elements:

IFRS 4 Profit:

Income	Net earned premium Net investment return Other income
Expenses	Net claims and benefits Other Underwriting expenses Other expenditure

IFRS 17 Profit:

Insurance service result	Insurance revenue Insurance service expenses Reinsurance result
Net investment result	Net investment return Net insurance finance expenses
Other result	Other income and expenditure

KPIs

The calculation of KPIs used under IFRS 4 will change assuming the same KPIs are reported.

- 'Gross earned premium' and 'Gross written premium' numbers are expected to be materially unaffected although they are no longer presented on the face of the statement of profit or loss. 'Gross earned premium' is comparable to 'Insurance Revenue' however 'Insurance Revenue' will now include interest on instalment premiums.
- 'Net earned premium' will no longer be presented.
- Discounting cash flows when calculating the Liability for Incurred Claims will alter the timing of profit emergence but not the overall level of profit. Consequently there will be an impact on transition on shareholders' funds, NAV and ROE.
- The impact of introducing the new measurement model for claims will flow through to insurance service expenses.
- Locked-in accident year rates used for discounting in P&L, changes in discount rates will be recognised in OCI limiting volatility in P&L.
- Non-attributable expenses are included within 'Other result' as opposed to expenses under IFRS 4, however, wnon-attributable expenses are expected to be included within the numerator when calculating the expense ratio.
- For the expense ratio; using Insurance Revenue as the bottom-line instead of net earned premium as well as ceded commission not contingent on claims on the underlying contracts being treated as a reduction in the ceded premiums will result in a lower expense ratio.
- For the loss ratio; the favourable impact of using Insurance revenue as a bottom-line instead of net earned premium is expected to be offset by the reinsurance result being included in the top-line. Current service discounting costs are expected to lower the Loss ratio in a positive interest rate environment.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- FBD will calculate the combined operating ratio as the total of: (Insurance service expenses plus the net expenses from reinsurance contracts held plus non-attributable expenses (incl. MIBI)), divided by Insurance Revenue.
- FBD measures and calculates capital using the Standard Formula. The calculation of the Solvency II Capital Requirement (SCR) will not be impacted on adoption of IFRS 17.

IFRS 9

Nature of change

IFRS 9 has been issued to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39).

Financial assets within the scope of IFRS 9 are required to be classified as being measured, subsequent to initial recognition, at amortised cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The assessment of how an asset should be classified is dependent on both the overall objective of the business model within which the asset is held and whether the contractual terms of the financial asset give rise to, on specified dates, cash flows that are solely payments of principal and interest (SPPI). IFRS 9 introduces a new forward-looking impairment model based on expected credit losses (ECL) rather than incurred losses. The accounting for financial liabilities will remain largely consistent with that applied under IAS 39, except for recognition of changes in own credit risk in other comprehensive income for certain liabilities designated at fair value through profit or loss.

Effective date of the change

IFRS 4 permits an insurance company that meets the criteria a temporary exemption from applying IFRS 9 and to continue to apply IAS 39. The Group meets the criteria and has elected to defer the application of IFRS 9 to the reporting period beginning on 1 January 2023, alongside IFRS 17 Insurance Contracts.

Impact

Classification and measurement of financial assets under IFRS 9 is not expected to result in any significant changes for the Group. Below sets out the qualitative and quantitative impacts for the Group on transition to IFRS 9.

- Collective investment scheme assets held for trading are required to be classified as 'Fair value through Profit or Loss' (FVTPL) under IFRS 9. This is no different to current reporting under IAS 39 whereby assets are measured at fair value and all dividend income and other gains and/or losses are recognised in profit or loss.
- The Group's quoted debt securities as at the opening balance sheet of the comparative period (i.e. 1 January 2022) pass the SPPI and are classified as FVOCI as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. FVOCI is different to current reporting mainly in that there is a new requirement under IFRS 9 to recognise a loss allowance for expected credit losses in the income statement. Accumulated gains or losses on FVOCI investments are reclassified to the profit and loss account on liquidation similar to the current reporting treatment however recycling to the income statement is net of the expected credit losses under IFRS 9. The investments would be measured at fair value similar to current reporting.
- Unquoted debt securities previously classified as 'Available for sale' under IAS 39 are classified as FVTPL under IFRS 9 as they do pass the SPPI test. This is different to current reporting as all income and other gains and/or losses are recognised in profit or loss. Mark to market gains and/or losses on 'Available for sale' assets under IAS 39 are recognised in Other Comprehensive Income.
- FBD intend to restate comparative information on the initial application of IFRS 9 and will apply the classification overlay approach with the amendment to the transition requirements in IFRS 17 issued by the IASB at the end of 2021.
- To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Group will apply the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023. Changes include transition disclosures as well as qualitative and quantitative information about the ECL calculations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

The table below shows the impact of classification and measurement in accordance with IFRS 9 as at the opening balance sheet of the comparative period (i.e. 1 January 2022)

Financial Assets	Original measurement (IAS 39)	Revised measurement (IFRS 9)	Carrying amount under IAS 39 €'000	Reclassification €'000	Re-measurement €'000	Carrying amount under IFRS 9 €'000
Quoted debt securities[1]	AFS	FVOCI	892,495	-	-	892,495
Cash and cash equivalents	AC	AC	164,479	6,497[2]	-	170,976
Collective investment schemes	HFT	FVTPL	137,547	-	-	137,547
Receivables	AC	AC	58,047	(41,749)[2]	(388)	15,910
Unquoted investments	AFS	FVTPL	1,220	-	-	1,220
Loans	AC	AC	577	-	(17)	560
Deposits with banks	AC	AC	-	-	-	-

[1] In accordance with the requirements of IFRS 9 the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. As at the opening balance sheet of the comparative period (i.e. 1 January 2022) an expected credit loss of €754,000 is expected to be recognised and reflected directly in the FVOCI reserve.

[2] Insurance and reinsurance contract receivables and payable (outstanding cheques) are included within Insurance/Reinsurance contract asset/liabilities under IFRS 17.

Financial liabilities	Original measurement (IAS 39)	Revised measurement (IFRS 9)	Carrying amount under IAS 39 €'000	Reclassification €'000	Re-measurement €'000	Carrying amount under IFRS 9 €'000
Subordinated debt	AC	AC	49,603	-	-	49,603
Payables	AC	AC	41,657	-	-	41,657

ACCOUNTING POLICIES

The principal accounting policies adopted by the Board are detailed below. All accounting policies are applicable to the consolidated and Company financial statements unless stated otherwise.

A) ACCOUNTING CONVENTION

The consolidated and Company financial statements are prepared under the historical cost convention as modified by the revaluation of property, investments held for trading, available for sale investments and investment property, which are measured at fair value.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings to 31 December. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over an investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any transaction costs incurred are expensed in the period in which they occur. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups), that are classified as held for sale in accordance with IFRS 5, *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs of sale.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Consolidated Income Statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) BASIS OF CONSOLIDATION (continued)

When the Group loses control of a subsidiary, the profit or loss on the sale is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in the Consolidated Statement of Comprehensive Income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, costs on initial recognition of an investment in an associate or jointly controlled entity.

C) INVESTMENTS IN SUBSIDIARIES (Company only)

Investments in subsidiaries are accounted for at cost less accumulated impairment losses. The Company reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying amount of the investment to its recoverable amount. The recoverable amount is higher of the investments fair value of its value in use. If impairment occurs, this loss is recognised in the income statement.

Dividend income from investments in subsidiaries is recognised when the Company's right to receive has been established.

D) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents gross premiums written, broking commissions, fees, other commissions, interest and dividends receivable, rents receivable, net of discounts, levies, VAT and other sales related taxes.

Revenue from insurance contracts is accounted for in accordance with accounting policy (E).

Interest income is accrued on a time basis with reference to the principal outstanding at the effective interest rate applicable.

Broking commission is recognised as the Group satisfies its performance obligations. The Group's performance obligation in relation to broking commissions is satisfied at the point in time when the underlying policy has been contractually agreed between the insured and the provider. The transaction price is the expected commission income receivable by the Group for the satisfaction of this performance obligation. The transaction price includes a variable consideration estimation on the basis that elements of commissions receivable are dependent on the outcome of future events, namely the underlying policies sold remaining in force, and are paid in future periods. Thus an expected level of lapses is applied to policies sold in order to calculate an appropriate commission receivable in relation to the satisfaction of the performance obligation. Variable consideration is only recognised to the extent that it is highly probable that a significant reversal of revenue would not occur.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income is recognised on a straight-line basis over the period of the lease.

E) INSURANCE CONTRACTS

(i) Premiums written

Premiums written relate to contracts entered into during the accounting period, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums due. Premiums written exclude taxes and duties levied on premiums.

Premium rebates relate to elements of premium written returned to policyholders as a result of agreed reductions in risk exposure. The earnings impact of premium rebates is recognised over the period of reduced risk exposure.

(ii) Unearned premiums

Unearned premiums are those portions of premium income written in the year that relate to insurance cover after the year end. Unearned premiums are computed on a 365th of premium written. At 31 December each year, an assessment is made of whether the provision for unearned premiums is adequate as set out in accounting policy E (iv) below.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E) INSURANCE CONTRACTS (continued)

(iii) Deferred acquisition costs

Deferred acquisition costs represent the proportion of acquisition costs, net of reinsurance, that are attributable to the unearned premiums. Acquisition costs comprise the direct and indirect costs of obtaining and processing new insurance business. These costs are recognised as a deferred acquisition cost asset and amortised on the same basis as the related premiums are earned, and are tested for impairment at 31 December each year.

(iv) Unexpired risks

At 31 December each year, an assessment is made of whether the provision for unearned premiums is adequate. Provision for unexpired risks is made where the expected claims, related expenses and deferred acquisition costs are expected to exceed unearned premiums, after taking account of future investment income. At each reporting date, the Group reviews its unexpired risks and carries out a liability adequacy test for any overall excess of expected claims and deferred acquisition costs over unearned premiums, using the current estimates of future cash flows under its contracts after taking account of the investment return expected to arise on assets. If these estimates show that the carrying amount of its insurance liabilities (less related deferred acquisition costs) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the Income Statement by setting up a provision in the Statement of Financial Position.

(v) Claims incurred

Claims incurred comprise the cost of all insurance claims occurring during the year, whether reported or not, and any adjustments to claims outstanding from previous years.

Full provision, net of reinsurance recoveries, is made at the reporting date for the estimated cost of claims incurred but not settled, including claims incurred but not yet reported and expenses to be incurred after the reporting date in settling those claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding notified claims and uses this information when estimating the cost of those claims. Claims reserves are not discounted.

The Group uses estimation techniques, based on statistical analysis of past experience, to calculate the estimated cost of claims outstanding at the year end. It is assumed that the development pattern of the current claims will be consistent with previous experience. Allowance is made, however, for any changes or uncertainties that may cause the cost of unsettled claims to increase or reduce. These changes or uncertainties may arise from issues such as the effects of inflation, changes in the mix of business or the legal environment.

Receivables arising out of direct insurance operations are measured at initial recognition at fair value and are subsequently measured at amortised cost, after recognising any impairment loss to reflect estimated irrecoverable amounts.

(vi) Reinsurance

Premiums payable in respect of reinsurance ceded, are recognised in the period in which the reinsurance contract is entered into and include estimates where the amounts are not determined at the reporting date. Premiums are expensed over the period of the reinsurance contract, calculated principally on a daily pro rata basis.

A reinsurance asset (reinsurers' share of claims outstanding and provision for unearned premium) is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported under insurance liabilities. The amount recoverable from reinsurers is initially valued on the same basis as the underlying claims provision.

The amount recoverable is reduced when there is an event arising after the initial recognition that provides objective evidence that the Group may not receive all amounts due under the contract and the event has a reliably measurable impact on the expected amount that will be recoverable from the reinsurer.

The reinsurers' share of each unexpired risk provision is recognised on the same basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F) OTHER PROVISIONS

Other provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the provision can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at management's best estimate, at the balance sheet date, of the expenditure required to settle the obligation.

G) PROPERTY, PLANT AND EQUIPMENT

(i) Property

Property held for own use in the supply of services or for administrative purposes is stated at revalued amounts, being the fair value at the date of revaluation which is determined by professional valuers, less subsequent depreciation for buildings. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and credited to the revaluation reserve within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised. A decrease on revaluation is charged as an expense to the Income Statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluation of that asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement and any associated revaluation surplus is transferred to retained earnings.

(ii) Computer equipment and fixtures and fittings

Computer equipment and fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation

Depreciation is provided in respect of computer equipment and fixtures and fittings, and is calculated in order to write off the cost or valuation of the assets over their expected useful lives on a straight line basis over a three to ten year period. Depreciation on assets under development commences when the assets are ready for their intended use.

Buildings are depreciated to their residual value over the useful economic life of the building, on a straight line basis. Land is not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed at least each financial year end and adjusted if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

Buildings: 30 years

Computer equipment: 3-5 years

Fixtures and fittings: 10 years

H) POLICY ADMINISTRATION SYSTEM

The policy administration system is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided in respect of the policy administration system and is calculated in order to write off the costs incurred to date, over its expected useful life which is determined to be 3.5 years on a straight line basis.

I) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and less any accumulated impairment losses. Intangible assets comprise computer software and these assets are amortised on a straight line basis over a five year period.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J) INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is recognised initially at cost and stated at fair value at the reporting date being the value determined by qualified independent professional valuers. Gains or losses arising from changes in the fair value are recognised in the Income Statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement for the period in which the property is derecognised.

K) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability to the extent of its continuing involvement in the financial asset. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(i) Investments held for trading at fair value

Investments held for trading are stated at fair value and include quoted shares, quoted debt securities and collective investment schemes. They are recognised on a trade date basis at fair value and are revalued at subsequent reporting dates at fair value, using the closing bid price, with gains and losses being included in the Income Statement in the period in which they arise.

Investments are held for trading if:

- they have been acquired principally for the purpose of selling in the near future; or
- they are part of an identified portfolio of financial instruments that the Group manages together and have a recent actual pattern of short-term profit-making; or
- they are derivatives that are not designated and effective as hedging instruments.

Investments other than investments held for trading may be designated at FVTPL (fair value through profit or loss) upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the investment forms part of a group of investments or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented Investment Policy.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Income Statement. The net gain or loss recognised in the Consolidated Income Statement incorporates any dividend or interest earned on the financial asset and is included in the 'net investment return' line item in the Income Statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K) FINANCIAL INSTRUMENTS (continued)

(ii) Available for sale investments

Available for sale investments include quoted debt securities and unquoted investments, and are stated at fair value where fair value can be reliably measured. Fair value is calculated using closing bid prices. They are recognised on a trade date basis at fair value, and are subsequently revalued at each reporting date to fair value, with gains and losses being included directly in the Statement of Comprehensive Income until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised in the Statement of Comprehensive Income, is included in the Income Statement for the year.

(iii) Loans

Loans are recognised on a trade date basis at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. When it is not possible to estimate reliably the cash flows or the expected life of a loan, the projected cash flows over the full term of the loan are used to determine fair value.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount at initial recognition.

(iv) Other receivables

Amounts arising out of direct insurance operations and other debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost, after recognising any impairment loss to reflect estimated irrecoverable amounts.

Other receivables (Company only)

Other debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost less expected credit losses. Expected credit losses is a forward looking measure of impairment calculated on a probability of credit losses basis.

(v) Deposits with banks

Term deposits with banks comprise cash held for the purpose of investment. Demand deposits with banks are held for operating purposes and included in cash and cash equivalents. Deposits with banks are valued at amortised cost.

(vi) Subordinated debt

Subordinated debt issued by the Group comprise callable dated deferrable subordinated notes.

The financial liability is initially recognised at fair value of the subordinated notes net of costs. Subsequent to initial recognition, the subordinated debt is measured at amortised cost using the effective interest rate method.

Interest and amortisation relating to the financial liability is recognised in the Income Statement.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The Group applies the temporary exemption from IFRS 9 Financial Instruments, as defined in the amendment "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – IFRS 4 amendments" issued by the IASB in September 2016, in its consolidated financial statements. This amendment allows an entity to defer the implementation of IFRS 9 if its activities are predominantly connected with insurance. As a result, the Group will continue to apply IAS 39, Financial Instruments: Recognition and Measurement in its consolidated financial statements until the reporting period beginning on 1 January 2023.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K) FINANCIAL INSTRUMENTS (continued)

(vi) Subordinated debt (continued)

During 2018 the Group performed an assessment of the amendments and reached the conclusion that its activities were predominantly connected with insurance as at 31 December 2015. The Group's percentage of its gross liabilities from contracts within the scope of IFRS 4 relative to its total liabilities at 31 December 2015 was 94.5% which is in excess of the 90% threshold required by IFRS 4. There has been no significant change to the activities of the Group requiring reassessment of the use of the temporary exemption from IFRS 9 to 31 December 2022.

IFRS 9 financial instruments deferral disclosures, as defined in IFRS 4, are included in note 37.

L) LEASES

(i) The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the operating lease term.

(ii) The Group as Lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The right of use asset is recognised as an amount equal to the lease liability, adjusted for amount of any prepaid or accrued lease payments relating to the lease.

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use assets for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

M) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and money market funds with maturities of 3 months or less held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Deposits with banks and cash and cash equivalents are valued at amortised cost. The money market funds are valued at fair value through profit and loss. .

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N) TAXATION

Income tax expense or credit represents the sum of income tax currently payable and deferred income tax. Income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are not taxable or deductible. The Group's liability for income tax is calculated using rates that have been enacted or substantively enacted at the reporting date. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity.

Deferred income tax is provided, using the liability method, on all differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realised or the liability to be settled.

Deferred tax assets are recognised for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred income tax asset to be utilised.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

O) RETIREMENT BENEFITS

The Group provides either defined benefit or defined contribution retirement benefit schemes for the majority of its employees.

(i) Defined benefit scheme

A full actuarial valuation of the scheme is undertaken every three years and is updated annually to reflect current conditions in the intervening periods for the purposes of preparing the financial statements.

The liability or asset recognised in the Statement of Financial Position in respect of defined benefit

pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Income Statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Income Statement as past service costs.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O) RETIREMENT BENEFITS (continued)

(ii) Defined contribution schemes

Costs arising in respect of the Group's defined contribution retirement benefit schemes are charged to the Income Statement in line with the service received.

P) CURRENCY

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Group's non Euro-zone operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the exchange rates at the date of transactions are used. Exchange differences that are classified as equity are transferred to the translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed.

Q) SHARE-BASED PAYMENTS AND LONG TERM INCENTIVE PLANS

The Group operates a long-term incentive plan based on non-market vesting conditions. The fair value of the non-market based awarded shares is determined with reference to the share price of the Group at the date of grant. The cost is expensed in the Income Statement over the vesting period at the conclusion of which the employees become unconditionally entitled to the shares once performance conditions are met. The corresponding amount to the expense is credited to a separate reserve in the Statement of Financial Position. At each period end, the Group reviews its estimate of the number of shares that it expects to vest and any adjustment relating to current and past vesting periods is brought to the Income Statement. The share awards are all equity settled.

R) TREASURY SHARES

Where any group company purchases the Company's equity share capital, the consideration paid is shown as a deduction from ordinary shareholders' equity. Consideration received on the subsequent sale or issue of treasury shares is credited to ordinary shareholders' equity. Treasury shares are excluded when calculating earnings per share.

S) IMPAIRMENT OF ASSETS

(i) Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows attributable to the asset (or cash-generating unit) are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S) IMPAIRMENT OF ASSETS (continued)

(i) Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where a revaluation loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no revaluation loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of a revaluation loss, other than in relation to goodwill, is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the revaluation loss is treated as a revaluation increase.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL (fair value through profit or loss), are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted. For listed and unlisted equity investments classified as Available for Sale ("AFS"), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of a financial asset is directly reduced by the impairment loss for all financial assets.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in the Statement of Comprehensive Income are reclassified to the Income Statement in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Income Statement, to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in the Consolidated Income Statement are not reversed through the Income Statement. Any increase in fair value subsequent to an impairment loss is recognised in the Statement of Comprehensive Income.

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T) OTHER FINANCIAL SERVICES INCOME

Other financial services income comprises interest on instalment premiums which is recognised on an effective interest method and other financial services income as detailed in accounting policy (D).

U) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are set out on pages 130 to 150. In the application of these accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The key source of judgement and estimation in the preparation of the financial statements are detailed below. The judgements and estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgements and estimates are recognised in the period in which the judgement or estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting estimates and judgements in applying accounting policies

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The key judgements and the key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are detailed below. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and actual results may differ from these estimates.

Claims provisions

Claims provisions represent the estimation of the cost of claims outstanding under insurance contracts written. Actuarial techniques, based on statistical analysis of past experience, are used to calculate the estimated cost of claims outstanding at the period end.

Also included in the estimation of outstanding claims are factors such as the potential for inflation and the potential impact of the Personal Injuries Guidelines. Provisions for more recent claims make use of techniques that incorporate expected loss ratios and average claims cost (adjusted for inflation) and frequency methods. The average claims cost and frequency methods are particularly relevant when calculating the ultimate cost of claims for the 2022 accident year.

FBD have agreed settlements with two of the four publicans in the Business Interruption Test Case. A reasoned ruling is due in the second quarter of 2023 from the Judge which is anticipated will provide certainty in respect of outstanding issues and assist in reaching an agreement with the remaining two publicans. Should the ruling provide this clarity, this will enable payment of the balance of the claims due to publicans in 2023.

FBD has now received information from almost 700 public house policyholders in order to assess the claims and has been making interim payments based on these assessments. The continued increase in data provides more certainty in respect to a number of assumptions underlying the best estimate of the Business Interruption losses and will improve as the particulars of more claims are received.

The calculations are particularly sensitive to the estimation of the ultimate cost of claims for the particular classes of business and the estimation of future claims handling costs. Actual claims experience may differ from the assumptions on which the actuarial best estimate is based and the cost of settling individual claims may exceed that assumed.

As a result of the uncertainties noted, the Group sets provisions at a margin above the actuarial best estimate, inclusive of an amount specifically allocated to the Business Interruption estimate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Reinsurance assets

The Group spends substantial sums to purchase reinsurance protection from third parties and substantial claims recoveries from these reinsurers are included in the Statement of Financial Position at the reporting date. A reinsurance asset (reinsurers' share of claims outstanding and provision for unearned premium) is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported under insurance liabilities. The amount recoverable from reinsurers is initially valued on the same basis as the underlying claims provision. The amount recoverable is reduced when there is an event arising after the initial recognition that provides objective evidence that the Group may not receive all amounts due under the contract and the event has a reliably measurable impact on the expected amount that will be recoverable from the reinsurer.

To minimise default exposure, the Group's policy is that all reinsurers should have a credit rating of A- or better or have provided alternative satisfactory security.

The actual amount recovered from reinsurers is sensitive to the same uncertainties as the underlying claims. To the extent that the underlying claim settles at a lower or higher amount than that assumed this will have a direct influence on the associated reinsurance asset.

The uncertainty in respect of the reinsurance asset for Business Interruption has reduced considerably as the application of the reinsurance contract has been agreed with reinsurers for the expected impacted layers of the catastrophe program.

Uncertainties in impairment testing

As at the reporting date it was noted that the market capitalisation, that is the quoted share price multiplied by the number of ordinary shares in issue, was lower than the Shareholders' Funds as per the Consolidated Statement of Financial Position. There are a large number of factors driven by market conditions that can influence the market capitalisation of a company which include but are not limited to factors such as shares being traded less frequently. The market capitalisation being below net assets is considered to be an external indicator of impairment and creates a necessity to make a formal estimate of recoverable amount to test whether any actual impairment exists. For tangible and intangible assets, the recoverable amount of an asset is the higher of its value in use or its fair value less costs to sell.

In the case of the Property, Plant and Equipment (excluding Owner Occupied Property which is held at revalued amount), policy administration system, Intangible Assets and Right of Use Assets there is no reliable estimate of the price at which an orderly transaction to sell the assets would take place and there are no direct cash-flows expected from the individual assets. These assets are an integral part of the FBD General Insurance business, therefore, the smallest group of assets that can be classified as a cash generating unit is the FBD General Insurance business.

The Value in Use cash flow projections are based on the budget 2023 figures and the five year strategic projections approved by the Board in quarter four 2022. The 2028 figures are extrapolated assuming the performance in 2028 is in line with 2027. The time period of six years used in the cash flow projections is less than the weighted average remaining useful life of the assets in the FBD General Insurance business being assessed. This projection and plan refresh represent management's best estimate of future underwriting profits and fee income for FBD.

General Insurance business projections factors in both past experience as well as expected future outcomes relative to market data and the strategy adopted by the Board. The underlying assumptions of these forecasts include average premium, number of policies written, claims frequency, claims severity, weather experience, commission rates, fee income charges and expenses. The average growth rate used for 2023 is 6% followed by a 2% growth rate for 2024-2027. The growth rate is assumed to be flat for later years. Future cash flows are discounted using an estimated weighted average cost of capital (WACC) of 10.2% which is considered a reasonable estimate following the recent increase in risk free rates

Financial Statements

Notes to the Financial Statements (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Sensitivity analysis was performed on the projections to allow for possible variations in the amount of the future cash flows and potential discount rate changes. The sensitivities include climate change scenarios run for the ORSA modelling, delayed benefits from the Judicial Council Guidelines, additional inflation in claims settlements, reduced growth rates and positive impacts of new initiatives.

The level of headroom has increased year on year, and in all scenarios run, the value in use of the cash generating unit exceeded the carrying value of the assets, demonstrating that no reasonably possible change in key assumptions would result in an impairment of the assets. The largest reduction in the level of headroom was from a climate change scenario.

4 SEGMENTAL INFORMATION

(a) Operating segments

The principal activities of the Group are underwriting of general insurance business and financial services.

For management purposes, the Group is organised in two operating segments - underwriting and financial services. These two segments are the basis upon which information is reported to the chief operating decision maker, the Group Chief Executive, for the purpose of resource allocation and assessment of segmental performance. Discrete financial information is prepared and reviewed on a regular basis for these two segments.

The following is an analysis of the Group's revenue and results by reportable segments.

2022	Underwriting	Financial services	Total
	€000s	€000s	€000s
Revenue	398,410	7,985	406,395
Investment return	(10,413)	—	(10,413)
Finance costs	(2,559)	—	(2,559)
Profit before taxation	72,423	1,300	73,723
Income taxation charge	(8,621)	(648)	(9,269)
Profit after taxation	63,802	652	64,454
Other information			
Capital additions	7,026	—	7,026
Impairment of other assets	(1,290)	—	(1,290)
Depreciation/amortisation	13,239	—	13,239
Statement of Financial Position			
Segment assets	1,446,056	26,935	1,472,991
Segment liabilities	1,040,565	6,715	1,047,280

Included above in the current period is a net non-cash impairment charge relating to property held for own use and revaluation loss relating to investment property of €1,290,000 (2021: revaluation loss of €59,000).

4 SEGMENTAL INFORMATION (continued)

(a) Operating segments (continued)

2021	Underwriting	Financial services	Total
	€000s	€000s	€000s
Revenue	379,356	7,305	386,661
Investment return	15,679	—	15,679
Finance costs	(2,545)	—	(2,545)
Profit before taxation	109,268	1,167	110,435
Income taxation charge	(13,017)	(1,009)	(14,026)
Profit after taxation	96,251	158	96,409
Other information			
Capital additions	8,545	—	8,545
Impairment of other assets	(59)	—	(59)
Depreciation/amortisation	(18,012)	—	(18,012)
Statement of Financial Position			
Segment assets	1,556,680	23,328	1,580,008
Segment liabilities	1,098,654	6,049	1,104,703

The accounting policies of the reportable segments are the same as the Group accounting policies. Segment profit represents the profit earned by each segment. Central administration costs and Directors' salaries are allocated based on actual activity. Income taxation is a direct cost of each segment.

In monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of activity by each reportable segment; and
- All liabilities are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Financial Statements

Notes to the Financial Statements (continued)

4 SEGMENTAL INFORMATION (continued)

(a) Operating segments (continued)

An analysis of the Group's revenue by product is as follows:

	2022 €000s	2021 €000s
Direct insurance – motor	**182,117**	182,233
Direct insurance – fire and other damage to property	**119,680**	109,402
Direct insurance – liability	**75,601**	69,387
Direct insurance – interest and other revenue	**15,521**	13,028
Direct insurance – other	**5,491**	5,306
Financial services income - revenue from contracts with customers	**3,173**	2,930
Financial services income - other financial services revenue	**4,812**	4,375
Total revenue	**406,395**	386,661

The Group's customer base is diverse and it has no reliance on any major customer. Insurance risk is not concentrated on any one area or on any one line of business.

See below written premiums, earned premiums, incurred claims including claims handling expense, and other underwriting expenses split by product lines within the underwriting segment.

	2022			2021		
	Gross €000s	Ceded €000s	Net €000s	Gross €000s	Ceded €000s	Net €000s
(i) Written premiums						
Motor	182,117	(17,317)	**164,800**	182,233	(16,596)	165,637
Fire and other damage to property	119,680	(16,464)	**103,216**	109,402	(10,453)	98,949
Liability	75,601	(5,811)	**69,790**	69,387	(5,222)	64,165
Miscellaneous	5,491	(424)	**5,067**	5,306	(381)	4,925
	382,889	**(40,016)**	**342,873**	366,328	(32,652)	333,676

Included in the gross premium written balance of €382,889,000 (2021: €366,328,000) are premium rebate provision releases of -€466,000 (2021: rebate provisions of €3,347,000) relating to reduced insurance exposure as a result of Covid-19 restrictions.

4 SEGMENTAL INFORMATION (continued)

(a) Operating segments (continued)

	2022			2021		
	Gross €000s	Ceded €000s	Net €000s	Gross €000s	Ceded €000s	Net €000s
(ii) Earned premiums						
Motor	181,421	(17,208)	**164,213**	184,724	(15,955)	168,769
Fire and other damage to property	114,237	(16,347)	**97,890**	107,144	(10,416)	96,728
Liability	74,613	(5,811)	**68,802**	69,105	(5,222)	63,883
Miscellaneous	5,373	(424)	**4,949**	5,248	(381)	4,867
	375,644	**(39,790)**	**335,854**	366,221	(31,974)	334,247

	2022			2021		
	Gross €000s	Ceded €000s	Net €000s	Gross €000s	Ceded €000s	Net €000s
(iii) Incurred claims including claims handling expenses						
Motor	65,868	2,650	**68,518**	73,868	(3,455)	70,413
Fire and other damage to property	49,376	(483)	**48,893**	96,637	(79,003)	17,634
Liability	23,124	852	**23,976**	32,163	(2,034)	30,129
Miscellaneous	4,315	105	**4,420**	5,419	(57)	5,362
	142,683	**3,124**	**145,807**	208,087	(84,549)	123,538

Net claims and benefits of €145,807,000 includes positive prior year reserve development of €48,300,000. The increase from prior year is due to higher frequency and inflationary impacts in Motor Damage and Property claims. Positive prior year reserve development came from attritional reserve development, large claims releases and a reduction in the Business Interruption reserve.

	2022			2021		
	Gross €000s	Ceded €000s	Net €000s	Gross €000s	Ceded €000s	Net €000s
(iv) Other underwriting expenses						
Motor	47,703	(2,407)	**45,296**	48,370	(2,253)	46,117
Fire and other damage to property	31,348	(1,332)	**30,016**	29,038	(1,084)	27,954
Liability	19,802	(546)	**19,256**	18,417	(488)	17,929
Miscellaneous	1,438	(44)	**1,394**	1,408	(39)	1,369
	100,291	**(4,329)**	**95,962**	97,233	(3,864)	93,369

(b) Geographical segments

The Group's operations are located in Ireland.

Financial Statements

Notes to the Financial Statements (continued)

4 SEGMENTAL INFORMATION (continued)

(c) Underwriting result

	2022 €000s	2022 €000s	2021 €000s	2021 €000s
Earned premiums, net of reinsurance				
Gross premium written	**382,889**		366,328	
Reinsurance premiums	**(40,016)**		(32,652)	
Net premium written	**342,873**		333,676	
Change in provision for unearned premium				
Gross amount	**(7,245)**		(107)	
Reinsurers' share	**226**		678	
Change in net provision for unearned premium	**(7,019)**		571	
Net premium earned		**335,854**		334,247
Claims paid, net of recoveries from reinsurers				
Claims paid:				
Gross amount	**(188,333)**		(188,338)	
Reinsurers' share	**55,277**		12,060	
Claims paid, net of recoveries from reinsurers	**(133,056)**		(176,278)	
Change in provision for claims				
Gross amount	**59,972**		(6,340)	
Reinsurers' share	**(58,401)**		72,489	
Change in insurance liabilities, net of reinsurance	**1,571**		66,149	
Claims handling expenses	**(14,322)**		(13,409)	
Net claims and benefits		**(145,807)**		(123,538)
Movement in other provisions		**(8,403)**		(22,143)
Management expenses	**(96,021)**		(92,308)	
Deferred acquisition costs	**3,061**		1,380	
Gross management expenses	**(92,960)**		(90,928)	
Reinsurers share of expenses	**4,329**		3,864	
Broker commissions payable	**(7,331)**		(6,305)	
Net operating expenses		**(95,962)**		(93,369)
Underwriting result		**85,682**		95,197

4 SEGMENTAL INFORMATION (continued)

(c) Underwriting result (continued)

The Group's Reinsurance Policy dictates that all of the Group's reinsurers must have a credit rating of A- or better, or provide alternative satisfactory security. The impact of buying reinsurance was a charge to the Consolidated Income Statement of €38,583,000 (2021: credit of €56,024,000).

(d) Underwriting management expenses

	2022 €000s	2021 €000s
Employee benefit expense	**51,881**	46,410
Rent, rates, insurance and maintenance	**6,598**	6,016
Depreciation	**2,348**	3,121
Amortisation	**10,891**	14,891
Other	**24,303**	21,870
Total underwriting management expenses	**96,021**	92,308

(e) Financial services and other costs

	2022 €000s	2021 €000s
Employee benefit expense	**3,816**	3,398
Rent, rates, insurance and maintenance	**627**	615
Other	**2,242**	2,125
Total financial services and other costs	**6,685**	6,138

5 NET INVESTMENT RETURN

	2022 €000s	2021 €000s
Actual return		
Interest and similar income	**10,988**	8,607
Net income from investment properties	**193**	543
Realised movements on investments	**(2,179)**	7,918
Dividend income	**12**	13
Revaluation of investment properties	**(1,003)**	(996)
Unrealised movements on financial investments	**(18,424)**	(406)
Total investment return	**(10,413)**	15,679
By classification of investment		
Cash & cash equivalents/Deposits with banks	**68**	(386)
Investments held for trading	**(14,772)**	10,422
Investment properties	**(807)**	130
Available for sale investments	**5,098**	5,513
Total investment return	**(10,413)**	15,679

Financial Statements

Notes to the Financial Statements (continued)

6 PROFIT BEFORE TAXATION

	2022 €000s	2021 €000s
Profit before taxation has been stated after charging:		
Depreciation and amortisation	**13,239**	18,012

The remuneration of the Directors is disclosed in the audited section of the Report on Directors' Remuneration on pages 89 to 106. These disclosures form an integral part of the financial statements.

7 INFORMATION RELATING TO AUDITORS' REMUNERATION

An analysis of fees payable to the statutory audit firm is as follows:

	2022		2021	
	Company €000s	Group €000s	Company €000s	Group €000s
Description of service				
Audit of statutory financial statements	**138**	**574**	69	429
Other assurance services	**—**	**133**	—	121
Total auditors remuneration	**138**	**707**	69	550

Fees payable by the Company are included with the fees payable by the Group in each category.

In 2022 and 2021, other assurance services relate to Solvency II audit which are prescribed under legislation or regulation, the audit of the defined contribution pension scheme and MIBI certificate.

8 STAFF COSTS AND NUMBERS

The average number of persons employed by the Group was as follows:

	2022 No.	2021 No.
Underwriting	**906**	894
Financial services	**27**	25
Total	**933**	919

	2022 €000s	2021 €000s
The aggregate employee benefit expense was as follows:		
Wages and salaries	**53,808**	47,583
Social welfare costs	**5,654**	4,983
Pension costs	**4,188**	4,494
Share based payments	**2,681**	2,650
Total employee benefit expense	**66,331**	59,710

9 LEASES

Leases held are property leases for office space for the Group's branches and leases for computer equipment. The Group holds a number of property leases with remaining terms ranging from one to twenty-two years. None of the Group's leases have options for extensions or to purchase. There are no contingent rents payable and all lease payments are fixed and at market rates. Additional information on the Group's leases is detailed below:

Right of use assets

	2022 €000s	2021 €000s
Balance at 1 January	**5,078**	5,635
Additions	**—**	233
Depreciation charge for the year	**(788)**	(790)
Balance at 31 December	**4,290**	5,078

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	2022 €000s	2021 €000s
Less than one year	**(955)**	(961)
One to five years	**(2,830)**	(3,279)
More than five years	**(1,824)**	(2,278)
Total undiscounted lease liabilities at 31 December	**(5,609)**	(6,518)
Contractual discounted cash flows		
Current	**(807)**	(806)
Non - current	**(3,793)**	(4,543)
Lease liabilities included in the statement of financial position at 31 December	**(4,600)**	(5,349)

Amounts recognised in profit or loss	2022 €000s	2021 €000s
Depreciation charge on right of use assets (included in Other underwriting expenses)	**(788)**	(790)
Interest on lease liabilities (included in Other underwriting expenses)	**(216)**	(236)
Expenses related to short-term leases (included in Other underwriting expenses)	**(50)**	(50)
Income from sub-leasing right of use assets (included in Other financial services income)	**79**	79

Total cash outflows recognised in the period in relation to leases were €965,000 (2021: €962,000).

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Notes to the Financial Statements (continued)

10 INCOME TAXATION CHARGE

	2022 €000s	2021 €000s
Irish corporation taxation charge	**(8,654)**	(14,149)
Adjustments in respect of prior financial years	**83**	17
Current taxation charge	**(8,571)**	(14,132)
Deferred taxation (charge)/credit	**(698)**	106
Income taxation charge	**(9,269)**	(14,026)

The taxation charge in the Consolidated Income Statement is higher (2021: higher) than the standard rate of corporation taxation in Ireland. The differences are explained below:

	2022 €000s	2021 €000s
Profit before taxation	**73,723**	110,435
Corporation taxation charge at standard rate of 12.5% (2021: 12.5%)	**9,215**	13,804
Effects of:		
Non-taxable income/unrealised gains/losses or expenses not deductible for tax purposes	**24**	(159)
Higher rates of taxation on other income	**113**	101
Adjustments in respect of prior years	**(83)**	280
Income taxation charge	**9,269**	14,026
Taxation as a percentage of profit before taxation	**12.6%**	12.7%

In addition to the amount charged to the Consolidated Income Statement, the following taxation amounts have been recognised directly in the Consolidated Statement of Comprehensive Income:

	2022 €000s	2021 €000s
Deferred taxation on:		
Actuarial movement on retirement benefit obligations	**284**	(35)
Property held for own use revaluation	**(2)**	(230)
Movement on available for sale investments	**11,268**	1,525
Total income taxation credit recognised directly in the Consolidated Statement of Comprehensive Income	**11,550**	1,260

11 PROFIT FOR THE YEAR (COMPANY ONLY)

The Company's profit for the financial year determined in accordance with IFRS, as adopted by the European Union, is €36,974,000 (2021 loss: €35,000). The Company's other comprehensive loss for the financial year is €326,000 (2021 other comprehensive loss: €10,000).

In accordance with section 304 of the Companies Act 2014 the Company is availing of the exemption from presenting its individual Income Statement to the AGM and from filing it with the Registrar of Companies.

12 EARNINGS PER €0.60 ORDINARY SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders is based on the following data:

Earnings	2022 €000s	2021 €000s
Profit for the year for the purpose of basic earnings per share	**64,172**	96,127
Profit for the year for the purpose of diluted earnings per share	**64,172**	96,127

Number of shares	2022 No.	2021 No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	**35,507,806**	35,138,959
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	**36,424,983**	35,930,762
	Cent	Cent
Basic earnings per share	**181**	274
Diluted earnings per share	**176**	268

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation. See note 21 for a description of the 'A' ordinary shares.

The below table reconciles the profit attributable to the parent entity for the year to the amounts used as the numerators in calculating basic and diluted earnings per share for the year and the comparative year including the individual effect of each class of instruments that affects earnings per share:

	2022 €000s	2021 €000s
Profit attributable to the parent entity for the year	**64,454**	96,409
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	**(113)**	(113)
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	**(169)**	(169)
Profit for the year for the purpose of calculating basic and diluted earnings	**64,172**	96,127

The below table reconciles the weighted average number of ordinary shares used as the denominator in calculating basic earnings per share to the weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share including the individual effect of each class of instruments that affects earnings per share:

	2022 No.	2021 No.
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**35,507,806**	35,138,959
Potential vesting of share based payments	**917,177**	791,803
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**36,424,983**	35,930,762

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Notes to the Financial Statements (continued)

13 PROPERTY, PLANT AND EQUIPMENT

	Property held for own use €000s	Computer Equipment €000s	Fixtures & Fittings €000s	Total €000s
Cost or valuation				
At 1 January 2021	24,224	99,188	24,839	148,251
Additions	—	187	961	1,148
Assets under development	—	125	—	125
At 31 December 2021	**24,224**	**99,500**	**25,800**	**149,524**
Additions	**—**	**309**	**744**	**1,053**
Assets under development	**—**	**235**	**—**	**235**
At 31 December 2022	**24,224**	**100,044**	**26,544**	**150,812**
Comprising:				
At cost	**—**	**100,044**	**26,544**	**126,588**
At valuation	**24,224**	**—**	**—**	**24,224**
At 31 December 2022	**24,224**	**100,044**	**26,544**	**150,812**

Accumulated depreciation and revaluation	Property held for own use €000s	Computer Equipment €000s	Fixtures & Fittings €000s	Total €000s
At 1 January 2021	8,659	94,027	20,480	123,166
Depreciation charge for the year	116	2,235	770	3,121
Revaluation through the income statement	(937)	—	—	(937)
Revaluation through the statement of comprehensive income	(4)	—	—	(4)
At 31 December 2021	7,834	96,262	21,250	125,346
Depreciation charge for the year	**124**	**1,460**	**854**	**2,438**
Impairment through the income statement	**287**	**—**	**—**	**287**
Revaluation through the statement of comprehensive income	**(5)**	**—**	**—**	**(5)**
At 31 December 2022	**8,240**	**97,722**	**22,104**	**128,066**
Carrying amount				
At 31 December 2022	**15,984**	**2,321**	**4,440**	**22,745**
At 31 December 2021	16,390	3,238	4,550	24,178

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Property held for own use

Properties held for own use at 31 December 2022 and 2021 were valued at fair value which is determined by independent external professional surveyors CB Richard Ellis, Valuation Surveyors. CB Richard Ellis confirm that the properties have been valued in accordance with RICS Valuation – Global Standards 2017 (Red Book) incorporating the IVSC International Valuation Standards issued June 2017.

In carrying out the valuation of the properties, CB Richard Ellis have considered the impact of sustainability factors on the properties, including physical/climate risk.

The valuation report states that the valuations have been prepared on the basis of *"Market Value"* which is defined in the report as *"the estimated amount for which an asset or liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion"*. The report also states that the market value *"has been primarily derived using comparable recent market transactions on arm's length terms"*.

The Directors believe that the market value, determined by independent professional valuers is not materially different to fair value.

Had the property been carried at historical cost less accumulated depreciation and accumulated revaluation losses, their carrying amount would have been as follows:

	2022 €000s	**2021 €000s**
Property held for own use	**14,123**	14,235

Fair value hierarchy disclosures required by IFRS13 *Fair Value Measurement* have been included in note 17, Financial Instruments and Fair Value Measurement.

14 POLICY ADMINISTRATION SYSTEM

The most significant investment by the Group in recent years is in its underwriting policy administration system. The Group's policy administration system, TIA, is the principal operating and core technology platform of the business.

Cost	**Policy Admin System €000s**
At 1 January 2021	62,587
Additions	4,685
At 1 January 2022	67,272
Additions	**4,566**
At 31 December 2022	**71,838**

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Notes to the Financial Statements (continued)

14 POLICY ADMINISTRATION SYSTEM (continued)

Accumulated amortisation	€000s
At 1 January 2021	25,866
Amortisation charge for the year*	13,424
At 1 January 2022	39,290
Amortisation charge for the year*	**8,865**
At 31 December 2022	**48,155**

Carrying amount	
At 31 December 2022	**23,683**
At 31 December 2021	27,982

**During the annual review of the useful economic life of the policy administration system, the useful life of items of the system developed in the earlier years of the project have been re-estimated, this has resulted in accelerated amortisation of €2,460,000 in 2022 (2021: €5,884,000).*

The additions to the policy administration system in 2022 are split 76% internally generated assets and 24% externally generated assets (2021: 74% internally generated assets and 26% externally generated assets).

The amortisation charge for the year is included in 'Other underwriting expenses' in the Consolidated Income Statement.

15 INTANGIBLE ASSETS

Cost:	Computer Software €000s
At 1 January 2021	5,927
Additions	2,712
Assets under development	2,686
At 31 December 2021	**11,325**
Additions	**1,407**
Assets under development	**5,580**
At 31 December 2022	**18,312**
Accumulated amortisation:	
At 1 January 2021	827
Amortisation charge for the year	1,467
At 31 December 2021	2,294
Amortisation charge for the year	**1,936**
At 31 December 2022	**4,230**
Carrying amount	
At 31 December 2022	**14,082**
At 31 December 2021	9,031

15 INTANGIBLE ASSETS (continued)

The additions during 2022 to Intangible Assets are split 36% internally generated assets and 64% externally generated assets (2021: 28% internally generated assets and 72% externally generated assets).

Assets under development at 31 December 2022 relate to investment in digital and cloud based applications. These assets are expected to be operational in Q2 2023.

The amortisation charge for the year is included in 'Other underwriting expenses' in the Consolidated Income Statement.

16 INVESTMENT PROPERTY

Fair value of investment property	2022 €000s	2021 €000s
At 1 January	**16,055**	17,051
Net gains or losses from fair value adjustments	**(1,003)**	(996)
At 31 December	**15,052**	16,055

Investment property includes a commercial rental property in Dublin City Centre and an immaterial holding of agricultural land in the United Kingdom.

The investment property held for rental in Ireland was valued at fair value at 31 December 2022 and at 31 December 2021 by independent external professional valuers, CB Richard Ellis, Valuation Surveyors. The valuation was prepared in accordance with RICS Valuation – Global Standards 2017 (Red Book) incorporating the IVSC International Valuation Standards issued June 2017. The valuers confirm that they have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuations competently.

In carrying out the valuation of the properties, CB Richard Ellis have considered the impact of sustainability factors on the properties, including physical/climate risk.

The valuation statement received from the external professional valuers state that the valuations have been prepared on the basis of *"Market Value"* which they define as *"the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"*.

The Directors believe that market value, determined by independent external professional valuers, is not materially different to the fair value.

There was a net decrease in the fair value in 2022 of €1,003,000 (2021 decrease: €996,000).

The rental income earned by the Group from its investment properties amounted to €722,493 (2021: €1,044,104). Direct operating costs associated with investment properties amounted to €573,730 (2021: €501,099).

The historical cost of investment property is as follows:

	2022 €000s	2021 €000s
Historical cost at 1 January	**22,053**	22,053
Refurbishment costs	**—**	—
Disposal of investment property	**—**	—
Historical cost at 31 December	**22,053**	22,053

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Notes to the Financial Statements (continued)

16 INVESTMENT PROPERTY (continued)

Maturity analysis - undiscounted non-cancellable operating lease receivables	2022 €000s	2021 €000s
Less than one year	**579**	733
One to five years	**2,315**	2,315
More than five years	**1,254**	1,833
Maturity analysis - undiscounted non-cancellable operating lease receivables	**4,148**	4,881

Fair value hierarchy disclosures required by IFRS13 Fair Value Measurement have been included in note 17, Financial Instruments and Fair Value Measurement.

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

(a) Financial Instruments

	2022 €000s	2021 €000s
Financial Assets		
At Amortised Cost:		
Deposits with banks	**10,000**	—
Cash and cash equivalents	**105,793**	164,479
Loans	**580**	577
Other receivables	**58,307**	58,047
At fair value:		
Available for sale investments	**834,994**	893,715
Investments held for trading	**132,965**	137,547
Cash and cash equivalents	**56,605**	—
Financial Liabilities		
At Amortised Cost:		
Payables	**46,327**	41,657
Subordinated debt (note 26)	**49,662**	49,603
Lease liabilities	**4,600**	5,349

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

(b) Fair value measurement

The following table compares the carrying value of financial instruments not held at fair value with the fair value of those assets and liabilities:

	2022 Fair value €000s	2022 Carrying value €000s
Assets		
Loans	**696**	**580**
Liabilities		
Subordinated debt	**46,129**	**49,662**

	2021 Fair value €000s	2021 Carrying value €000s
Assets		
Loans	693	577
Liabilities		
Subordinated debt	54,341	49,603

The exemption from disclosing the fair value of short term receivables has been availed of.

Certain assets and liabilities are measured in the Statement of Financial Position at fair value using a fair value hierarchy of valuation inputs. The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Available for sale investments – quoted debt securities are fair valued using latest available closing bid price. Collective investment schemes, held for trading (Level 1) are valued using the latest available closing NAV of the fund.

Level 2 Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Valuation techniques used are outlined below;

- Collective investment schemes held for trading (Infrastructure and Senior Private Debt funds) are valued using the most up-to-date valuations calculated by the fund administrator allowing for any additional investments made up until year end.
- AFS unquoted investments securities are classified as Level 3 as they are not traded in an active market. Various valuation techniques are used to derive the value of the underlying assets such as adjusting the net asset valuation and determining the valuation for suitable listed proxy assets.
- Investment property and property held for own use were fair valued by independent external professional valuers at year end. Group occupied properties have been valued on a vacant possession basis applying hypothetical 10-year leases and assumptions of void and rent free periods, market rents, capital yields and purchase costs which are derived from comparable transactions and adjusted for property specific factors as determined by the valuer. Group investment properties have been valued using the investment method based on the long leasehold interest in the subject property, the contracted values of existing tenancies, assumptions of void and rent free periods and market rents for vacant lots, and capital yields and purchase costs which are derived from comparable transactions and adjusted for property specific factors as determined by the valuer. Please refer to note 13 and note 16 for further details.

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Notes to the Financial Statements (continued)

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

(b) Fair value measurement (continued)

2022	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Investment property	—	—	15,052	15,052
Property held for own use	—	—	15,984	15,984
Financial assets				
Cash and cash equivalents	56,605	—	—	56,605
Investments held for trading – collective investment schemes	105,419	—	27,546	132,965
AFS investments - quoted debt securities	833,865	—	—	833,865
AFS investments - unquoted investments	—	—	1,129	1,129
Total assets	995,889	—	59,711	1,055,600
Total liabilities	—	—	—	—

2021	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Investment property	—	—	16,055	16,055
Property held for own use	—	—	16,390	16,390
Financial assets				
Investments held for trading – collective investment schemes	123,661	—	13,886	137,547
AFS investments - quoted debt securities	892,495	—	—	892,495
AFS investments - unquoted investments	—	—	1,220	1,220
Total assets	1,016,156	—	47,551	1,063,707
Total liabilities	—	—	—	—

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

(b) Fair value measurement (continued)

A reconciliation of Level 3 fair value measurement of financial assets is shown in the table below:

	2022 €000s	2021 €000s
At 1 January	**47,551**	42,159
Transfers-in	**—**	—
Additions	**12,349**	4,522
Disposals	**—**	(544)
Revaluation/(impairment)	**(62)**	1,531
Unrealised loss recognised in the Consolidated Income Statement	**(127)**	(117)
At 31 December	**59,711**	47,551

The Directors review the inputs to assess fair value measurement at least annually to determine the appropriate level to be disclosed. A sensitivity analysis of the Level 3 assets is completed in note 36(f).

18 DEFERRED ACQUISITION COSTS

The movements in deferred acquisition costs during the financial year were:

	2022 €000s	2021 €000s
At 1 January	**35,458**	34,079
Additions	**77,194**	71,302
Recognised in the Consolidated Income Statement	**(74,132)**	(69,923)
At 31 December	**38,520**	35,458

All deferred acquisition costs are expected to be recovered within one year from 31 December 2022.

19 OTHER RECEIVABLES

	2022 €000s	2021 €000s
Policyholders	**40,906**	39,645
Intermediaries	**5,132**	5,107
Other debtors	**6,006**	7,088
Accrued interest and rent	**182**	—
Prepayments and accrued income	**6,081**	6,207
Total other receivables	**58,307**	58,047

The Directors have performed an impairment review of the receivables arising out of direct insurance operations and no objective evidence came to their attention that an impairment exists. There is no significant concentration of risk in receivables arising out of direct insurance operations or any other activities.

The Directors consider that the carrying amount of receivables is approximate to their fair value. All receivables are due within one year and none are past due.

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Notes to the Financial Statements (continued)

20 CASH AND CASH EQUIVALENTS

	2022 €000s	2021 €000s
Short term deposits	**80,661**	151,023
Money market fund	**56,605**	—
Cash in hand	**25,132**	13,456
Total cash and cash equivalents	**162,398**	164,479

21 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2022 €000s	2021 €000s
(i) Ordinary shares of €0.60 each			
Authorised:			
At the beginning and the end of the year	51,326,000	**30,796**	30,796
Issued and fully paid:			
At the beginning of the year	35,461,206	**21,277**	21,277
Issued during the year	290,078	**174**	—
At the end of the year	35,751,284	**21,451**	21,277
(ii) 'A' Ordinary shares of €0.01 each			
Authorised:			
At the beginning and the end of the year	120,000,000	**1,200**	1,200
Issued and fully paid:			
At the beginning and the end of the year	13,169,428	**132**	132
Total – issued and fully paid		**21,583**	21,409

The 'A' ordinary shares of €0.01 each are non-voting. They are non-transferable except only to the Company. Other than a right to a return of paid up capital of €0.01 per 'A' ordinary share in the event of a winding up, the 'A' ordinary shares have no right to participate in the capital or the profits of the Company.

The holders of the two classes of non-cumulative preference shares rank ahead of the two classes of ordinary shares in the event of a winding up (see note 23). Before any dividend can be declared on the ordinary shares of €0.60 each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of €0.60 each held as treasury shares at the beginning of the year (and the maximum number held during the year) was 164,005 (2021: 408,744). No ordinary shares were re-issued from treasury shares during the year under the FBD Performance Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 164,005 (2021: 164,005). This represented 0.5% (2021: 0.5%) of the shares of this class in issue and had a nominal value of €98,403 (2021: €98,403). There were no ordinary shares of €0.60 each purchased by the Company during the year.

The weighted average number of ordinary shares of €0.60 each in the earnings per share calculation has been reduced by the number of such shares held in treasury.

All issued shares have been fully paid.

22 CAPITAL RESERVES

(a) GROUP

	Share premium	Capital conversion reserve	Capital redemption reserve	Share-based payment reserve	Total
	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2021	5,540	1,627	4,426	13,163	24,756
Recognition of share-based payments	—	—	—	2,650	2,650
Balance at 31 December 2021	5,540	1,627	4,426	15,813	27,406
Issue of ordinary shares*	**2,669**	**—**	**—**	**(2,564)**	**105**
Recognition of share-based payments	**—**	**—**	**—**	**2,681**	**2,681**
Balance at 31 December 2022	**8,209**	**1,627**	**4,426**	**15,930**	**30,192**

(b) COMPANY

	Share premium	Capital conversion reserve	Capital redemption reserve	Share-based payment reserve	Total
	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2021	5,540	1,627	4,426	13,163	24,756
Recognition of share-based payments	—	—	—	2,650	2,650
Balance at 31 December 2021	5,540	1,627	4,426	15,813	27,406
Issue of ordinary shares*	**2,669**	**—**	**—**	**(2,564)**	**105**
Recognition of share-based payments	**—**	**—**	**—**	**2,681**	**2,681**
Balance at 31 December 2022	**8,209**	**1,627**	**4,426**	**15,930**	**30,192**

**In April 2022 new ordinary shares were allotted to employees of FBD Holdings plc as part of the performance share awards scheme in 2019. A total of 290,078 ordinary shares were issued at a nominal value of €0.60 each. The adjustment to ordinary share capital was €174,000. The movement on the capital reserves of €105,000 relates to the share premium reserve movement of €2,669,000 net of share based payments reserve movement of €2,564,000. The adjustment to retained earnings was €279,000.*

The capital conversion reserve arose on the redenomination of Company's ordinary shares, 14% non-cumulative preference shares and 8% non-cumulative preference shares of IR£0.50 each into ordinary shares, 14% non-cumulative preference shares and 8% non-cumulative preference shares of 63.4869 cent. Each such share was then renominalised to an ordinary or a non-cumulative preference share of €0.60, an amount equal to the reduction in the issued share capital being transferred to the capital conversion reserve fund.

Capital redemption reserve arose on the buyback and cancellation of issued share capital.

Share-based payment reserve arose on the recognition of share-based payments.

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Notes to the Financial Statements (continued)

23 PREFERENCE SHARE CAPITAL

	Number	2022 €000s	2021 €000s
Authorised:			
At the beginning and the end of the year			
14% Non-cumulative preference shares of €0.60 each	1,340,000	**804**	804
8% Non-cumulative preference shares of €0.60 each	12,750,000	**7,650**	7,650
		8,454	8,454
Issued and fully paid:			
At the beginning and the end of the year			
14% Non-cumulative preference shares of €0.60 each	1,340,000	**804**	804
8% Non-cumulative preference shares of €0.60 each	3,532,292	**2,119**	2,119
		2,923	2,923

The rights attaching to each class of share capital are set out in the Company's Articles of Association. In the event of the Company being wound up, the holders of the 14% non-cumulative preference shares rank ahead of the holders of the 8% non-cumulative preference shares, who in turn, rank ahead of the holders of both the 'A' ordinary shares of €0.01 each and the holders of the ordinary shares of €0.60 each.

24 CLAIMS OUTSTANDING

(a) Gross Claims Outstanding 2022

	Prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Estimate of cumulative claims:												
At end of underwriting year		245,007	307,517	302,581	253,962	247,145	252,435	219,244	371,639	231,182	229,063	
One year later		236,839	342,422	304,108	235,972	223,322	235,902	198,195	382,653	205,077	—	
Two years later		266,183	344,123	326,052	220,376	205,505	212,647	171,925	350,970	—	—	
Three years later		260,580	333,544	318,467	206,578	196,235	205,963	165,867	—	—	—	
Four years later		257,859	326,714	288,395	192,022	192,624	197,649	—	—	—	—	
Five years later		244,922	318,943	275,014	190,739	184,485	—	—	—	—	—	
Six years later		243,163	312,800	272,800	188,484	—	—	—	—	—	—	
Seven years later		237,930	309,499	262,201	—	—	—	—	—	—	—	
Eight years later		235,748	307,778	—	—	—	—	—	—	—	—	
Nine years later		232,776	—	—	—	—	—	—	—	—	—	
Ten years later		—	—	—	—	—	—	—	—	—	—	
Estimate of cumulative claims		232,776	307,778	262,201	188,484	184,485	197,649	165,867	350,970	205,077	229,063	
Cumulative payments		(226,849)	(285,909)	(225,724)	(158,303)	(143,726)	(137,608)	(101,411)	(154,050)	(106,456)	(72,182)	
Claims outstanding at 31 December 2022:	28,652	5,927	21,869	36,477	30,181	40,759	60,041	64,456	196,920	98,621	156,881	**740,784**
Claims outstanding at 31 December 2021:	34,749	11,371	27,383	56,974	37,663	56,834	78,619	79,506	252,057	165,600	—	**800,756**
Movement during year	(6,097)	(5,444)	(5,514)	(20,497)	(7,482)	(16,075)	(18,578)	(15,050)	(55,137)	(66,979)	156,881	**(59,972)**

24 CLAIMS OUTSTANDING (continued)

(b) Net Claims Outstanding 2022

	Prior years €000s	2013 €000s	2014 €000s	2015 €000s	2016 €000s	2017 €000s	2018 €000s	2019 €000s	2020 €000s	2021 €000s	2022 €000s	Total €000s
Estimate of cumulative claims:												
At end of underwriting year		228,819	256,663	270,279	228,107	212,750	228,501	206,343	265,748	196,617	171,745	
One year later		217,098	292,223	274,000	219,905	199,086	216,210	192,984	226,319	172,847	—	
Two years later		243,373	295,223	284,636	205,320	186,058	203,584	168,282	255,204	—	—	
Three years later		237,733	290,243	275,909	190,732	180,938	199,302	162,122	—	—	—	
Four years later		233,750	283,929	262,801	184,554	177,332	187,195	—	—	—	—	
Five years later		226,331	275,559	256,358	182,570	170,189	—	—	—	—	—	
Six years later		224,386	271,945	253,755	179,666	—	—	—	—	—	—	
Seven years later		221,848	267,236	244,210	—	—	—	—	—	—	—	
Eight years later		219,272	265,036	—	—	—	—	—	—	—	—	
Nine years later		216,014	—	—	—	—	—	—	—	—	—	
Ten years later		—	—	—	—	—	—	—	—	—	—	
Estimate of cumulative claims		216,014	265,036	244,210	179,666	170,189	187,195	162,122	255,204	172,847	171,745	
Cumulative payments		(209,932)	(243,654)	(209,508)	(148,735)	(134,714)	(132,672)	(101,420)	(152,574)	(85,596)	(28,527)	
Claims outstanding at 31 December 2022	27,040	6,082	21,382	34,702	30,931	35,475	54,523	60,702	102,630	87,251	143,218	**603,936**
Claims outstanding at 31 December 2021	32,318	11,815	27,417	54,144	39,063	50,463	76,835	75,854	96,285	141,313	—	**605,507**
Movement during the year	(5,278)	(5,733)	(6,035)	(19,442)	(8,132)	(14,988)	(22,312)	(15,152)	6,345	(54,062)	143,218	**(1,571)**

24 CLAIMS OUTSTANDING (continued)

(b) Net Claims Outstanding 2022 (continued)

Full provision, net of reinsurance recoveries, is made at the reporting date for the estimated cost of claims incurred but not settled, including claims incurred but not yet reported and expenses to be incurred after the reporting date in settling those claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding notified claims and uses this information when estimating the cost of those claims.

The Group uses estimation techniques, based on statistical analysis of past experience, to calculate the estimated cost of claims outstanding at the year end. It is assumed that the development pattern of the current claims will be consistent with previous experience. Allowance is made, however, for any changes or uncertainties that may cause the cost of unsettled claims to increase or reduce. These changes or uncertainties may arise from issues such as the effects of inflation, changes in the mix of business or the legal environment.

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance liabilities. In performing these tests, current best estimates of future cash flows and claims handling and administration expenses are used. Any deficiency is immediately recognised in the Consolidated Income Statement.

Details regarding the Business Interruption claims provision and reinsurance assets are included in note 3 (U).

(c) Reconciliation of claims outstanding

	Gross €000s	Net €000s
Balance at 1 January 2021	794,416	671,656
Change in provision for claims	6,340	(66,149)
Balance at 31 December 2021	800,756	605,507
Change in provision for claims	(59,972)	(1,571)
Balance at 31 December 2022	**740,784**	**603,936**

(d) Reconciliation of provision for unearned premium

The following changes have occurred in the provision for unearned premium during the year:

	2022 €000s	2021 €000s
Balance at 1 January	**184,648**	184,541
Net premium written	**342,873**	333,676
Net premium earned	**(335,854)**	(334,247)
Changes in provision for unearned premium – reinsurers' share	**226**	678
Provision for unearned premium at 31 December	**191,893**	184,648

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Notes to the Financial Statements (continued)

24 CLAIMS OUTSTANDING (continued)

(e) Reconciliation of reinsurance assets

	Claims outstanding €000s	Unearned premium reserve €000s
Balance at 1 January 2021	122,760	1,033
Movement during year	72,489	678
Balance at 31 December 2021	195,249	1,711
Movement during year	(58,401)	226
Balance at 31 December 2022	**136,848**	**1,937**

25 OTHER PROVISIONS

	Consequential Payments €000s	Premium Rebates €000s	MIICF Contribution €000s	MIBI Levy €000s	Total €000s
Balance at 1 January 2021	—	2,027	3,609	6,431	12,067
Provided in the year*	13,153	3,347	3,645	5,345	25,490
Net amounts paid	(11,208)	(4,153)	(3,609)	(5,095)	(24,065)
Balance at 31 December 2021	1,945	1,221	3,645	6,681	13,492
Provided in the year*	**10**	**(466)**	**3,642**	**4,751**	**7,937**
Net amounts paid	**(689)**	**(243)**	**(3,645)**	**(5,237)**	**(9,814)**
Balance at 31 December 2022	**1,266**	**512**	**3,642**	**6,195**	**11,615**

**Premium rebates of -€466,000 (2021: €3,347,000) are included in Gross premium written in the Consolidated Income Statement. Consequential Payments, MIICF and MIBI amounts of €8,403,000 (2021: €22,143,000) are included in Movement in other provisions in the Consolidated Income Statement.*

Consequential Payments

This is the best estimate of the Consequential Payments provision in respect of the Financial Services and Pensions Ombudsman decisions during 2021. The Board approved a consequential payment provision in line with the Central Bank of Ireland Business Interruption Insurance Supervisory Framework following decisions from the Financial Services and Pensions Ombudsman in respect of Business Interruption customer complaints. In 2022, €689,000 had been settled (2021: €11,208,000) and there is a remaining provision of €1,266,000 at the end of 2022.

Premium Rebates

FBD committed to rebating Motor policy premiums and certain elements of Commercial policy premiums to reflect the changing claims environment and enforced restrictions as a result of the Covid-19 pandemic. There was a release of premium rebates of €466,000 in the year (2021: provision of €3,347,000). There is a remaining provision of €512,000 at the end of 2022.

MIICF Contribution

The Group's contribution to the Motor Insurers' Insolvency Compensation Fund "MIICF" for 2022 is based on 2% of its Motor Gross Written Premium. Payment is expected to be made in the first half of 2023.

25 OTHER PROVISIONS (continued)

MIBI Levy

The Group's share of the Motor Insurers' Bureau of Ireland "MIBI" levy for 2022 is based on its estimated market share in the current year at the Statement of Financial Position date. Payments of the total amount provided is paid in equal instalments throughout the year.

26 SUBORDINATED DEBT

	2022 €000s	2021 €000s
Balance at 1 January	**49,603**	49,544
Amortised during the year	**59**	59
Balance at 31 December	**49,662**	49,603

The amount relates to €50,000,000 Callable Dated Deferrable Subordinated Notes due in 2028. The coupon rate on the notes is 5%. Finance costs recognised in the Consolidated Income Statement total €2,559,000 in 2022 (2021: €2,545,000). Finance costs are made up of interest costs associated with the subordinated notes totalling €2,500,000 (2021: €2,500,000) which were incurred and recognised in the year, amortisation in the year of €59,000 (2021: €59,000) and adjusted for accrued amounts at each year end, €nil in 2022 (€2021: -14,000).

27 RETIREMENT BENEFIT SURPLUS

Defined Contribution Pension

The Group operates a defined contribution retirement benefit plans for qualifying employees who opt to join. The assets of the plans are held separately from those of the Group in funds under the control of Trustees. The Group recognised an expense of €3,937,874 (2021: €4,146,739) relating to these pension schemes during the year ended 31 December 2022.

Defined Benefit Pension

The Group also operates a legacy funded defined benefit retirement pension scheme for certain qualifying employees. This scheme was closed to new members in 2005 and closed to future accrual in 2015. The defined benefit pension scheme is administered by a separate Trustee Company that is legally separated from the entity. The Trustee Company, who is responsible for ensuring compliance with the Pensions Act 1990 and other relevant legislation, is composed of an independent Trustee and representatives from both the employers and current and former employees. The Trustees are required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. deferred members, retirees and employers. They are responsible for the investment policy with regard to the assets of the scheme.

Under the defined benefit pension scheme, qualifying members are entitled to retirement benefits of 1/60th of final salary for each year of service on attainment of a retirement age of 65. A full actuarial valuation of the defined benefit pension scheme was carried out as at 1 July 2022. This valuation was carried out using the projected unit credit method. The minimum funding standard was updated to 31 December 2022 by the schemes' independent and qualified actuary. This confirms that the Scheme continues to satisfy the minimum funding standard. The next full actuarial valuation of the scheme is expected to be completed no later than as at 1 July 2025.

The long-term investment objective of the Trustees and the Group is to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of the scheme. To meet these objectives, the scheme's assets are primarily invested in bonds with a smaller level of investment in diversified growth funds and property. These reflect the current long-term asset allocation ranges, having regard to the structure of liabilities within the scheme. The scheme typically exposes the Group to actuarial risks such as: investment risk, interest rate risk and longevity risk.

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Notes to the Financial Statements (continued)

27 RETIREMENT BENEFIT SURPLUS (continued)

(a) Assumptions used to calculate scheme liabilities

	2022 %	2021 %
Inflation rate	**2.40**	1.90
Pension payment increase	**0.00**	0.00
Discount rate	**3.60**	1.10

(b) Mortality Assumptions

	2022 Years	2021 Years
The average life expectancy of current and future retirees used in the scheme at age 65 is as follows:		
Male	**23.3**	21.9
Female	**25.4**	24.3

When taking into account members who have not yet retired and those who are currently in receipt of pensions, the weighted average duration of the expected benefit payments from the scheme is *circa* 15 years.

As required by IAS 19 disclosures; the discount rate is set by reference to yields available at 31 December 2022 on high quality corporate bonds having regard to the duration of the schemes liabilities. The actual return on the scheme assets for the year was a loss of €21,824,000 (2021: loss of €4,165,000).

(c) Consolidated Income Statement

	2022 €000s	2021 €000s
Charged to Consolidated Income Statement:		
Service cost: employer's part of current service cost	**371**	402
Net interest credit	**(121)**	(54)
Charge to Consolidated Income Statement	**250**	348

Charges to the Consolidated Income Statement have been included in other underwriting expenses and financial services and other costs.

27 RETIREMENT BENEFIT SURPLUS (continued)

(d) Analysis of amount recognised in Group Statement of Comprehensive Income

	2022 €000s	2021 €000s
Remeasurements in the year due to:		
– Changes in financial assumptions	**(22,480)**	(5,484)
– Changes in demographic assumptions	**1,492**	—
– Experience adjustments on benefit obligations	**386**	520
Actual return less interest on scheme assets	**22,874**	4,684
Total amount recognised in OCI before taxation	**2,272**	(280)
Deferred taxation debit	**284**	35
Actuarial gain net of deferred taxation	**2,556**	(245)

(e) History of experience gains and losses

	2022 €000s	2021 €000s	2020 €000s	2019 €000s	2018 €000s
Present value of defined benefit obligations	**62,671**	86,693	94,927	93,958	83,434
Fair value of plan assets	**71,170**	97,594	105,776	102,681	96,378
Net pension asset	**(8,499)**	(10,901)	(10,849)	(8,723)	(12,944)
Experience (losses)/gains on scheme liabilities	**(386)**	(520)	1,031	(1,120)	999
Total amount recognised in OCI before taxation	**(2,272)**	280	2,326	(4,236)	3,232

The cumulative charge to the Consolidated Statement of Comprehensive Income is €104,472,000 (2021: €102,200,000).

(f) Assets in scheme at market value

	2022 €000s	2021 €000s
Managed bond funds - fair value at quoted prices	**50,816**	77,510
Managed unit trust funds - fair value at quoted prices	**4,852**	5,177
Managed infrastructure fund - fair value at unquoted prices	**6,883**	5,917
Managed dividend growth fund - fair value at quoted prices	**4,319**	4,844
Managed opportunities fund - fair value at quoted prices	**2,473**	2,777
Cash deposits and other - at amortised cost	**1,827**	1,369
Scheme assets	**71,170**	97,594
Actuarial value of liabilities	**(62,671)**	(86,693)
Net pension surplus	**8,499**	10,901

The assets are part of unitised funds which have a broad geographical and industry type spread with no significant concentration in any one geographical or industry type.

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Notes to the Financial Statements (continued)

27 RETIREMENT BENEFIT SURPLUS (continued)

(g) Movement in net surplus during the year

	2022 €000s	2021 €000s
Net surplus in scheme at 1 January	**10,901**	10,849
Current service cost	**(371)**	(402)
Employer contributions	**120**	120
Interest on scheme liabilities	**(929)**	(465)
Interest on scheme assets	**1,050**	519
Total amount recognised in OCI before taxation	**(2,272)**	280
Net surplus at 31 December	**8,499**	10,901

(h) Movement on assets and liabilities

	2022 €000s	2021 €000s
Assets		
Assets in scheme at 1 January	**97,594**	105,776
Actual return less interest on scheme assets	**(22,874)**	(4,684)
Employer contributions	**120**	120
Interest on scheme assets	**1,050**	519
Benefits paid	**(4,720)**	(4,137)
Assets in scheme at 31 December	**71,170**	97,594
Liabilities		
Liabilities in scheme at 1 January	**86,693**	94,927
Experience gains and losses on scheme liabilities	**386**	520
Changes in financial assumptions	**(22,480)**	(5,484)
Changes in demographic assumptions	**1,492**	–
Current service cost	**371**	402
Interest on scheme liabilities	**929**	465
Benefits paid	**(4,720)**	(4,137)
Liabilities in scheme at 31 December	**62,671**	86,693

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

- A 1% increase in the discount rate would reduce the value of the scheme liabilities by €7.0 million. A 1% reduction in the discount rate would increase the value of the scheme liabilities by €8.7 million.
- A 1% increase in inflation would increase the value of the scheme liabilities by €2.0 million.
- A 1% reduction in inflation would reduce the value of the scheme liabilities by €1.7 million.
- The effect of assuming all members of the scheme will live one year longer would increase the scheme's liabilities by €1.8 million.
- The current best estimate of 2023 contributions to be made by the Group to the pension fund is €0.2million (2022: €0.1million).

28 DEFERRED TAXATION

	Retirement benefit surplus	Unrealised gains on investments & loans	Revaluation surplus on investment properties	Losses carried forward	Other timing differences	Total
	€000s	€000s	€000s	€000s	€000s	€000s
At 1 January 2021	1,360	2,208	1,387	(827)	(1)	4,127
Debited/(credited) to the Consolidated Statement of Comprehensive Income	35	(1,525)	—	—	230	(1,260)
(Credited)/debited to the Consolidated Income Statement	(32)	—	—	417	(491)	(106)
At 31 December 2021	**1,363**	**683**	**1,387**	**(410)**	**(262)**	**2,761**
Debited/(credited) to the Consolidated Statement of Comprehensive Income	**(284)**	**(11,268)**	**—**	**—**	**2**	**(11,550)**
(Credited)/debited to the Consolidated Income Statement	**(18)**	**—**	**—**	**81**	**635**	**698**
At 31 December 2022	**1,061**	**(10,585)**	**1,387**	**(329)**	**375**	**(8,091)**

A deferred taxation asset of €329,000 (2021: €410,000) has been recognised in respect of losses carried forward. The Directors have considered and are satisfied that the deferred taxation asset will be fully recoverable against future taxable profits.

29 PAYABLES

(a) GROUP

	2022	2021
	€000s	€000s
Amounts falling due within one year:		
Payables and accruals	**38,788**	30,218
PAYE/PRSI	**1,681**	1,654
Payables arising out of direct insurance operations	**5,858**	9,785
Total payables	**46,327**	41,657

(b) COMPANY

	2022	2021
	€000s	€000s
Amounts falling due within one year:		
Payables and accruals	**2,579**	2,354
Total payables	**2,579**	2,354

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Notes to the Financial Statements (continued)

30 DIVIDENDS

	2022 €000s	2021 €000s
Paid during year:		
2021 dividend of 8.4 cent (2020: 0.0 cent) per share on 14% non-cumulative preference shares of €0.60 each	**113**	—
2021 dividend of 4.8 cent (2020: 0.0 cent) per share on 8% non-cumulative preference shares of €0.60 each	**169**	—
2021 final dividend of 100.0 cent (2020: 0.0 cent) per share on ordinary shares of €0.60 each	**35,588**	—
Total dividends paid	**35,870**	—

	2022 €000s	2021 €000s
Proposed:		
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	**113**	113
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	**169**	169
2022 final dividend of 100.0 cent (2021: 100.0 cent) per share on ordinary shares of €0.60 each	**35,588**	35,297
Total dividends proposed	**35,870**	35,579

The proposed dividend excludes any amounts due on outstanding share awards as at 31 December 2022 that are due to vest in April 2023 and is subject to approval by shareholders at the Annual General Meeting to be held on 11 May 2023. The proposed dividend has not been included as a liability in the Consolidated Statement of Financial Position as at 31 December 2022.

31 PRINCIPAL SUBSIDIARIES

(a) Subsidiaries	Nature of Operations	% Owned
FBD Insurance plc	General insurance underwriter	100%
FBD Insurance Group Limited	General insurance, life assurance, investment services and pensions broker	100%
FBD Corporate Services Limited	Employee services company	100%

The Registered Office of each of the above subsidiaries is at FBD House, Bluebell, Dublin 12.

All shareholdings are in the form of ordinary shares.

The financial year end for the Group's principal subsidiaries is 31 December.

The Group has carried out an impairment assessment of the parent company's investment in subsidiaries which indicated that no impairment of this asset was required.

FBD Holdings plc is an Irish registered public limited company. The Company's ordinary shares of €0.60 each are listed on Euronext Dublin and the UK Listing Authority and are traded on both Euronext Dublin and London Stock Exchange.

All individual subsidiary's financial statements are prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland with the exception of FBD Insurance plc whose financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union, in preparation for the adoption of IFRS 17 Insurance Contracts from 1 January 2023 by the Group.

32 CAPITAL COMMITMENTS

There are no capital commitments at the financial year end (2021: €nil).

33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at either 31 December 2022 or 31 December 2021.

34 SHARE-BASED PAYMENTS

FBD Group Performance Share Plan

Conditional awards of ordinary shares are made under the FBD Group Performance Share Plan ("LTIP"). The LTIP was last approved by the shareholders of FBD Holdings plc at the 2018 AGM. Conditional awards are solely based on non-market conditions. The extent to which the non-market conditions have been met and any award (or part of an award) has therefore vested will be determined in due course by the Remuneration Committee of the Board of FBD Holdings plc. Further detail on the LTIP is available within the Report on Directors' Remuneration on pages 89 to 106.

Accounting charge for share based payments

Grant date	Number outstanding at 1 January 2022	Granted during year	Dividends	Outperformance	Forfeited during year	Vested during year	Number outstanding at 31 December 2022	Performance Period	Earliest vesting date
25.03.2019 LTIP	227,479	—	14,080	55,200	(6,681)	(290,078)	—	2019-2021	Mar-22
24.04.2020 LTIP	315,622	—	—	—	(9,299)	—	306,323	2020-2022	Apr-23
25.03.2021 LTIP	368,544	—	—	—	(8,242)	—	360,302	2021-2023	Mar-24
06.04.2022 LTIP	—	252,639	—	—	—	—	252,639	2022-2024	Mar-25
Total	**911,645**	**252,639**	**14,080**	**55,200**	**(24,222)**	**(290,078)**	**919,264**		

Grant date	Vesting period (years)	Number outstanding at 31 December 2022	% of shares expected to vest	Share price at grant date	Fair value of share award at grant date	2022	2021
			%	€	€	€000s	€000s
23.08.2018 LTIP	3	—	125%	10.80	10.80	**—**	565
25.03.2019 LTIP	3	—	125%	8.79	8.79	**112**	961
24.04.2020 LTIP	3	306,323	83%	6.12	6.12	**1,037**	378
25.03.2021 LTIP	3	360,302	83%	6.89	6.89	**827**	746
06.04.2022 LTIP	3	252,639	93%	9.90	9.90	**705**	—
Total		**919,264**				**2,681**	**2,650**

During the financial year 290,078 shares of the March 2019 award vested, with a value of €2,843,000.

The Directors estimate 83% of the April 2020 awards will vest, 83% of the March 2021 awards will vest and 93% of the April 2022 awards will vest.

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Notes to the Financial Statements (continued)

35 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc and FBD Trust Company Ltd have a substantial shareholding in the Group at 31 December 2022. Details of their shareholdings and related party transactions are set out in the Report of the Directors on page 66.

Both companies have subordinated debt investment in the Group. Farmer Business Developments holds a €21.0m investment and FBD Trust Ltd holds a €12.0m investment. During 2022 interest payments of €1.1m and €0.6m were made to Farmer Business Developments and FBD Trust respectively. Please refer to note 26 for further details.

At 31 December 2022 the intercompany balances with other subsidiaries was €5,867,000 (2021: €3,739,000).

For the purposes of the disclosure requirements of IAS 24, the term *"key management personnel"* (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and Company Secretary of FBD Holdings plc and the Group's primary subsidiary, FBD Insurance plc and the members of the Executive Management Team.

The remuneration of key management personnel ("KMP") during the year was as follows:

	2022	2021
	€000s	€000s
Short term employee benefits[1]	**4,730**	4,131
Post-employment benefits	**275**	262
Share based payments	**1,386**	1,346
Charge to the Consolidated Income Statement	**6,391**	5,739

[1] *Short term benefits include fees to Non-Executive Directors, salaries and other short-term benefits to all key management personnel.*

Full disclosure in relation to the 2022 and 2021 compensation entitlements and share awards of the Board of Directors is provided in the Report on Directors' Remuneration.

At 31 December 2022 KMP had loans to the value of €19,085 with the Group (December 2021: €18,000). KMP loans with the Group did not exceed these values at any stage during the year.

In common with all shareholders, Directors received payments/distributions related to their holdings of shares in the Company during the year, amounting in total to €49,939 (2021: €nil).

36 FINANCIAL RISK MANAGEMENT

(a) Capital Management Risk

The Group is committed to managing its capital to ensure it is adequately capitalised at all times and to maximise returns to shareholders. The capital of the Group comprises of issued capital, reserves and retained earnings as detailed in notes 21 to 23. The Group has an Investment Committee, a Pricing & Underwriting Committee, a Capital Management Forum, an Audit Committee, a Reserving Committee and Board and Executive Risk Committees, all of which assist the Board in the identification and management of exposures and capital.

The Group maintained its capital position and complied with all regulatory solvency margin requirements throughout both the year under review and the prior year. In 2022, the Group maintained its Solvency Capital Requirement (SCR) coverage above its target range of 150-170% of SCR.

An experienced Actuarial team is in place with policies and procedures to ensure that Technical Provisions are calculated in an appropriate manner and represent a best estimate. Technical Provisions are internally peer reviewed every quarter, audited once a year and subject to external peer review every two years.

An approved Reinsurance Programme is in place to minimise the solvency impact of Catastrophe events to the Group.

36 FINANCIAL RISK MANAGEMENT (continued)

(a) Capital Management Risk (continued)

The annual ORSA provides a comprehensive view and understanding of the risks to which the Group is exposed or could face in the future and how they translate into capital needs or alternatively require mitigation actions.

The Chief Financial Officer is responsible for consideration of the implications for the capital position as part of the strategic planning process and key strategic decision-making and for ensuring appropriate action is taken as approved by the Board/ Chief Executive Officer/relevant committee.

On at least an annual basis, a target range for its SCR Ratio, developed as part of the annual planning/budgeting process, is approved by the Board as part of the Risk Appetite Statements in the Risk Appetite Framework.

The Group also devotes considerable resources to managing its relationships with the providers of capital within the capital markets, for example, existing and potential shareholders, financial institutions, stockbrokers and corporate finance houses.

(b) Liquidity risk

The Group is exposed to daily calls on its cash resources, mainly for claims payments. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the maturity profile of its financial assets is well matched to the maturity profile of its liabilities and maintaining a minimum cash amount available on short term access at all times.

The following tables provide an analysis of assets and liabilities into their relevant maturity groups based on the remaining period to contractual maturity. The contracted value below is the undiscounted cash flow.

	Carrying value total	Contracted Value	Cashflow within 1 year	Cashflow 1-5 years	Cashflow after 5 years
Assets – 2022	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**
Available for sale investments	**834,994**	961,566	132,461	634,652	194,453
Investments held for trading	**132,965**	132,965	105,419	—	27,546
Deposits	**10,000**	10,020	10	10,010	—
Reinsurance assets	**138,785**	138,785	84,390	48,087	6,308
Loans and receivables	**58,887**	58,886	58,886	—	—
Cash and cash equivalents	**162,398**	162,398	162,398	—	—
Total	**1,338,029**	**1,464,620**	**543,564**	**692,749**	**228,307**
Liabilities – 2022					
Insurance contract liabilities	**932,677**	932,677	405,808	442,253	84,616
Payables	**46,327**	46,327	46,327	—	—
Other provisions	**11,615**	11,615	11,615	—	—
Subordinated bond*	**49,662**	65,000	2,500	10,000	52,500
Total	**1,040,281**	**1,055,619**	**466,250**	**452,253**	**137,116**

**See note 26*

Financial Statements

Notes to the Financial Statements (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Assets – 2021	Carrying value total €000s	Contracted Value €000s	Cashflow within 1 year €000s	Cashflow 1-5 years €000s	Cashflow after 5 years €000s
Available for sale investments	**893,715**	904,983	186,080	490,641	228,262
Investments held for trading	**137,547**	137,547	123,661	—	13,886
Reinsurance assets	**196,960**	196,960	124,363	66,604	5,993
Loans and receivables	**58,624**	58,624	58,624	—	—
Cash and cash equivalents	**164,479**	164,479	164,479	—	—
Total	**1,451,325**	**1,462,593**	**657,207**	**557,245**	**248,141**

Liabilities – 2021	Carrying value total €000s	Contracted Value €000s	Cashflow within 1 year €000s	Cashflow 1-5 years €000s	Cashflow after 5 years €000s
Insurance contract liabilities	**985,404**	985,404	422,486	473,404	89,514
Payables	**41,657**	41,657	41,657	—	—
Other provisions	**13,492**	13,492	13,492	—	—
Subordinated bond*	**49,603**	67,500	2,500	10,000	55,000
Total	**1,090,156**	**1,108,053**	**480,135**	**483,404**	**144,514**

**See note 26*

(c) Market risk

The Group has invested in term deposits, listed debt securities, investment property and externally managed collective investment schemes which provide exposure to a broad range of asset classes. These investments are subject to market risk, whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest rates or changes in the foreign exchange rates of the currency in which the investments are denominated. The extent of the exposure to market risk is managed by the formulation of, and adherence to, an Investment Policy incorporating clearly defined investment limits and rules, as approved annually by the Board of Directors and employment of appropriately qualified and experienced personnel and external investment management specialists to manage the Group's investment portfolio. The overriding philosophy of the Investment Policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk.

Interest rate and spread risk

Interest rate and spread risk arises primarily from the Group's investments in listed debt securities and deposits and their movement relative to the Group's liabilities. The Group reviews its exposure to interest rate and spread risk on a quarterly basis by conducting an asset liability matching analysis. As part of this analysis it monitors the movement in assets minus liabilities for defined interest rate stresses and ensures that they remain within set limits as laid out in its Asset Liability Management Policy. Similar monitoring is done for spread risk.

36 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

At 31 December 2022, the Group held the following deposits and listed debt securities:

	2022		2021	
	Market Value	Weighted average interest rate	Market Value	Weighted average interest rate
	€000s	%	€000s	%
Time to maturity				
In one year or less	**115,842**	**0.96**	167,088	1.19
In more than one year, but not more than two years	**82,389**	**1.23**	140,867	0.95
In more than two years, but not more than three years	**131,223**	**1.11**	79,179	1.28
In more than three years, but not more than four years	**203,391**	**1.09**	103,619	1.04
In more than four years, but not more than five years	**145,160**	**1.18**	165,158	1.02
More than five years	**165,860**	**1.44**	236,584	0.82
Total	**843,865**		892,495	

Equity price risk

The Group is subject to equity price risk due to its holdings in collective investment schemes which invest in listed equities.

The amounts exposed to equity price risk at the reporting date are:

	2022	2021
	€000s	€000s
Equity exposure	**41,612**	50,019

Foreign currency risk

The Group does not directly hold investment assets in foreign currencies; however, it does have exposure to non-euro exchange rate fluctuations through its collective investment scheme holdings. The underlying exposure to foreign currency is as follows.

Assets	2022	2021
	€000s	€000s
Emerging Markets*	**14,367**	17,208
USD	**27,546**	13,886
Other OECD	**—**	—

**The Emerging Markets currency exposure is achieved through the collective investment schemes and is highly diversified. The largest exposure to any one currency as at 31 December 2022 was €1.9m in Hong Kong Dollars.*

The Group did not directly hold any derivative instruments at 31 December 2022 or 31 December 2021.

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Notes to the Financial Statements (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

(d) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Financial assets are graded according to current credit ratings issued by the main credit rating agencies. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. All of the Group's bank deposits are with financial institutions which have a minimum A- rating. The Group holds the following listed government bonds (average credit rating: A) and listed corporate bonds (average credit rating: A-), with the following credit profile:

	2022		2021	
	Market Value €000s	Weighted Average Duration	Market value €000s	Weighted Average Duration
Government bonds				
AAA	**20,706**	**0.6**	21,205	1.6
AA+	**32,902**	**2.5**	8,056	1.2
AA	**87,099**	**4.2**	92,484	4.9
A+	**—**	**0.0**	40,072	0.2
BBB+	**60,909**	**4.0**	70,307	5.1
BBB	**41,797**	**5.3**	48,509	4.9
BBB-	**27,599**	**3.7**	22,376	4.8
Total	**271,012**	**3.8**	303,009	4.0
Corporate Bonds				
AAA	**6,414**	**4.4**	—	0.0
AA+	**4,970**	**4.2**	2,031	6.2
AA	**9,592**	**1.4**	7,373	2.0
AA-	**44,319**	**3.5**	32,421	2.9
A+	**69,279**	**3.6**	72,825	3.3
A	**59,107**	**2.7**	59,667	2.7
A-	**134,086**	**3.2**	134,036	3.1
BBB+	**104,602**	**2.8**	122,694	3.0
BBB	**98,230**	**2.6**	118,984	3.0
BBB-	**32,252**	**1.9**	39,455	2.7
Total	**562,851**	**3.0**	589,486	3.0

All of the Group's current reinsurers either have a credit rating of A- or better. The Group has assessed these credit ratings as being satisfactory in diminishing the Group's exposure to the credit risk of its reinsurance receivables. At 31 December 2022, the maximum balance owed to the Group by an individual reinsurer, including reinsurers' share of insurance contract liabilities not yet called, was €21,549,000 (2021: €30,148,000).

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's most significant exposure to credit risk. There are no financial assets past due but not impaired.

Receivables arising out of direct insurance operations are considered by the Directors to have low credit risk and therefore no provision for bad or doubtful debts has been made. All other receivables are due within one year and none are past due.

36 FINANCIAL RISK MANAGEMENT (continued)

(e) Concentration risk

Concentration risk is the risk of loss due to overdependence on a singular investment or category of business. The main concentration risks to which the Group is exposed, and how they are mitigated, are as follows:

- Exposure to a single country, counterparty or security as part of its sovereign or corporate bond portfolio. The Group mitigates this risk by placing limits on these exposures with its investment managers which are continuously monitored.
- Exposure to a single counterparty as part of its cash and deposit holdings. The Group mitigates this risk by placing limits on its total exposures to banking counterparties as set out in the Group's Investment Policy, which is approved annually by the Board of Directors.
- While all of the Group's underwriting business is conducted in Ireland, with a significant focus on the agri-sector, it is spread over a wide geographical area with no concentration in any one county or region. The resultant concentration risk from adverse weather events, i.e. floods, storms or freezes in Ireland, are mitigated by a flood mapping solution and an appropriate reinsurance strategy.

Receivables arising out of direct insurance operations and other receivables have no significant concentration of risk.

(f) Sensitivity analysis

The table below identifies the Group's key sensitivity factors. For each sensitivity test, the impact of a change in a single factor is shown, with other assumptions left unchanged.

Sensitivity factor	Description of sensitivity factor applied
Interest rate and investment return	The impact of a change in the market interest rate by an increase of 1% or a decrease of 0.25%. For example if a current interest rate is 2%, the impact of an immediate change to 3% and 1.75%.
Exchange rates movement	The impact of a change in foreign exchange rates by ± 10%.
Equity market values	The impact of a change in equity market values by ±10%.
Available for sale investments	The impact of a change in bond market valuations by ±5%.
Level 3 - investment property	The impact of a change in market rents ±10%.
Level 3 - investment property	The impact of a change in capitalisation yield ± 0.5%
Level 3 - property held for own use	The impact of a change in market rents ±10%.
Level 3 - property held for own use	The impact of a change in capitalisation yield ± 0.5%
Level 3 - other investments	The impact of a change in valuations by ±10%.
Net loss ratios	The impact of an increase in underwriting net loss ratios by 5%.

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Notes to the Financial Statements (continued)

36 FINANCIAL RISK MANAGEMENT (continued)

(f) Sensitivity analysis (continued)

The pre-taxation impacts on profit and shareholders' equity at 31 December 2022 and at 31 December 2021 of each of the sensitivity factors outlined above are as follows:

		2022 €000s	2021 €000s
Interest rates	1%	**(33,582)**	(37,488)
Interest rates	(0.25%)	**9,044**	11,335
FX rates	10%	**4,191**	3,109
FX rates	(10%)	**(4,191)**	(3,109)
Equity	10%	**4,161**	5,002
Equity	(10%)	**(4,161)**	(5,002)
Available for sale investments	5%	**41,693**	44,625
Available for sale investments	(5%)	**(41,693)**	(44,625)
Level 3 - investment property - Market Rent (note 17(b))	10%	**1,700**	1,800
Level 3 - investment property - Market Rent (note 17(b))	(10%)	**(1,800)**	(1,900)
Level 3 - investment property - Capitalisation yield (note 17(b))	0.5%	**(1,300)**	(1,400)
Level 3 - investment property - Capitalisation yield (note 17(b))	(0.5%)	**1,400**	1,600
Level 3 - property held for own use - Market Rent (note 17(b))	10%	**796**	1,202
Level 3 - property held for own use - Market Rent (note 17(b))	(10%)	**(943)**	(1,440)
Level 3 - property held for own use - Capitalisation yield (note 17(b))	0.5%	**(930)**	(1,031)
Level 3 - property held for own use - Capitalisation yield (note 17(b))	(0.5%)	**1,063**	1,174
Level 3 - other investments (note 17(b))	10%	**2,868**	1,511
Level 3 - other investments (note 17(b))	(10%)	**(2,868)**	(1,511)
Net loss ratio	(5%)	**16,793**	16,712

The sensitivity of changes in the assumptions used to calculate general insurance liabilities and reinsurance assets are set out in the table below:

31 December 2022	**Change in assumptions**	**Increase in gross technical reserves €000s**	**Increase/ (decrease) in net technical reserves €000s**	**Impact on profit before taxation €000s**	**Reduction/ (increase) in shareholders' equity €000s**
Injury claims IBNR and IBNER	**+10%**	**8,379**	**6,704**	**(6,704)**	**5,866**
Other claims IBNR and IBNER	**+10%**	**2,725**	**(5,312)**	**5,312**	**(4,648)**
Reinsurance assets - claims outstanding	**(10)%**	**—**	**13,685**	**(13,685)**	**11,974**
31 December 2021					
Injury claims IBNR and IBNER	+10%	9,091	7,077	(7,077)	6,192
Other claims IBNR and IBNER	+10%	3,248	(9,850)	9,850	(8,619)
Reinsurance assets - claims outstanding	(10)%	—	19,525	(19,525)	17,084

36 FINANCIAL RISK MANAGEMENT (continued)

(f) Sensitivity analysis (continued)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk. They represent the Group's view of possible near-term market changes that cannot be predicted with any certainty and assume that all interest rates move in an identical fashion.

37 IFRS 9 FINANCIAL INSTRUMENTS DEFERRAL DISCLOSURES

As set out in accounting policy K in note 3, the Group has chosen to defer application of IFRS 9 due to its activities being predominantly connected with insurance.

To facilitate comparison with entities applying IFRS 9, the table below presents an analysis of the fair value of the classes of financial assets as at the end of the reporting period, as well as the change in fair value during the reporting period. The financial asset classes are divided into two categories:

i. Solely Payments of Principal and Interest (SPPI): assets of which cash flows represent solely payments of principal and interest on an outstanding principal amount, but are not meeting the definition of held for trading in IFRS 9, or are not managed on a fair value basis; and,
ii. Other: all financial assets other than those specified in SPPI:
    1. with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
    2. that meet the definition of held for trading in IFRS 9; or
    3. that are managed and whose performance are evaluated on a fair value basis.

Fair Values as of 31 December 2022

Financial assets	Financial assets that passed SPPI	Other *	Total Fair Value
	€000s	€000s	€000s
Loans	580	—	580
Other receivables	58,307	—	58,307
Deposits with banks	10,000	—	10,000
Cash and cash equivalents	105,793	56,605	162,398
Available for sale investments	—	834,994	834,994
Investments held for trading	—	132,965	132,965
Total Financial Assets	**174,680**	**1,024,564**	**1,199,244**

** Other includes Financial assets that have passed SPPI and are evaluated on a FV basis*

Financial Statements

Notes to the Financial Statements (continued)

37 IFRS 9 FINANCIAL INSTRUMENTS DEFERRAL DISCLOSURES (continued)

Fair Values as of 31 December 2021

Financial assets	Financial assets that passed SPPI	Other *	Total Fair Value
	€000s	€000s	€000s
Loans	577	—	577
Other receivables	58,047	—	58,047
Deposits with banks	—	—	—
Cash and cash equivalents	164,479	—	164,479
Available for sale investments	—	893,715	893,715
Investments held for trading	—	137,547	137,547
Total Financial Assets	223,103	1,031,262	1,254,365

** Other includes Financial assets that have passed SPPI and are evaluated on a FV basis*

For receivables, loans and cash and cash equivalents carried at amortised cost, the carrying value is considered to be approximately equal to fair value.

The below table presents fair value movements on financial assets measured on a fair value basis and investments held for trading.

There was no material change in fair value during the year in respect of financial assets that passed the SPPI test.

	Financial assets measured on a fair value basis	Financial instruments held for trading
	€000s	€000s
Balance at 1 January 2022	893,715	137,547
Additions	238,126	25,312
Disposals	(203,750)	(13,573)
Realised loss	(129)	(619)
Unrealised loss	(92,968)	(15,702)
Balance at 31 December 2022	**834,994**	**132,965**

For financial assets whose cash flows represent SPPI as defined above, the table below provides information on credit risk exposure. The Group mitigates it's concentration risk to a single counterparty as part of its cash and deposit holdings by placing limits on its total exposures to banking counterparties, the Group's largest exposure to any counterparty for cash and deposit holdings is €33,000,000 (2021:€36,200,000). The financial assets are categorised by asset class with a carrying amount measured in accordance with IAS 39 requirements.

37 IFRS 9 FINANCIAL INSTRUMENTS DEFERRAL DISCLOSURES (continued)

As at 31 December 2022

Rating	Loans €000s	Other receivables €000s	Deposits with banks €000s	Cash and cash equivalents €000s	Total €000s
AAA	—	—	—	—	—
AA	—	—	—	7,563	7,563
AA-	—	—	—	—	—
A+	—	—	—	76,054	76,054
A-	—	—	10,000	—	10,000
A	—	—	—	—	—
BBB	—	—	—	22,176	22,176
Unrated	580	58,307	—	—	58,887
Total	580	58,307	10,000	105,793	174,680

As at 31 December 2021

Rating	Loans €000s	Other receivables €000s	Deposits with banks €000s	Cash and cash equivalents €000s	Total €000s
AAA	—	—	—	—	—
AA	—	—	—	7,869	7,869
AA-	—	—	—	22,884	22,884
A+	—	—	—	15,451	15,451
A-	—	—	—	41,865	41,865
A	—	—	—	66,178	66,178
BBB	—	—	—	10,232	10,232
Unrated	577	58,047	—	—	58,624
Total	577	58,047	—	164,479	223,103

38 SUBSEQUENT EVENTS

There have been no subsequent events that would have a material impact on the financial statements.

Other Information

Alternative Performance Measures (APM's) (unaudited)

The Group uses the following alternative performance measures: Loss ratio, expense ratio, combined operating ratio, annualised investment return, net asset value per share, return on equity and gross premium written.

Loss ratio (LR), expense ratio (ER) and combined operating ratio (COR) are widely used as a performance measure by insurers, and give users of the financial statements an understanding of the underwriting performance of the entity. Investment return is used widely as a performance measure to give users of financial statements an understanding of the performance of an entities investment portfolio. Net asset value per share (NAV) is a widely used performance measure which provides the users of the financial statements the book value per share. Return on equity (ROE) is also a widely used profitability ratio that measures an entity's ability to generate profits from its shareholder investments. Gross premium written refers to the premium on insurance contracts entered into during the year and is widely used across the general insurance industry.

The calculation of the APM's is based on the following data:

	Note	2022 €000s	2021 €000s
Loss ratio			
Net claims and benefits	4(c)	**145,807**	123,538
Movement in other provisions	4(c)	**8,403**	22,143
Total claims incurred		**154,210**	145,681
Net premium earned	4(c)	**335,854**	334,247
Loss ratio (Total claims incurred/Net premium earned)		**45.9%**	43.6%
Expense ratio			
Other underwriting expenses	4(c)	**95,962**	93,369
Net premium earned	4(c)	**335,854**	334,247
Expense ratio (Underwriting expenses/Net premium earned)		**28.6%***	27.9%*

** excluding the accelerated amortisation of the policy administration system (refer to Note 14) of €2,460,000 (2021: €5,884,000), the expense ratio would be 27.8% (2021: 26.1%)*

Combined operating ratio		**%**	**%**
Loss ratio		**45.9%**	43.6%
Expense ratio		**28.6%**	27.9%
Combined operating ratio (Loss ratio + Expense ratio)		**74.5%**	71.5%

Investment return		**2022 €000s**	**2020 €000s**
Investment return recognised in Consolidated Income Statement	5	**(10,413)**	15,679
Investment return recognised in Statement of Comprehensive Income		**(90,142)**	(12,202)
Total investment return		**(100,555)**	3,477
Average investment assets		**1,169,411**	1,185,036
Investment return % (Total investment return/Average investment assets)		**-8.6%**	0.3%

Alternative Performance Measures (APM's) (unaudited) (continued)

	Note	2022 €000s	2021 €000s
Net asset value per share			
Shareholders' funds – equity interests		**422,788**	472,382
Number of Shares			
Number of ordinary shares in issue (excluding treasury)	*21*	**35,587,279**	35,297,201
		Cent	**Cent**
Net asset value per share (NAV) (Shareholders' funds/Closing number of ordinary shares)		**1,188**	1,338
Return on Equity			
Weighted average equity attributable to ordinary equity holders of the parent		**447,585**	428,182
Result for the year		**64,454**	96,409
Return on equity (Result for the year/Weighted average equity attributable to ordinary equity holders of the parent)		**14%**	23%
Underwriting result			
Net premium earned	4(c)	**335,854**	334,247
Net claims and benefits	4(c)	**(145,807)**	(123,538)
Other underwriting expenses	4(c)	**(95,962)**	(93,369)
Movement in other provisions	4(c)	**(8,403)**	(22,143)
Underwriting result		**85,682**	95,197

Gross premium written: The total premium on insurance underwritten by an insurer or reinsurer during a specified period, before deduction of reinsurance premium.

Expense ratio: Underwriting and administrative expenses as a percentage of net earned premium.

Loss ratio: Net claims incurred as a percentage of net earned premium.

Combined operating ratio: The sum of the loss ratio and expense ratio. A combined operating ratio below 100% indicates profitable underwriting results. A combined operating ratio over 100% indicates unprofitable results.

Other Information

Other Information

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fbd.ie