FBD HOLDINGS PLC
11 August 2023

FBD HOLDINGS PLC
Half yearly Report
For the Six Months ended 30 June 2023

KEY HIGHLIGHTS

- Profit before tax of €39m under IFRS 17 compared to €3m in 2022.
- Combined Operating Ratio (COR) of 81% reflecting continued underwriting discipline and benefitting from positive prior year reserve development including that related to Business Interruption.
- Special dividend approved of 100 cent per ordinary share.
- Insurance revenue increased by 4.5% to €195m.
- Written policy count increased by 2.6%.
- The Covid-19 related Business Interruption best estimate reduced by €15m to €27m net of reinsurance since year-end 2022 following conclusion of the test case.
- Retention levels of existing business increased by 0.2% year on year.
- Average premium increased by 4.6% across the portfolio. Private Motor average premium increased by 1.7%.
- Income statement investment return of 0.7%, reflecting positive investment returns of €8m.
- Our capital position remains strong with a Solvency capital ratio (SCR) of 217% (unaudited) after allowing for the special dividend, compared to 226% at 31 December 2022.
- Return on equity of 15%.
- IFRS 17 is effective for insurance contract reporting since 1 January 2023 and all comparatives are Half Year 2022 restated, unless otherwise specified. IFRS 9 has also been adopted.

FINANCIAL SUMMARY	**Half Year ended 30 Jun 2023**	**Half Year ended 30 Jun 2022 (restated)**
	€000s	**€000s**
Gross written premium	**206,432**	**192,432**
Insurance revenue	**194,540**	**186,142**
Insurance service result	**65,403**	**44,052**
Profit before taxation	**39,477**	**2,509**
Loss ratio	**54.0%**	**60.9%**
Expense ratio	**27.1%**	**25.7%**
Combined operating ratio	**81.1%**	**86.6%**
	Cent	**Cent**
Basic earnings per share	**91**	**6**
Net asset value per share	**1,274**	**1,179**

A reconciliation between IFRS and non-IFRS measures is given in the Alternative Performance Measures (APMs) on page 62 and 63.

- The largest element of Insurance revenue is Gross written premium (GWP) which increased by 7.3% to €206m (2022: €193m). Written policy count increased by 2.6% with over 70% of the increase coming through our local offices.
- The Insurance service result increased by €21m to €65m (2022: €44m). This is made up of increased Insurance revenue of €8m, a reduction in the Insurance service expense (ISE) of €35m, largely due to a positive past service benefit including that related to Business Interruption reserve releases, net of additional reinsurance contract expenses of €22m as expected reinsurance recoveries on Business Interruption reduced.
- A positive start to the year for both equity and fixed income investments has resulted in a profit through the Income Statement of €8m (2022: -€15m) and a profit through Other Comprehensive Income (OCI) of €9m (2022: -€64m).
- The expense ratio increased to 27.1% (2022: 25.7%), with the increase primarily reflecting inflationary increases on staff costs, IT and utility costs. The expense ratio includes Insurance acquisition expenses and Non-attributable expenses.
- Net Asset Value per share of 1,274 cent has reduced from 1,276 cent (restated) at the end of 2022 as the dividend payments in May were offset by Half Year profit.

Commenting on these results Tomás Ó Midheach, Group Chief Executive, said:

"I am pleased to announce a strong profit for the first half of 2023 where the business continued to grow and deliver for all stakeholders. Supported by a disciplined underwriting approach, our financial and strategic foundations remain solid as we continue to drive sustainable profitable growth.

Our ongoing focus and commitment to meeting the needs of our customers and the provision of a personalised service continue to play a significant role in the performance of the business. As a consequence, it is most encouraging to see strong retention of existing customers and continued growth in both customer and policy count numbers.

Economic conditions remain challenging for businesses and customers alike. Inflation continues to be experienced in Property and Motor Damage claims. Injury claims experience has been benign and there were no significant weather events.

We welcome the final Judgement on the Business Interruption test case. This ruling allows us to finalise all valid Covid-19 related claims and State subsidies.

We are supportive of the steps the Government has taken on insurance reform to reduce claims costs and consequently insurance premiums. The increased acceptance rates of awards from the Personal Injuries Resolution Board could indicate the Personal Injury Guidelines are being adopted, although their ultimate impact will not be known until the challenges make their way through the courts.

The business remains strongly capitalised with a capital ratio above our stated risk appetite. As signalled earlier this year and following engagement with our stakeholders, a special dividend of 100c per ordinary share was approved by the Board.

I am thankful for the support of the Board and the commitment and hard work by all the team at FBD. We have demonstrated that our relationship focus strategy is delivering and our evolving strategy to firmly position FBD for the future to become a digitally enabled, data enriched organisation delivering an excellent customer and employee experience, is firmly on track."

A presentation will be available on our Group website www.fbdgroup.com from 9.00 am today.

Enquiries	**Telephone**
FBD	
Michael Sharpe, Investor Relations	+353 87 9152914
Drury Communications	
Paddy Hughes	+353 87 6167811

About FBD Holdings plc ("FBD")

FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, consumers and business owners. 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, small business and consumer customers throughout Ireland. It has a network of 34 branches nationwide.

Forward Looking Statements

Some statements in this announcement are forward-looking. They represent expectations for the Group's business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

The following details relate to FBD's ordinary shares of €0.60 each which are publicly traded:

Listing	Euronext Dublin	Financial Conduct Authority
Listing Category	Premium	Premium (Equity)
Trading Venue	Euronext Dublin	London Stock Exchange
Market	Main Securities Market	Main Market
ISIN	IE0003290289	IE0003290289
Ticker	FBD.I or EG7.IR	FBH.L

OVERVIEW

The Group reported a profit before tax of €39.5m (2022: €2.5m), supported by growth in Insurance revenue of €8.4m primarily in local offices, a reduction in Insurance service expenses of €35.3m mainly related to positive past service movement including in respect of Covid-19 Business Interruption (BI) claims, and positive investment returns of €8.4m (2022: -€15.3m). This was offset by a €7.5m provision for our current estimate of the cost of a constructive obligation arising from the deduction of State subsidies under Business Interruption.

The net best estimate in respect of BI reduced by €14.9m to €26.6m since December 2022. The reduction reflects the final Judgement in respect of the BI test case.

INSURANCE SERVICE RESULT

Insurance Revenue

Insurance revenue is 4.5% higher at €194.5m (2022: 186.1m). Gross written premium is the largest part of Insurance revenue and is 7.3% higher than 2022 at €206.4m (2022: €192.4m) with strong increases in Home, Agri and Commercial Business. Written policy count increased by 2.6% with average premiums increasing by 4.6% across the portfolio. The retention rate on the portfolio is higher than the first half of 2022, continuing the trend of multi-year highs.

Average premium increased by 4.6% across the portfolio reflecting the inflationary impacts from the economic environment. Private Motor average premium increased by 1.7% and Commercial Motor increased by 0.7% reflecting the increasing cost of Motor Damage claims, driven by increases in labour, parts and paint costs with newer, more technologically advanced vehicles costing more to repair. Home average premium increased by 9.5% reflecting increases in property sums insured as inflation continues in construction costs. Commercial Business average premium increased 5.9% driven by a combination of sums insured increasing due to inflation in construction costs and customers increasing liability cover, increasing the exposure and as a result average premium. Farm average premium increased by 5.0% as a result of increases in property elements as sums insured increased due to inflation in construction costs. Average Tractor premium increased by 8.8% due to a higher proportion of newer tractors, increasing value of existing tractors and inflation in the cost of Motor Damage claims.

Insurance Service Expenses

Insurance service expenses (ISE) reduced by €35.3m to €92.0m (2022: €127.3m). The table below splits the ISE into Gross incurred claims, Changes that relate to past service and Insurance acquisition expenses. The Gross incurred claims increase of €4.5m reflects increasing costs due to inflation and increased frequency in Property and Motor Damage. Changes that relate to past service of €59.4m include prior year reserve movements, gross of reinsurance, including that related to Business Interruption, as well as other IFRS 17 specific movements in the Risk Adjustment and Discounting. Insurance acquisition expenses of €36.6m form part of the ISE and are referenced below under Expenses.

Insurance Service Expenses	**Half Year ended 30 June 2023 €000**	**Half Year ended 30 June 2022 €000**
Gross incurred claims	(114,744)	(110,263)
Changes that relate to past service	59,375	17,005
Insurance acquisition expenses	(36,588)	(34,064)
Total Insurance service expenses	(91,957)	(127,322)

Injury notifications increased 4% year on year largely reflecting increased policy count with a slight increase in frequency. The average cost of injury claims settlements are down 5% in the last 12 months and continue to be lower than that experienced pre-Covid. Court backlogs are easing with trial dates now secured within pre-Covid timeframes. FBD continue to stand over the Personal Injuries Resolution Board (PIRB) awards made under the Personal Injury Guidelines.

Claims being settled under the new guidelines continue to be over 40% lower in value when compared to the previous Book of Quantum. The level of acceptance of PIRB awards across the market has improved to 48% which is closer to historic levels. This should reduce the number of cases through the courts system attracting higher legal costs. It could take a number of years for the full impact to be known of the new guidelines on claims settled through the litigation process.

Motor damage notifications increased by 17% as traffic volumes have returned to pre-Covid levels and settlement costs also increased over 11%. The mix is changing within the Motor book as more policyholders have taken out comprehensive cover and inflation on parts and labour is increasing the cost of repairs. The increasing repair costs appear to be encouraging more people to claim rather than pay outside of their insurance.

The average cost of property claims increased by 7% due to a change in mix and inflation, with double digit increases in Escape of Water and Fire costs.

Movement in other provisions increased by €7.2m to €12.4m (2022: €5.2m), with the increase relating to the provision for our current estimate of the cost of a constructive obligation arising from the deduction of State subsidies paid to claimants under Business Interruption of €7.5m. The other elements of the Movement in other provisions are the Motor Insurers Bureau of Ireland (MIBI) levy and the Motor Insurers Insolvency Compensation Fund (MIICF) contribution.

Reinsurance

The reinsurance programme for 2023 was successfully renegotiated with a similar structure to the expiring programme. The programme saw an increase in reinsurance rates for property of 8% and casualty of 2% which was a very positive result in the current environment of hardening rates in the reinsurance market reflecting geopolitical and macroeconomic shocks. The net expense from reinsurance contracts held increased by €22.4m as recoverables from reinsurers reduced by €20.1m, primarily due to expected recoveries on Business Interruption claims reducing, as well as reinsurance premium increases year on year of €2.3m.

Weather, Claims Frequency and Large Claims

No significant weather events of note occurred in the first six months of 2023.

We observed an increase in the frequency of injury claims in the first half of 2023 although the frequency of these claims continues to remain significantly below pre-Covid levels.

Large injury claims, defined as a value greater than €250k, notified to date in 2023 are lower than the average of previous pre-Covid years.

Expenses

The Group's expense ratio is 27.1% (2022: 25.7%). Insurance acquisition expenses and Non-attributable expenses are combined to calculate the total expense cost of €52.8m (2022: €47.8m). The increase is made up of inflationary impacts on salary costs, IT spend and other utility costs with an increase in depreciation costs as FBD increase capital investment in the business. Commission also increased as our partnerships with intermediaries continue to grow.

INDUSTRY ENVIRONMENT

An appeal to the Supreme Court in respect of the Personal Injury Guidelines was heard at the end of February 2023. We are awaiting the Judgement, but have no indication as to the timeline for delivery. There are still a number of challenges over the constitutionality of the laws underpinning the Guidelines. Court backlogs have eased, with trial dates secured within pre-Covid timelines, however, we note Claimants' Solicitors still have a greater say around the timing of cases being called for trial.

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. The Court & Civil Law (Miscellaneous Provisions) Bill 2022 was signed into law in July 2023. Part 3 of the Act sets out that the indexation of periodic payment orders will no longer be fixed solely on the Consumer Price Index. Instead, the indexation rate will be set by ministerial regulations based on a broad range of more flexible factors. We note these ministerial regulations are yet to be published with no timeline for introduction indicated.

Amendments to Occupiers Liability Act 1995 were signed into law in July as part of the Courts and Civil Law (Miscellaneous Provisions) Bill 2022. An important part of the amendment is the introduction of the concept of "Voluntary Assumption of Risk", which seeks to broaden the circumstances in which an occupier may be relieved of liability. For trespassers and recreational users the amendment seeks to ensure that for an occupier to be held liable the appropriate test is one of recklessness and not of reasonable grounds. The amendment also provides that, apart from exceptional circumstances, where a person enters onto a premises for the purpose of committing an offence or while on the premises commits an offence, the occupier will not be liable.

The following legislative changes impacting insurance have been enacted in the year to date:

- **Irish Motor Insurance Database (IMID)** - The next phase of the previously named **Motor Third Party Liability project (MTPL**) requires sharing of additional data on insured vehicles and drivers with Regulatory Authorities. FBD is committed to adhering to industry timelines.
- The Road Traffic Act (**RTA)** legislation has been extended to better regulate the use of scramblers/quads and e-bike/e-scooters.
- **Assisted Decision Making Act -** The Act came into effect on the 26 April 2023. We are working on a number of changes including updating our Vulnerable Customer Policy, scenario testing, reviewing the customer journey and training.
- **Amendments to Occupiers Liability Act** - Changes to amend the "common duty of care" provisions in the Occupiers' Liability Act 1995.

A number of additional changes impacting insurance are progressing through the legislative process:

- The **Motor Insurance Directive (MID)** primarily deals with the scope of compulsory insurance broadening the potential scenarios where RTA cover will apply. European council have reached a provisional agreement on the revision of the MID.
- **Flood Insurance Bill -** This is a private member bill at early stage of debate, the purpose of the bill is to provide for fairness in the market for property insurance, which will force insurers to offer flood cover to homes and businesses in flood affected areas.
- **Protection of the Collective Interests of Consumers Bill 2023 -** Proposed legislation transposes an EU directive and gives designated "Qualified Entities" the power to take enforcement action on behalf of a group of consumers whose rights have been breached in Ireland or in another EU country. This Bill is currently before the Seanad at the 3rd stage of debate.
- **Consumer Insurance Contracts (Amendment) Bill 2023 -** This Bill is currently at the second stage of debate in the Seanad and proposes to ban the use of "clauses of average" in non-life insurance contracts. FBD has provided its response to Insurance Ireland on the proposed Bill, with the immediate concerns being this legislation at present does not state the ban is only applicable to new policies, and should not apply in entirety to commercial policies. Introduction of a change in legislation in the middle of a policy term as proposed would have an immediate impact on Insurer reserving and pricing. A timed amendment has been passed and the Bill will have to be reintroduced in June 2024 for discussion.

We recently passed the anniversary of the Differential Pricing regulations, meaning all policies have been through a cycle under the new regulations. We continue to support the Central Bank of Ireland with their data requests in this area, and we continue to actively monitor the impact of the changes on our portfolio.

GENERAL

FBD's Combined Operating Ratio (COR) was 81.1% (2022: 86.6%). The calculation of COR has changed under IFRS 17 (see APMs).

Investment Return

FBD's actual investment return for the first six months of 2023 was 1.5% (2022: -6.6%). 0.7% (2022: -1.3%) is recognised in the Consolidated Income Statement and 0.8% (2022: -5.3%) in the Consolidated Statement of Other Comprehensive Income (OCI). Interest rates stabilised in the first half of 2023 after extraordinary rate increases in 2022. Although the ECB continued to raise its benchmark deposit rate during the first 6 months of 2023, these rises were largely priced into

FBD's 5 year benchmark interest rate which remained largely unchanged over the half year. The pull-to-par effect on the bond portfolios was the main contributor to OCI returns, also aided with some spread narrowing for corporate bonds. Bond maturities continue to be reinvested at higher interest rates, which is gradually increasing the income earned on these portfolios through the Income Statement.

Risk assets in general posted positive returns for the first six months of the year. This was despite rising interest rates threatening to cause a recession in many developed countries. The bankruptcy of Silicon Valley Bank in the US and the forced takeover of Credit Suisse in Europe threatened to cause a wider banking crisis, however the situation was very much confined to US regional banks. Rising interest rates did result in one of the Company's corporate bonds being downgraded below investment grade. The Company decided to sell the bond resulting in a realised loss of €0.9m. The Company also wrote down the value of its investment property by 5% (€0.75m), on advice from its valuation agent.

Financial Services and Other Group activities

The Group's financial services operations returned a loss before tax of €0.1m for the period (2022 profit: €0.2m). Other Group activities includes Holding Company costs which increased by €0.3m to €1.8m due to inflation as well as additional costs incurred for new reporting requirements.

Profit per share

The diluted profit per share is 89 cent per ordinary share, compared to a profit of 6 cent per ordinary share in 2022.

Dividend

The Board has approved a special dividend of 100 cent per ordinary share returning a portion of the excess capital to shareholders. We will continue to monitor our capital position with the intention of moving closer to our target capital based on risk appetite.

The special dividend approved by the Board on 10 August 2023 will be paid on 20 October 2023 to the holders of shares on the register on 15 September 2023. The dividend is subject to withholding tax ("DWT") except for shareholders who are exempt from DWT and who have furnished a properly completed declaration of exemption to the Company's Registrar from whom further details may be obtained.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders' funds at 30 June 2023 amounted to €456.9m (31 December 2022: €454.0m restated). The increase in shareholders' funds is driven by the following:

- Profit after tax for the half year of €33.3m;
- An increase of €1.4m due to share based payments;
- Mark to market gains on investments in debt securities measured at FVOCI of €7.6m after tax;
- Net of a decrease in the defined benefit pension scheme surplus of €0.9m after tax;
- Insurance finance expense for insurance and reinsurance contracts of €2.3m after tax; and
- Dividend payments of €36.2m in respect of 2022 financial year.

Net asset value per ordinary share is 1,274 cent, compared to 1,276 cent per share at 31 December 2022.

Investment Allocation

The Group has a conservative investment strategy that ensures that its technical reserves are matched by cash and fixed interest securities of similar nature and duration. The Company's deposits and cash reduced as the 2022 dividend was paid and €10m was invested in risk assets in the first six months of the year. The average credit quality of the corporate bond portfolio has remained at A- and has seen a reduction in allocation to BBB rated bonds (40% vs 42% at 31 December 2022).

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

	30 June 2023		31 December 2022 (restated)	
	€m	%	€m	%
Corporate bonds	575	51%	563	49%
Government bonds	276	24%	271	24%
Deposits and cash	124	11%	175	15%
Other risk assets	92	8%	83	7%
Equities	56	5%	50	4%
Investment property	14	1%	15	1%
	1,137	100%	1,157	100%

Solvency

The Half Year Solvency Capital Ratio (SCR) is 217% (unaudited). The audited SCR at 31 December 2022 was 226%. The Group is committed to maintaining a strong solvency position.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are outlined on pages 21 to 28 of the Group's Annual Report for the year ended 31 December 2022 and continue to apply to the six month period ended 30 June 2023. Inflation is expected to moderate due to falling energy prices although price levels are still higher since the Russian invasion of Ukraine, which is difficult for businesses to afford and poses cost of living challenges for consumers.

The Personal Injury Guidelines are positively impacting the claims environment although continuing challenges have resulted in delayed settlements that may result in increased legal costs. 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. The delays in claim settlements are likely to increase legal costs further as well as additional inflation.

Substantial inflation in materials and labour continue to impact the Motor and the Construction industries which has a knock on effect on claims costs. There is a risk of continually increasing settlement costs in future years and potentially higher injury claims costs in the near future as pressure mounts on salary inflation.

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 projected 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 217% (31 December 2022: 226%).

Central banks have continued to raise interest rates in an effort to reduce stubbornly high inflation. Developed economies have remained surprisingly resilient to higher interest rates, however, there are real fears that continued higher rates will push economies into recession and will increase default rates. Whether monetary policy is sufficient to bring inflation under control remains a risk. Also, whether the policy response will push economies into a recession with consequent impact on asset valuations continues to be a risk. Future financial market movements and their impact on balance sheet valuations, pension surplus and investment income are unknown and market risk is expected to remain 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 and it maintains a minimum amount available on term deposit at all times. The Group's asset allocation is outlined on page 8.

Businesses are refocusing on costs due to the ongoing energy and cost of living crisis impacted by the war in Ukraine. There is a risk that delaying the transition to a green economy due to affordability may accelerate the already evident effects of climate change, with more immediate impacts on insurers globally such as reinsurance becoming increasingly more expensive and a reassessment may be required of insurable risks.

The labour market is constantly evolving and changing with certain skills in high demand making attracting and retaining employees challenging. FBD continue to embed pandemic-based learnings in the workplace culture including hybrid working, flexibility, well-being initiatives and are committed to investing in our employees' on-going skills development to meet future needs.

OUTLOOK

The economic outlook for 2023 is projected to continue on a solid growth path. Inflation is expected to reduce although high prices and rising interest rates are still expected to impact growth. Unemployment is expected to remain low while labour shortages may hold back growth expectations.

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 develops of how the guidelines are implemented.

The Differential Pricing requirements have been in place for over a year and all policies have gone through a renewal cycle. It will take time to see the full effects of the changes on pricing in the market as the insurance industry adapts, creating potential opportunities and challenges.

Income projections on our bond portfolios have increased in the years ahead due to the impact of higher reinvestment rates as existing bonds mature.

Our sustainability journey continues as we focus our ESG approach on where we can have a meaningful impact as we embed and engage the broader company through the integration of ESG across the business. We are currently assessing the gaps to delivering the multiple reporting and disclosure requirements and putting plans and processes in place to address. We are investigating Science Based Targets in order to provide a benchmark for future decarbonisation improvements and we have submitted an application to sign up to the UN Principles for Sustainable Insurance.

FBD offers a valuable proposition to all our customers and they continue to stay with us in ever increasing numbers which is testament to our committed employees keeping the customer at the heart of what we do. We will continue to strengthen our relationship focus and extend our digital enablement as our strategy evolves. Despite the headwinds of inflation and increasing interest rates affecting all businesses, customers and employees, FBD is profitable and growing and continuing to deliver for all our stakeholders.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the half year ended 30 June 2023

	Notes	**Half year ended 30/06/23**	Half year ended 30/06/22 (restated)[1]	Year ended 31/12/22 (restated)[1]
		€000s	€000s	€000s
Insurance revenue	6(a)	**194,540**	**186,142**	**379,697**
Insurance service expenses	6(c)	**(91,957)**	**(127,322)**	**(201,838)**
Reinsurance expense		(19,540)	(17,232)	(34,814)
Change in amounts recoverable from reinsurers for incurred claims		(17,640)	2,464	(11,941)
Net expense from reinsurance contracts held	6(a)	**(37,180)**	**(14,768)**	**(46,755)**
Insurance service result	6(a)	**65,403**	**44,052**	**131,104**
Total investment return	7	**8,389**	**(15,281)**	**(10,753)**
Finance expense from insurance contracts issued	5	(1,823)	(6,213)	(8,731)
Finance (expense)/income from reinsurance contracts held	5	(281)	1,431	1,389
Net insurance finance expenses		**(2,104)**	**(4,782)**	**(7,342)**
Net insurance and investment result		**71,688**	**23,989**	**113,009**
Other finance costs		(1,272)	(1,272)	(2,559)
Non-attributable expenses	6(c)	(16,165)	(13,780)	(33,048)
Movement in other provisions	16	(12,439)	(5,241)	(8,403)
Revenue from contracts with customers	6(a)	1,592	1,753	3,173
Financial services income and expenses		(3,381)	(2,940)	(6,045)
Revaluation of property, plant and equipment	6(a)	(546)	-	(287)
Profit before taxation		**39,477**	**2,509**	**65,840**
Income taxation charge	8	(6,170)	(327)	(8,284)
Profit for the period		**33,307**	**2,182**	**57,556**
Attributable to:				
Equity holders of the parent		33,307	2,182	57,556

	Notes	**Half year ended 30/06/23**	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
Earnings per share		**Cent**	**Cent**	**Cent**
Basic	9	91	6	161
Diluted[2]	9	89	6	157

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.
[2] Diluted earnings per share reflects the potential vesting of share based payments.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the half year ended 30 June 2023

	Notes	**Half year ended 30/06/23** **€000s**	Half year ended 30/06/22 (restated)[1] €000s	Year ended 31/12/22 (restated)[1] €000s
Profit for the period		**33,307**	**2,182**	**57,556**
Items that will or may be reclassified to profit or loss in subsequent periods:				
Movement on investments in debt securities measured at FVOCI	7	7,720	(63,842)	(89,761)
Movement transferred to the Consolidated Income Statement on disposal during the period	7	965	(11)	(41)
Finance (expense)/income from insurance contracts issued	5	(5,096)	35,670	42,388
Finance income/(expense) from reinsurance contracts held	5	2,400	(7,832)	(8,202)
Income tax relating to these items		(749)	4,500	6,951
Items that will not be reclassified to profit or loss:				
Re-measurements of post-employment benefit obligations, before tax		(999)	3,899	(2,272)
Revaluation of owner occupied property		-	-	5
Income tax relating to these items		125	(485)	282
Other comprehensive income/(expense) after taxation		**4,366**	**(28,101)**	**(50,650)**
Total comprehensive income/(expense) for the period		**37,673**	**(25,919)**	**6,906**
Attributable to:				
Equity holders of the parent		**37,673**	**(25,919)**	**6,906**

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
At 30 June 2023

Assets	**Notes**	**Half year ended 30/06/23 €000s**	Half year ended 30/06/22 (restated)[1] €000s	Year ended 31/12/22 (restated)[1] €000s
Cash and cash equivalents	12	**113,833**	**148,771**	**165,240**
Equity and debt instruments at fair value through profit or loss	10	149,147	131,583	134,094
Debt instruments at fair value through other comprehensive income	10	851,124	851,805	833,865
Deposits	10	10,000	20,000	10,000
Investment assets		**1,010,271**	**1,003,388**	**977,959**
Other receivables	11	23,689	20,161	15,148
Loans	10	506	520	568
Reinsurance contract assets	15	120,234	158,069	136,657
Retirement benefit surplus	20	7,500	14,800	8,499
Intangible assets		19,083	10,074	14,082
Policy administration system		21,530	27,081	23,683
Investment property		14,304	16,053	15,052
Right of use assets		3,896	4,683	4,290
Property, plant and equipment		22,442	23,439	22,745
Deferred taxation asset	17	2,924	2,174	3,629
Total assets		**1,360,212**	**1,429,213**	**1,387,552**

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (continued)
At 30 June 2023

Liabilities and equity	Notes	**Half year ended 30/06/23 €000s**	Half year ended 30/06/22 (restated)[1] €000s	Year ended 31/12/22 (restated)[1] €000s
Liabilities				
Current taxation liabilities		1,650	13,520	2,399
Other payables	18	39,875	30,805	35,628
Other provisions	16	16,750	10,062	11,103
Reinsurance contract liabilities	15	656	458	610
Insurance contract liabilities	15	787,522	897,112	826,621
Lease liabilities		4,214	4,974	4,600
Subordinated debt		49,690	49,632	49,662
Total liabilities		**900,357**	**1,006,563**	**930,623**
Equity				
Called up share capital presented as equity	13	21,745	21,583	21,583
Capital reserves		33,257	28,738	30,192
Retained earnings		444,777	400,346	450,318
Other reserves	14	(42,847)	(30,940)	(48,087)
Shareholders' funds equity interests		**456,932**	**419,727**	**454,006**
Preference share capital		2,923	2,923	2,923
Total equity		**459,855**	**422,650**	**456,929**
Total liabilities and equity		**1,360,212**	**1,429,213**	**1,387,552**

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the half year ended 30 June 2023

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)[1]	Year ended 31/12/22 (restated)[1]
	€000s	€000s	€000s
Cash flows from operating activities			
Profit before taxation	39,477	2,509	65,840
Adjustments for:			
Movement on investments classified as fair value	(3,096)	20,663	19,616
Interest and dividend income	(8,809)	(5,895)	(11,510)
Depreciation/amortisation of property, plant and equipment, intangible assets and policy administration system	5,648	4,943	13,239
Depreciation on right of use assets	394	395	788
Share based payment expense	1,419	1,227	2,681
Fair value movement on investment property	748	1	1,003
Revaluation of property, plant and equipment	546	-	287
Operating cash flows before movement in working capital	**36,327**	**23,843**	**91,944**
Movement on insurance and reinsurance contract liabilities/assets	(25,326)	45,459	2,879
Movement on other provisions	5,397	(2,209)	(1,168)
Movement on other receivables	(6,429)	(4,266)	1,274
Movement on other payables	5,773	2,797	9,023
Interest on lease liabilities	92	106	216
Cash generated from operations	**15,834**	**65,730**	**104,168**
Interest and dividend income received	6,694	5,909	10,998
Income taxes (paid)/refunded	(6,836)	4,706	(12,603)
Net cash generated from operating activities	**15,692**	**76,345**	**102,563**
Cash flows from investing activities			
Purchase of investments classified as fair value through other comprehensive income	(92,658)	(166,911)	(238,126)
Sale of investments classified as fair value through other comprehensive income	82,127	142,007	203,750
Purchase of investments classified as fair value through profit or loss	(24,503)	(16,154)	(25,312)
Sale of investments classified as fair value through profit or loss	14,503	4,415	13,573
Purchase of property, plant and equipment	(1,383)	(453)	(1,288)
Additions to policy administration system	(1,297)	(2,021)	(4,566)
Purchase of intangible assets	(6,056)	(1,873)	(6,987)
Movement on loans	62	40	(8)
Additional deposits invested with banks	-	(20,000)	(10,000)
Net cash used in investing activities	**(29,205)**	**(60,950)**	**(68,964)**
Cash flows from financing activities			
Ordinary and preference dividends paid	(36,166)	(35,870)	(35,870)
Interest payment on subordinated debt	(1,250)	(1,250)	(2,500)
Principal elements of lease payments	(478)	(480)	(965)
Net cash used in financing activities	**(37,894)**	**(37,600)**	**(39,335)**
Net decrease in cash and cash equivalents	(51,407)	(22,205)	(5,736)
Cash and cash equivalents at the beginning of the period	165,240	170,976	170,976
Cash and cash equivalents at the end of the period	**113,833**	**148,771**	**165,240**

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2023

	Call up share capital presented as equity	Capital reserve	Retained earnings	Other reserves	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
As at 31 December 2022, as previously reported	**21,583**	**30,192**	**370,258**	**755**	**422,788**	**2,923**	**425,711**
Impact of application of IFRS 17 (Note 4)	-	-	10,518	20,984	31,502	-	31,502
Impact of application IFRS 9 (Note 4)	-	-	69,542	(69,826)	(284)	-	(284)
Restated balance at 1 January 2023	**21,583**	**30,192**	**450,318**	**(48,087)**	**454,006**	**2,923**	**456,929**
Profit after taxation	**-**	**-**	**33,307**	**-**	**33,307**	**-**	**33,307**
Other comprehensive (expense)/income for the period	-	-	(874)	5,240	4,366	-	4,366
Total comprehensive income for the period	**-**	**-**	**32,433**	**5,240**	**37,673**	**-**	**37,673**
Dividends paid and approved on ordinary and preference shares	-	-	(36,166)	-	(36,166)	-	(36,166)
Issue of ordinary shares*	162	1,646	(1,808)	-	-	-	-
Recognition of share based payments	-	1,419	-	-	1,419	-	1,419
Balance at 30 June 2023	**21,745**	**33,257**	**444,777**	**(42,847)**	**456,932**	**2,923**	**459,855**
As at 31 December 2021, as previously reported	**21,409**	**27,406**	**422,815**	**752**	**472,382**	**2,923**	**475,305**
Impact of initial application of IFRS 17 (Note 4)	-	-	17,190	(8,928)	8,262	-	8,262
Impact of initial application IFRS 9 (Note 4)	-	-	(9,106)	8,751	(355)	-	(355)
Restated balance at 1 January 2022	**21,409**	**27,406**	**430,899**	**575**	**480,289**	**2,923**	**483,212**
Profit after taxation	-	-	2,182	-	2,182	-	2,182
Other comprehensive income/(expense) for the period	-	-	3,414	(31,515)	(28,101)	-	(28,101)
Total comprehensive income/(expense) for the period	**-**	**-**	**5,596**	**(31,515)**	**(25,919)**	**-**	**(25,919)**
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	-	1,227	-	-	1,227	-	1,227
Balance at 30 June 2022	**21,583**	**28,738**	**400,346**	**(30,940)**	**419,727**	**2,923**	**422,650**

* In 2022 and 2023 new ordinary shares were allotted to employees of FBD Holdings plc as part of the performance share awards scheme.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)
For the half year ended 30 June 2023

	Call up share capital presented as equity	Capital reserve	Retained earnings	Other reserves	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
As at 31 December 2021, as previously reported	**21,409**	**27,406**	**422,815**	**752**	**472,382**	**2,923**	**475,305**
Impact of initial application of IFRS 17 (Note 4)	-	-	17,190	(8,928)	8,262	-	8,262
Impact of initial application IFRS 9 (Note 4)	-	-	(9,106)	8,751	(355)	-	(355)
Restated balance at 1 January 2022	**21,409**	**27,406**	**430,899**	**575**	**480,289**	**2,923**	**483,212**
Profit after taxation	-	-	57,556	-	57,556	-	57,556
Other comprehensive expense for the year	-	-	(1,988)	(48,662)	(50,650)	-	(50,650)
Total comprehensive income/(expense) for the year	**-**	**-**	**55,568**	**(48,662)**	**6,906**	**-**	**6,906**
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**	**450,318**	**(48,087)**	**454,006**	**2,923**	**456,929**

* In 2022 new ordinary shares were allotted to employees of FBD Holdings plc as part of the performance share awards scheme.

Note 1 Statutory information

The half yearly financial information is considered non-statutory financial statements for the purposes of the Companies Act 2014 and in compliance with section 340(4) of that Act we state that:

- the financial information for the half year to 30 June 2023 does not constitute the statutory financial statements of the Company;
- the statutory financial statements for the financial year ended 31 December 2022 have been annexed to the annual return and delivered to the Registrar;
- the statutory auditors of the Company have made a report under section 391 Companies Act 2014 in respect of the statutory financial statements for year ended 31 December 2022; and
- the matters referred to in the statutory auditors' report were unqualified, and did not include a reference to any matters to which the statutory auditors drew attention by way of emphasis without qualifying the report.

PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, have performed an interim review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in Ireland' on the interim financial information for the period ended 30 June 2023. As part of this review they also reviewed the IFRS 17 and IFRS 9 transition impacts on the comparative information.

Note 2 Going concern

The Directors have, at the time of approving the interim 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 latest quarterly forecast for 2023 and projections for 2024 which reflect the latest assumptions used by the business. The economic environment may impact on premiums including exposures, new business and retention levels. Expense assumptions can change depending on the level of premiums as discretionary spend and resources are adjusted and inflationary pressures are taken into account.

A number of scenario projections were also run as part of the Own Risk Solvency Assessment (ORSA) process, including 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 expenditures as they fall due. The business is expected to have adequate cash resources available to support business requirements. 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. In the worst case scenario run the Group's Capital Ratio remained in excess of the Solvency Capital Requirement and in compliance with liquidity policies.

Note 3 Summary of significant accounting policies

Basis of preparation
The annual financial statements of FBD Holdings plc are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

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.

Consistency of accounting policies
The below accounting policies have been updated for the application of IFRS 17 and IFRS 9 (see note 4). Apart from the updated accounting policies included hereafter to address IFRS 17 and IFRS 9, the methods of computation used by the Group to prepare the interim financial statements for the six month period ended 30 June 2023 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2022 (reference Note 3 of FBD Holdings plc Annual Report 2022). Other than the adoption of IFRS 17 and IFRS 9 there are no other impacts from the adoption of other standards and amendments.

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts

I. Definition and classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues non-life insurance to individuals and businesses. Non-life insurance products offered include Motor, Property, Liability and Personal Accident which are segmented into Motor and Non-Motor for reporting. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of an insured event occurring.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

II. Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contract
Before the Group accounts for an insurance contract based on the guidance of IFRS 17, it assesses whether the contract contains distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the insurance contract. Currently, engineering inspection risk, which is not material, is the only non-insurance component which forms part of any insurance contracts that requires unbundling.

Level of aggregation/Unit of account
The Group manages insurance contracts issued by product lines within an operating segment, 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. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. FBD assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. By the nature of the insurance risks covered by the Group, all of the contracts issued have a maximum claim pay-out potential that is greater than the premium received. On this basis there are currently no contracts grouped into 'no significant possibility of becoming onerous'.

Recognition, modification and de-recognition
The Group recognises groups of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

The Group derecognises insurance contracts when:

- the rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired)

  or

- the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts (continued)

II. Insurance and reinsurance contracts accounting treatment (continued)

Recognition, modification and de-recognition (continued)

modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage (LRC).

Contract boundary
The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Initial and subsequent measurement - groups of contracts measured under the PAA
The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds. The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Group is eligible to apply the PAA because the following criteria are met at initial recognition:
- insurance contracts and losses-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the measurement that would be produced applying the general measurement model (GMM).

The estimates of future cash flows:
- are based on a probability weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as, but not limited to, Chain Ladder, Bornheutter-Ferguson, Initial Expected Loss Ratio and frequency-severity methods.

The main assumption underlying these techniques is that a group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by significant business lines and claim types. Large claims are separately addressed, separately projected in order to reflect their future development. Explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

In its claims incurred assessments, the Group uses internal and market data. Internal data is derived mostly from the Group's claims reports. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts (continued)

II. Insurance and reinsurance contracts accounting treatment (continued)

Initial and subsequent measurement - groups of contracts measured under the PAA (continued)
Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include delays in settlement and inflation rates.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result. Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in accounting policy U.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage period of contracts, which is one year or less. The estimates of future cash flows related to incurred claims are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity characteristics of the insurance contracts. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The Group estimates certain fulfilment cash flows (FCF) at the portfolio level or higher and then allocates such estimates to groups of contracts.

Insurance acquisition cash flows
The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- costs directly attributable to individual contracts and groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

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.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in non-attributable expenses as incurred.

Initial measurement
The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

The Group estimates the LIC as the FCF related to incurred claims.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts (continued)

II. Insurance and reinsurance contracts accounting treatment (continued)

Initial and subsequent measurement - groups of contracts measured under the PAA (continued)
and the Group recognises a loss in the income statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF. A loss component is established by the Group for the LRC for such onerous groups depicting the losses recognised and included in the LRC.

Subsequent measurement
For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- decreased for the amounts recognised as insurance revenue for the services provided in the period; and
- increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

The FCF relating to incurred claims, therefore the LIC, is updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses. Subsequently, the Group amortises the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

Reinsurance contracts held
Reinsurance contracts held are measured on the same basis as insurance contracts, except:

- They are adapted to reflect the features of reinsurance contracts that differ from insurance contracts;
- That references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract. By the nature of the Group's reinsurance treaties currently in effect, there are no reinsurance contracts held that are a net gain on initial recognition nor that are deemed as having no significant risk of being a gain.
- The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:
  - the beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held); and
  - the date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.
- The risk adjustment represents the amount of risk being transferred by the Group to the reinsurer.
- That cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.
- The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year.
- All cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.
- In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.
- On initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
  - the remaining coverage; and
  - the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts (continued)

II. Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts held (continued)

- Instead of at initial recognition, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.
- At each of the subsequent reporting dates, the remaining coverage is:
    - increased for ceding premiums paid in the period; and
    - decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.
- Instead of a loss component, the loss-recovery component adjusts the carrying amount of the asset for remaining coverage. Where a loss-recovery component has been established, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Methods used and judgements applied in determining the IFRS 17 transition amounts
The Group has been able to apply the fully retrospective approach with the exception of using the modified retrospective approach for the choice of initial recognition yield curves for underwriting years 2015 and prior.

To the extent that the Group did not have reasonable and supportable information to determine discount rates applicable on the date of initial recognition of the group of contracts, the Group estimated the discount rates using an observable yield curve.

III. Amounts recognised in comprehensive income

Insurance revenue
The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Insurance service expenses
Insurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred insurance acquisition expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- changes that relate to future service (i.e. losses/reversals of onerous groups of contracts from changes in the loss components).

For the contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Net income /(expense) from reinsurance contracts held
The Group presents separately on the face of the income statement, the amounts expected to be recovered from reinsurers and the reinsurance expense. 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. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

Note 3 Summary of significant accounting policies (continued)

E) Insurance contracts (continued)
II. Insurance and reinsurance contracts accounting treatment (continued)

Finance income/ (expense) from insurance contracts issued
Insurance finance income or expense comprise the change in the carrying amount of the group of insurance contracts arising from:

- interest accreted on the LIC; and
- the effect of changes in interest rates and other financial assumptions.

The Group disaggregates insurance finance income or expenses on insurance contracts issued between the income statement and the statement of comprehensive income. The impact of changes in market interest rates on the value of the insurance contract liabilities are reflected in the OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the insurance portfolios are predominantly measured at fair value through other comprehensive income (FVOCI).

K) Financial instruments

a) Recognition, classification and measurement

Financial assets and financial liabilities are recognised in the Statement of Financial Position when, and only when, the Group becomes party to the contractual provisions of the instrument.

The Group classifies its financial assets, subsequent to initial recognition, at either:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

The Group determines the appropriate classification based on:

(i) the business model for managing the financial assets: how the Group manages its financial assets in order to generate cash flows—either by collecting contractual cash flows, selling the asset or both; and
(ii) the contractual cash flow characteristics of the financial asset: the Solely Payments of Principal and Interest (SPPI) test - whether the contractual terms of the financial asset give rise to, on specified dates, cash flows that are solely payments of principal and interest.

A financial asset is measured at amortised cost if both the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset gives rise on specific dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset is measured at FVOCI if both the following conditions are met:

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) the contractual terms of the financial asset gives rise on specific dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset is measured at fair value though profit and loss (FVTPL), unless it is measured using either of the above two methods – amortised cost or FVOCI.

Investments at FVOCI
FVOCI investments relate to quoted debt securities. These investments pass the SPPI test 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. 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.

Note 3 Summary of significant accounting policies (continued)

K) Financial instruments (continued)

a) Recognition, classification and measurement (continued)

Interest revenue using the effective interest method and foreign exchange gains and losses on the financial asset are recognised in the Income Statement.

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.

The Expected Credit Loss (ECL) on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at fair value. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the income statement.

Investments at FVTPL
Investments at FVTPL are stated at fair value and include quoted shares, collective investment schemes and unquoted investments. These investments are classified as FVTPL as they do not pass the SPPI test. They are recognised on a trade date basis at fair value and are revalued at subsequent reporting dates at fair value, with gains and losses being included in the Income Statement in the period in which they arise. Any dividend or interest earned on FVTPL investments is also recognised in the Income Statement.

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.

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 a loss allowance for ECLs (note K (c)).

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 and cash and cash equivalents are valued at amortised cost.

Subordinated debt
Subordinated debt issued by the Group comprise callable dated deferrable subordinated notes. 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.

b) Derecognition

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.

Note 3 Summary of significant accounting policies (continued)

K) Financial instruments (continued)

c) Impairment of financial instruments

The Group recognises loss allowances for ECLs at each balance sheet date for the following financial instruments that are not measured at FVTPL;

- financial assets at FVOCI
- financial assets at amortised cost

Financial assets at FVOCI
The Group categorises financial instruments classified as FVOCI into the following categories at each reporting date.

Stage 1: 12-month expected credit losses (not credit-impaired)
These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to the 12-month ECL is recognised, which is the portion of the lifetime ECL resulting from default events that are possible within the next 12 months.

Stage 2: Lifetime expected credit losses (not credit-impaired)
These are financial instruments where there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. The Group assesses whether the risk of default over the remaining expected life of the financial instrument is significantly higher than had been anticipated at initial recognition, the credit risk is always considered as significantly increased if any contractual payments are more than 30 days past due. An impairment loss allowance equal to the lifetime ECL is recognised, being the ECL resulting from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime expected credit losses (credit-impaired)
These are financial instruments which are credit-impaired at the reporting date but were not credit-impaired at initial recognition. If the financial instrument is more than 90 days past due or if there is other evidence of financial distress (for example, a legal bankruptcy or default), the instrument is classified as credit-impaired (stage 3) which means the impairment loss has to reflect the lifetime ECL as in stage 2. The interest, for Stage 3 assets, is calculated by applying the effective interest rate (EIR) to their carrying value, if the asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Financial assets at amortised cost
The Group calculates a loss allowance for financial assets at amortised cost. The Group considers the best reasonable and supportable information when considering ECLs for ‘Loans’ and ‘Other receivables’. The Group calculates ECL on loans at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months (stage 1). It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs (stage 2) or where significant increase in credit risk has occurred and the asset is credit-impaired (stage 3). For ‘Other receivables’ the Group uses the simplified approach, and therefore does not track the changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. Impairment loss allowances for ECL on financial assets at amortised cost are presented as a reduction in the gross carrying amount in the Statement of Financial Position.

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.

Note 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.

Accounting adjustments to opening reserves as a result of the adoption of IFRS 9 and IFRS 17 (i.e. the retrospective effect of adopting the accounting standard recognised in opening reserves) will be brought into account as a transitional adjustment and spread over 5 years for tax purposes.

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.

T) Other financial services income

Other financial services income previously comprised interest on instalment premiums which is now included with Insurance revenue and no longer presented separately on the face of the Consolidated Income Statement.

U) 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 interim 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.

Estimates of future cash flows to fulfil insurance/reinsurance contracts
The Group estimates insurance liabilities in relation to claims incurred. In estimating future cash flows, the Group 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.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth. As a result of the uncertainties noted, the Group sets provisions at a margin above the best estimate known as the risk adjustment.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Methods used to measure the LIC
The Group estimates insurance liabilities and reinsurance assets in relation to claims incurred on a risk basis. Estimates are performed on an accident year basis with further allocation to annual cohorts of portfolios based on available data. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contracts.

Note 3 Summary of significant accounting policies (continued)

U) Critical accounting estimates and judgements in applying accounting policies (continued)

Methods used to measure the LIC (continued)
The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as, but not limited to, Chain Ladder, Bornheutter-Ferguson, Initial Expected Loss Ratio and frequency-severity methods.

The liabilities for incurred claims represent the cost of claims outstanding. Actuarial techniques, based on statistical analysis of past experience, are used to calculate the estimated cost of claims outstanding at the period end.

The estimation of outstanding claim also includes 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 costs (adjusted for inflation) and frequency methods. The average claims cost and frequency methods are particularly relevant when calculating the ultimate cost of the current accident year.

FBD have now received the final judgement in relation to the Covid-19 Business Interruption test case. This has provided more certainty on the measurement of losses and FBD have issued communications to all affected policyholders in order make the final settlement of their claims.

FBD has received information from more than 700 policyholders in order to assess the claims and has been making interim payments based on these assessments. This data has provided reasonable certainty in respect to a number of assumptions underlying the best estimate of Covid-19 Business Interruption losses and will continue to improve as FBD proceed to final settlements.

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.

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.

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.

Discount rates
The Group is required to discount future cash flows related to incurred claims as the weighted time to settlement is greater than one year from the date claim occurred.

The Group determines the risk-free discount rate using a bottom-up approach. Under this approach, the discount rate is determined as the risk-free yield curve adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium).

The Group uses the Euro denominated EIOPA prescribed rates under Solvency II as the risk-free yield. The EIOPA EUR spot rates are derived from market observable EUR swap rates for durations one to twenty years.

The illiquidity premium is determined by reference to observable market rates.

The yield curves used to discount the estimates of future cash flows are as follows:

	Currency	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**	**20 years**
30 June 2022	EUR	1.5%	2.2%	2.4%	2.8%	3.0%	2.9%
31 Dec 2022	EUR	3.3%	3.3%	3.2%	3.2%	3.1%	2.9%
30 June 2023	EUR	4.1%	3.6%	3.3%	3.0%	2.9%	2.8%

Note 3 Summary of significant accounting policies (continued)

U) Critical accounting estimates and judgements in applying accounting policies (continued)

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. As 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. The Group aim to target a risk adjustment within a range between the 75th and 80th percentiles. At year-end 2022, the risk adjustment was at the 80th percentile, and remained at the 80th percentile to date.

As the Group is 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. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2023.

Uncertainties in impairment testing

The Group has carried out impairment testing on 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 quarterly forecast for 2023 approved by the Board in May 2023 and the five year strategic projections approved by the Board in quarter four 2022. The 2028 and 2029 figures are extrapolated assuming the performance in 2028 and 2029 are 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%, for 2024 is 7%, followed by a 3% growth rate for 2025-2027. 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 10.3% which is considered a reasonable estimate following the recent increase in risk free rates.

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, 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 remained in line with year-end 2022, 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.

Note 4 First time adoption of new accounting standards

The following new standards have been adopted by the Group during the period ended 30 June 2023:
• IFRS 9 'Financial Instruments'; and
• IFRS 17 'Insurance Contracts'.

The Group's accounting policies have been updated for the application of IFRS 9 and IFRS 17 from 1 January 2023 and are detailed within note 3. The impact on transition can be summarised, as follows:

IFRS 9 'Financial Instruments'
IFRS 9 'Financial Instruments' has been issued to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

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.

The consolidated statements for the comparative periods presented have been updated using the classification overlay approach with the amendment to the transition requirements in IFRS 17 issued by the IASB at the end of 2021. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022.

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Group has applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023.

Note 4 First time adoption of new accounting standards (continued)

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**	**Reclassification**	**Re-measurement**	**Carrying amount under IFRS 9**
			€000s	**€000s**	**€000s**	**€000s**
Quoted debt securities[1]	Available for sale (AFS)	FVOCI	892,495	-	-	892,495
Cash and cash equivalents	Amortised cost (AC)	AC	164,479	6,497[2]	-	170,976
Collective investment schemes	Held for trade (HFT)	FVTPL	137,547	-	-	137,547
Receivables	AC	AC	58,047	(41,749)[2]	(388)[3]	15,910
Unquoted investments	AFS	FVTPL	1,220	-	-	1,220
Loans	AC	AC	577	-	(17)[3]	560
Deposits with banks	AC	AC	-	-	-	-

Financial liabilities	**Original measurement (IAS 39)**	**Revised measurement (IFRS 9)**	**Carrying amount under IAS 39**	**Reclassification**	**Re-measurement**	**Carrying amount under IFRS 9**
			€000s	**€000s**	**€000s**	**€000s**
Subordinated debt	AC	AC	49,603	-	-	49,603
Payables	AC	AC	41,657	-	-	41,657

[1]In accordance with the requirements of IFRS 9 the recognition and measurement of a loss allowance for financial assets that are measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at fair value. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the income statement. As at the opening balance sheet of the comparative period (i.e. 1 January 2022) an expected credit loss of €754,000 was recognised and reflected directly in the FVOCI reserve.

[2]Insurance and reinsurance contract receivables and payables (outstanding cheques) are included within Insurance/Reinsurance contract asset/liabilities under IFRS 17.

[3] Re-measurement relates to expected credit losses recognised on ‘Loans’ and ‘Other receivables’ under IFRS 9.

Note 4 First time adoption of new accounting standards (continued)

IFRS 17 'Insurance contracts'
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 Group are eligible to apply the PAA to all insurance contracts issued and reinsurance contracts held and have elected to apply the PAA in all cases. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the LRC, comprising the fulfilment cash flows related to future service allocated to the group at that date, and the LIC, comprising the FCF and risk adjustment 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.

The impact to shareholder's equity on transition to IFRS 17 is mainly driven by the below:

Discounting claims reserves

In accordance with the requirements of IFRS 17, the Group is required to discount future cash flows related to incurred claims 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 previous practice under IFRS 4, where no allowance for the time value of money was made in the calculation of the claims liabilities. The impact of discounting in a positive interest rate environment results in a reduction in the liabilities previously recognised under IFRS 4, however, this will unwind in future periods. Discounting cash flows when calculating the LIC alters the timing of profit emergence but not the overall level of profit.

The impact of discounting cash flows related to incurred claims became significantly more prevalent throughout 2022 in line with the rising interest rate environment.

Re-measurement of claims reserves under IFRS 17

Under IFRS 17 the measurement of the LIC, (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 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 replaces the margin for uncertainty previously in existence under IFRS 4 and resulted in a reduction of the liabilities on transition.

Re-measurement of asset for insurance acquisition cashflows
In applying the Premium Allocation Approach, the Group continues to defer acquisition costs which are directly attributable to a portfolio and chose not to expense all acquisition costs as they are incurred. However, IFRS 17 incorporates a more prescribed approach in determining the asset for insurance acquisition cashflows compared to IFRS 4, resulting in a reduction in total equity on transition.

Note 4 First time adoption of new accounting standards (continued)

The below table illustrates the impact on the relevant components of equity on applying IFRS 9 and IFRS 17:

	Year ended 31/12/21 €000s	Year ended 31/12/22 €000s
Retained earnings		
Closing balances as previously reported under IAS 39 and IFRS 4	**422,815**	**370,258**
Reclassification to FVOCI reserve	(9,247)	80,804
IFRS 9 recognition of expected credit losses – debt securities at FVOCI	(754)	(1,003)
IFRS 9 recognition of expected credit losses – other receivables and loans	(405)	(324)
IFRS 17 re-measurement of claims reserves under IFRS 17	12,300	2,531
IFRS 17 impact of discounting the liability for incurred claims recognised through profit/loss	9,571	12,396
IFRS 17 re-measurement of asset for insurance acquisition cashflows	(2,225)	(2,905)
Tax on the above adjustments	(1,156)	(11,439)
Total adjustment net of tax	**8,084**	**80,060**
Opening balance at 1 January under IFRS 9 and IFRS 17	**430,899**	**450,318**

	31/12/21 €000s	31/12/22 €000s
FVOCI reserve		
Closing balances as previously reported under IAS 39 and IFRS 4	-	-
Reclassification from retained earnings	9,247	(80,804)
IFRS 9 recognition of expected credit losses – debt securities at FVOCI	754	1,003
Tax on the above adjustments	(1,250)	9,975
Total adjustment net of tax	8,751	(69,826)
Opening balance at 1 January under IFRS 9 and IFRS 17	**8,751**	**(69,826)**

	31/12/21 €000s	31/12/22 €000s
Insurance/RI finance reserve		
Closing balance as previously reported under IAS 39 and IFRS 4	-	-
IFRS 17 impact of discounting liability for incurred claims through OCI	(10,204)	23,982
Tax on the above adjustment	1,276	(2,998)
Total adjustment net of tax	(8,928)	20,984
Opening balance at 1 January under IFRS 9 and IFRS 17	**(8,928)**	**20,984**
IFRS 9 and IFRS 17 transition adjustment to total equity	**7,907**	**31,218**

FBD HOLDINGS PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the half year ended 30 June 2023

Note 4 First time adoption of new accounting standards (continued)

The below tables detail the adjustments required to restate the previously presented financial statements under IFRS 4 and IAS 39 to those reported under IFRS 17 and IFRS 9 as at 31 December 2022:

Statement of Financial Position

Financial statement line item IFRS 4 & IAS 39	Previously Reported	Classification adjustment	Measurement adjustment	Restated	Financial statement line item IFRS 17 & IFRS 9
	€000s	€000s	€000s	€000s	
Loans	580	-	(12) [1]	568	Loans
Available for sale investments	834,994	(1,129) [2]	-	833,865	Debt instruments at FVOCI
Investments held for trading	132,965	1,129[2]	-	134,094	Equity and debt instruments at FVTPL
Deposits with banks	10,000	-	-	10,000	Deposits
Reinsurance assets	138,785	(4,830)[3]	2,702[4]	136,657	Reinsurance contract assets
Deferred taxation asset	8,091	-	(4,462) [5]	3,629	Deferred taxation asset
Deferred acquisition costs	38,520	(38,520)[6]	-	-	-
Other receivables	58,307	(42,847)[6]	(312) [1]	15,148	Other receivables
Cash and cash equivalents	162,398	2,842 [7]	-	165,240	Cash and cash equivalents
All other assets (unaffected)	88,351	-	-	88,351	All other assets (unaffected)
Total assets	**1,472,991**	**(83,355)**	**(2,084)**	**1,387,552**	**Total assets**
Called up share capital presented as equity	21,583	-	-	21,583	Called up share capital presented as equity
Capital reserves	30,192	-	-	30,192	Capital reserves
Revaluation reserve	755	(69,826)[8]	20,984[4,9,5]	(48,087)	Other reserves
Retained earnings	370,258	69,826[8]	10,234[1,4,5,9]	450,318	Retained earnings
Preference share capital	2,923	-	-	2,923	Preference share capital
Total equity	**425,711**	**-**	**31,218**	**456,929**	**Total equity**
Insurance contract liabilities	932,677	(72,754) [6,7,10]	(33,302) [4,9]	826,621	Insurance contract liabilities
-	-	610[6]	-	610	Reinsurance contract liabilities
Other provisions	11,615	(512)[10]	-	11,103	Other provisions
Payables	46,327	(10,699) [3,6,7,10]	-	35,628	Other payables
All other liabilities (unaffected)	56,661	-	-	56,661	All other liabilities (unaffected)
Total liabilities	**1,047,280**	**(83,355)**	**(33,302)**	**930,623**	**Total liabilities**
Total equity and liabilities	**1,472,991**	**(83,355)**	**(2,084)**	**1,387,552**	**Total equity and liabilities**

Notes

1 Re-measurement relates to the recognition of ECL recognised on 'Loans' and 'Other receivables' under IFRS 9.

2 Unquoted investments previously classified as 'Available for sale' under IAS 39 are classified as FVTPL under IFRS 9 as they do not pass the SPPI test.

3 Reinsurance debtors and creditors are included within the fulfilment cash flows under IFRS 17, previously included within 'Other receivables' and 'Payables' under IFRS 4.

4 Impact of re-measurement of claims reserves under IFRS 17 including the impact of discounting LIC and the application of a risk adjustment.

5 Tax on transitional adjustments.

6 No separate asset recognised for deferred acquisition costs or premium receivables under IFRS 17. 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.

7 Outstanding premium and claims cheques are included within LRC and LIC respectively previously included within 'Cash and cash equivalents' or 'Payables'.

8 IFRS 9 mark to market gains/losses on FVOCI assets reclassified from retained earnings net of ECL.

9 IFRS 17 re-measurement of asset for insurance acquisition cashflows.

10 Pre-recognised premium excluded from 'Insurance contract liabilities' under IFRS 17 as this does not form part of the cash flows within the contract boundaries, a deferred income liability set up for same. Provisions for premium rebates are subsumed into the fulfilment cash flows.

Note 4 First time adoption of new accounting standards (continued)

Total Comprehensive Income

Financial statement line item IFRS 4 & IAS 39	Previously Reported	Classification adjustment	Measurement adjustment	Restated	Financial statement line item IFRS 17 & IFRS 9
	Year ended 31/12/2022	Year ended 31/12/2022	Year ended 31/12/2022	Year ended 31/12/2022	
	€000s	€000s	€000s	€000s	
Income					
Gross written premium	382,889	(3,192)[1,5,6]	-	379,697	Insurance revenue
Reinsurance premiums	(40,016)	5,202 [1,2,6]	-	(34,814)	Reinsurance expense
Change in net provision for unearned premiums	(7,019)	7,019[6]	-	-	
Net investment return	(10,413)	(340)[3,4]	-	(10,753)	Total investment return
Revenue from contracts with customers	3,173	-	-	3,173	Revenue from contracts with customers
Other financial services income	4,812	(4,812)[1,5]	-	-	
Expenses					
Net claims and benefits	(145,807)	3,125[6]	11,441[7,8]	(131,241)	Insurance service expenses
-	-	(2,971) [2,6]	(8,970) [7]	(11,941)	Change in amounts recoverable from reinsurers for incurred claims
Other underwriting expenses	(95,962)	28,118 [1,2,9]	(2,753)[8,10]	(70,597)	Insurance service expenses
-	-	(33,048)[9]	-	(33,048)	Non-attributable expenses
Financial services and other costs	(6,685)	559 [1]	81[11]	(6,045)	Financial services income and expenses
-	-	-	(8,731)[7]	(8,731)	Finance income/(expense) from insurance contracts issued
-	-	-	1,389[7]	1,389	Finance income/(expense) from reinsurance contracts held
All other expenses (unaffected)	(11,249)	-	-	(11,249)	All other expenses (unaffected)
Profit before taxation	**73,723**	**(340)**	**(7,543)**	**65,840**	**Profit before taxation**
Income taxation charge	(9,269)	43[13]	942[13]	(8,284)	Income taxation charge
Profit for the financial year	**64,454**	**(297)**	**(6,601)**	**57,556**	**Profit for the financial year**
Movement on available for sale financial assets during the year	(90,271)	510[3,4]	-	(89,761)	Net gains/(losses) on investments in debt securities measured at FVOCI
Movement transferred to the Consolidated Income Statement on disposal during the year	129	(170)[3,4]	-	(41)	Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal
-			42,388[12]	42,388	Finance income/(expense) from insurance contracts issued
-			(8,202)[12]	(8,202)	Finance income/(expense) from reinsurance contracts held
Income tax relating to these items	11,268	(43)[13]	(4,274)[13]	6,951	Income tax relating to these items
All other OCI (unaffected)	(1,985)	-	-	(1,985)	All other OCI (unaffected)
Other comprehensive expense after taxation	**(80,859)**	**297**	**29,912**	**(50,650)**	**Other comprehensive expense after taxation**
Total comprehensive (expense)/income for the year	**(16,405)**	**-**	**23,311**	**6,906**	**Total comprehensive (expense)/income for the period**

Note 4 First time adoption of new accounting standards (continued)

Notes

1 Unbundling of engineering inspection premium under IFRS 17. Other income re-classified to 'Financial services income and expenses'.

2 Reinstatement 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 'Reinsurance premiums' under IFRS 4. Reinsurance commission offset against reinsurance expense under IFRS 17, included in 'Other underwriting expenses' under IFRS 4.

3 Movement on ECL on FVOCI assets under IFRS 9 recognised in profit or loss.

4 Unquoted investments previously classified as 'Available for sale' under IAS 39 are classified as FVTPL under IFRS 9 as they do not pass the SPPI test. All income and other gains and/or losses on FVTPL assets are recognised in profit or loss. Mark to market gains and/or losses on 'Available for sale' assets under IAS 39 were recognised in Other Comprehensive Income.

5 Instalment premiums included within 'Insurance Revenue' under IFRS 17, included within 'Other financial services income' under IFRS 4.

6 Reinsurance result presented separately on face of profit or loss under IFRS 17.

7 Impact of re-measurement of claims reserves under IFRS 17 including the impact of discounting liability for incurred claims and the application of a risk adjustment.

8 IFRS 17 re-measurement of claims handling expenses.

9 Non-attributable expenses presented separately under IFRS 17.

10 IFRS 17 re-measurement of asset for insurance acquisition cashflows.

11 Movement in ECL on 'Other receivables' and 'Loans'.

12 IFRS 17 impact of discounting LIC recognised through OCI.

13 Tax on transitional adjustments.

Note 4 First time adoption of new accounting standards (continued)

The below tables detail the adjustments required to restate the previously presented financial statements under IFRS 4 and IAS 39 to those reported under IFRS 17 and IFRS 9 as at 1 January 2022:

Statement of Financial Position

Financial statement line item IFRS 4 & IAS 39	Previously Reported	Classification adjustment	Measurement adjustment	Restated	Financial statement line item IFRS 17 & IFRS 9
	€000s	€000s	€000s	€000s	
Loans	577	-	(17) [1]	560	Loans
Available for sale investments	893,715	(1,220) [2]	-	892,495	Debt instruments at FVOCI
Investments held for trading	137,547	1,220[2]	-	138,767	Equity and debt instruments at FVTPL
Reinsurance assets	196,960	(6,557)[3]	18,485[4]	208,888	Reinsurance contract assets
Deferred acquisition costs	35,458	(35,458)[6]	-	-	-
Other receivables	58,047	(41,749)[6]	(388) [1]	15,910	Other receivables
Cash and cash equivalents	164,479	6,497 [7]	-	170,976	Cash and cash equivalents
All other assets (unaffected)	93,225	-	-	93,225	All other assets (unaffected)
Total assets	**1,580,008**	**(77,267)**	**18,080**	**1,520,821**	**Total assets**
Called up share capital presented as equity	21,409	-	-	21,409	Called up share capital presented as equity
Capital reserves	27,406	-	-	27,406	Capital reserves
Revaluation reserve	752	8,751[8]	(8,928)[4,5,9]	575	Other reserves
Retained earnings	422,815	(8,751)[8]	16,835[1,4,5,9]	430,899	Retained earnings
Preference share capital	2,923	-	-	2,923	Preference share capital
Total equity	**475,305**	**-**	**7,907**	**483,212**	**Total equity**
Insurance contract liabilities	985,404	(64,466) [3,6,7,10]	9,043 [4,9]	929,981	Insurance contract liabilities
-	-	788[6]	-	788	Reinsurance contract liabilities
Other provisions	13,492	(1,221)[10]	-	12,271	Other provisions
Deferred taxation liability	2,761	-	1,130[5]	3,891	Deferred taxation liability
Payables	41,657	(12,368) [3,6,7,10]	-	29,289	Other payables
All other liabilities (unaffected)	61,389	-	-	61,389	All other liabilities (unaffected)
Total liabilities	**1,104,703**	**(77,267)**	**10,173**	**1,037,609**	**Total liabilities**
Total equity and liabilities	**1,580,008**	**(77,267)**	**18,080**	**1,520,821**	**Total equity and liabilities**

Notes

1 Re-measurement relates to the recognition of expected credit losses recognised on ‘Loans’ and ‘Other receivables’ under IFRS 9.

2 Unquoted investments previously classified as ‘Available for sale’ under IAS 39 are classified as FVTPL under IFRS 9 as they do not pass the SPPI test.

3 Reinsurance debtors and creditors are included within the fulfilment cash flows under IFRS 17, previously included within ‘Other receivables’ and ‘Payables’ under IFRS 4.

4 Impact of re-measurement of claims reserves under IFRS 17 including the impact of discounting the LIC and the application of a risk adjustment.

5 Tax on transitional adjustments.

6 No separate asset recognised for deferred acquisition costs or premium receivables under IFRS 17. Instead, qualifying insurance acquisition cash flows and premium receivables are subsumed into the LRC. Similarly transactional tax levies on insurance premium written and liabilities owing to reinsurers are subsumed into the fulfilment cash flows.

7 Outstanding premium and claims cheques are included within LRC and LIC respectively previously included within ‘Cash and cash equivalents’ or ‘Payables’.

8 IFRS 9 mark to market gains/losses on FVOCI assets reclassified from retained earnings net of expected credit losses.

9 IFRS 17 re-measurement of asset for insurance acquisition cashflows.

10 Pre-recognised premium excluded from ‘Insurance contract liabilities’ under IFRS 17 as this does not form part of the cash flows within the contract boundaries, a deferred income liability set up for same. Provisions for premium rebates are subsumed into the fulfilment cash flows.

Note 5 Finance income/ (expense) recognised in comprehensive income

The Group disaggregates finance income or expense on insurance contracts issued and reinsurance contracts held between income statement and OCI. The impact of changes in market interest rates on the value of the insurance liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

The Group adopts a conservative investment strategy to ensure that its technical provisions are matched by cash and fixed interest securities of low risk and similar duration. All of the Group's fixed interest securities are classified as FVOCI whereby accumulated mark to market gains or losses are reclassified to the profit and loss account on liquidation.

The tables below detail:

- the element of interest accretion on the LIC from the prior reporting period; and
- the effect of changes in interest rates and other financial assumptions during the period on the finance income/(expense) recognised in comprehensive income.

Total investment return during the period is detailed in note 7 including the corresponding mark to market gains or losses on FVOCI recognised.

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Finance income /(expense) from insurance contracts issued recognised in comprehensive income:			
Interest accreted	(4,965)	836	2,517
Effect of changes in interest rates and other financial assumptions during the period	(1,954)	28,621	31,140
Total	**(6,919)**	**29,457**	**33,657**
Represented by:			
Amounts recognised in profit or loss	(1,823)	(6,213)	(8,731)
Amounts recognised in OCI	(5,096)	35,670	42,388

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Finance income /(expense) from reinsurance contracts held recognised in comprehensive income:			
Interest accreted	1,168	(221)	(595)
Effect of changes in interest rates and other financial assumptions during the period	951	(6,180)	(6,218)
Total	**2,119**	**(6,401)**	**(6,813)**
Represented by:			
Amounts recognised in profit or loss	(281)	1,431	1,389
Amounts recognised in OCI	2,400	(7,832)	(8,202)

Note 6 Segmental information

(a) Operating segments

The principal activities of the Group are underwriting of general insurance business, financial services and other group activities. For management purposes, the Group is organised in three operating segments – general insurance, financial services and other group activities. These three segments are the basis upon which information is reported to the chief operating decision makers, the Group Chief Executive/Executive Management Team, for the purpose of resource allocation and assessment of segmental performance. Discrete financial information is prepared and reviewed on a regular basis for these three segments.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

Half year ended 30/06/2023	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Insurance revenue	194,540	-	-	194,540
Insurance service expenses	(91,957)	-	-	(91,957)
Net expense from reinsurance contracts held	(37,180)	-	-	(37,180)
Insurance service result	**65,403**	**-**	**-**	**65,403**
Total investment return	8,307	-	82	8,389
Net insurance finance expenses	(2,104)	-	-	(2,104)
Net insurance and investment result	**71,606**	**-**	**82**	**71,688**
Other finance costs	(1,272)	-	-	(1,272)
Non-attributable expenses	(16,165)	-	-	(16,165)
Movement in other provisions	(12,439)	-	-	(12,439)
Revenue from contracts with customers	-	1,592	-	1,592
Financial services income and expenses	85	(1,655)	(1,811)	(3,381)
Revaluation of property, plant and equipment	(546)	-	-	(546)
Profit/(loss) before taxation	**41,269**	**(63)**	**(1,729)**	**39,477**
Income taxation (charge)/credit	(6,409)	13	226	(6,170)
Profit/(loss) for the period	**34,860**	**(50)**	**(1,503)**	**33,307**
Other information				
Insurance acquisition expenses	(36,588)	-	-	**(36,588)**
Depreciation/amortisation	(5,648)	-	-	**(5,648)**
Impairment of other assets	(1,294)	-	-	**(1,294)**
Capital additions	8,736	-	-	**8,736**
Statement of financial position				
Segment assets	1,329,118	8,333	22,761	**1,360,212**
Segment liabilities	(893,699)	(872)	(5,786)	**(900,357)**

Included above in the current period is a net non-cash impairment charge relating to property held for own use of €546,000 and to investment property of €748,000 (31 December 2022: €287,000 and €1,003,000, 30 June 2022: Nil).

Note 6 Segmental information (continued)

(a) Operating segments (continued)

Half year ended 30/06/2022 (restated)	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Insurance revenue	186,142	-	-	186,142
Insurance service expenses	(127,322)	-	-	(127,322)
Net expense from reinsurance contracts held	(14,768)	-	-	(14,768)
Insurance service result	**44,052**	**-**	**-**	**44,052**
Total investment return	(15,281)	-	-	(15,281)
Net insurance finance expenses	(4,782)	-	-	(4,782)
Net insurance and investment result	**23,989**	**-**	**-**	**23,989**
Other finance costs	(1,272)	-	-	(1,272)
Non-attributable expenses	(13,780)	-	-	(13,780)
Movement in other provisions	(5,241)	-	-	(5,241)
Revenue from contracts with customers	-	1,753	-	1,753
Financial services income and expenses	163	(1,594)	(1,509)	(2,940)
Revaluation of property, plant and equipment	-	-	-	-
Profit/(loss) before taxation	**3,859**	**159**	**(1,509)**	**2,509**
Income taxation (charge)/credit	(485)	(19)	177	(327)
Profit/(loss) for the period	**3,374**	**140**	**(1,332)**	**2,182**
Other information				
Insurance acquisition expenses	(34,064)	-	-	**(34,064)**
Depreciation/amortisation	(4,943)	-	-	**(4,943)**
Impairment of other assets	-	-	-	**-**
Capital additions	4,347	-	-	**4,347**
Statement of financial position				
Segment assets	1,400,379	9,796	19,038	**1,429,213**
Segment liabilities	(1,001,200)	(919)	(4,444)	**(1,006,563)**

Note 6 Segmental information (continued)

(a) Operating segments (continued)

Year ended 31/12/2022 (restated)	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Insurance revenue	379,697	-	-	379,697
Insurance service expenses	(201,838)	-	-	(201,838)
Net expense from reinsurance contracts held	(46,755)	-	-	(46,755)
Insurance service result	**131,104**	**-**	**-**	**131,104**
Total investment return	(10,753)	-	-	(10,753)
Net insurance finance expenses	(7,342)	-	-	(7,342)
Net insurance and investment result	**113,009**	**-**	**-**	**113,009**
Other finance costs	(2,559)	-	-	(2,559)
Non-attributable expenses	(33,048)	-	-	(33,048)
Movement in other provisions	(8,403)	-	-	(8,403)
Revenue from contracts with customers	-	3,173	-	3,173
Financial services income and expenses	560	(3,198)	(3,407)	(6,045)
Revaluation of property, plant and equipment	(287)	-	-	(287)
Profit/(loss) before taxation	**69,272**	**(25)**	**(3,407)**	**65,840**
Income taxation (charge)/credit	(8,758)	(7)	481	(8,284)
Profit/(loss) for the period	**60,514**	**(32)**	**(2,926)**	**57,556**
Other information				
Insurance acquisition expenses	(70,595)	-	-	**(70,595)**
Depreciation/amortisation	(13,239)	-	-	**(13,239)**
Impairment of other assets	(1,290)	-	-	**(1,290)**
Capital additions	7,026			**7,026**
Statement of financial position				
Segment assets	1,361,232	8,988	17,332	**1,387,552**
Segment liabilities	(924,367)	(826)	(5,430)	**(930,623)**

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.

The Group's customer base is diverse and it has no reliance on any major customer Insurance risk is not concentrated on any area or on any one line of business.

The Group's half yearly results are not subject to any significant impact arising from seasonality of operations.

Note 6 Segmental information (continued)

(a) Operating segments (continued)

See below Insurance revenue generated from major product lines Motor and Non-motor:

Insurance revenue

	Motor	**Non-motor**	**Total**
	€000s	**€000s**	**€000s**
Half year ended 30/06/2023	92,116	102,424	194,540
Half year ended 30/06/2022 (restated)	90,722	95,420	186,142
Year ended 31/12/2022 (restated)	183,255	196,442	379,697

(b) Geographical segments

The Group's operations are located in Ireland.

(c) Insurance service expenses

Insurance service expenses, in the General Insurance segment, comprise the following:

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Incurred claims and other expenses	(114,744)	(110,263)	(223,807)
Changes that relate to past service - changes in FCF relating to the LIC	59,375	17,005	92,564
Amortisation of insurance acquisition cash flows	(36,588)	(34,064)	(70,595)
Total	**(91,957)**	**(127,322)**	**(201,838)**

Total expenses, in the General Insurance segment, comprise the following:

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Amortisation of insurance acquisition cash flows	(36,588)	(34,064)	(70,595)
Acquisition cash flows recognised when incurred	-	-	-
Non-attributable expenses	(16,165)	(13,780)	(33,048)
Total expenses	**(52,753)**	**(47,844)**	**(103,643)**

Note 6 Segmental information (continued)

(c) Insurance service expenses (continued)

The below tables provide further details of the total expenses of the Group by reportable segments.

Half year ended 30/06/2023	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Employee benefit expense	(26,712)	(1,041)	(866)	(28,619)
Depreciation	(1,142)	-	-	(1,142)
Amortisation	(4,506)	-	-	(4,506)
Other	(20,393)	(614)	(945)	(21,952)
Total	**(52,753)**	**(1,655)**	**(1,811)**	**(56,219)**

Half year ended 30/06/2022 (restated)	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Employee benefit expense	(24,715)	(1,113)	(899)	(26,727)
Depreciation	(1,193)	-	-	(1,193)
Amortisation	(3,751)	-	-	(3,751)
Other	(18,185)	(481)	(610)	(19,276)
Total	**(47,844)**	**(1,594)**	**(1,509)**	**(50,947)**

Year ended 31/12/2022 (restated)	**General insurance**	**Financial services**	**Other group activities**	**Total**
	€000s	**€000s**	**€000s**	**€000s**
Employee benefit expense	(53,392)	(2,221)	(1,595)	(57,208)
Depreciation	(2,348)	-	-	(2,348)
Amortisation	(10,891)	-	-	(10,891)
Other	(37,012)	(977)	(1,812)	(39,801)
Total	**(103,643)**	**(3,198)**	**(3,407)**	**(110,248)**

Note 7 Total investment return

The net gain or loss for each class of financial instrument by measurement category is as follows:

Half year ended 30/06/2023	Amortised Cost €000s	FVOCI Designated €000s	FVTPL Designated €000s	FVTPL Mandatory €000s	Total €000s
Interest revenue from financial assets not measured at FVTPL					
Cash and cash equivalents	1,320	-	-	-	1,320
Government bonds	-	896	-	-	896
Other debt securities	-	2,943	-	-	2,943
	1,320	**3,839**	**-**	**-**	**5,159**
Net gain on FVTPL investments					
Collective investment scheme	-	-	-	5,085	5,085
Unquoted investments	-	-	-	-	-
	-	**-**	**-**	**5,085**	**5,085**
Other					
Income, net of expenses, from investment properties	-	-	-	(86)	(86)
Unrealised loss on investment properties	-	-	-	(748)	(748)
Net credit impairment loss	-	(56)	-	-	(56)
Net gain on FVOCI debt securities	-	7,720	-	-	7,720
	-	**7,664**	**-**	**(834)**	**6,830**
Recognised in income statement	1,320	2,818	-	4,251	8,389
Recognised in OCI	-	8,685	-	-	8,685
Recognised in total comprehensive income	**1,320**	**11,503**	**-**	**4,251**	**17,074**

During the period to 30 June 2023 a loss of €965,000 on FVOCI investments was reclassified from Other Comprehensive Income to the Consolidated Income Statement.

Note 7 Total investment return (continued)

Half year ended 30/06/2022 (restated)	**Amortised Cost**	**FVOCI Designated**	**FVTPL Designated**	**FVTPL Mandatory**	**Total**
	€000s	**€000s**	**€000s**	**€000s**	**€000s**
Interest revenue/ (expense) from financial assets not measured at FVTPL					
Cash and cash equivalents	(291)	-	-	-	(291)
Government bonds	-	548	-	-	548
Other debt securities		1,637	-	-	1,637
	(291)	**2,185**	**-**	**-**	**1,894**
Net loss on FVTPL investments					
Collective investment scheme	-	-	-	(17,272)	(17,272)
Unquoted investments	-	-	-	-	-
	-	-	-	**(17,272)**	**(17,272)**
Other					
Income, net of expenses, from investment properties	-	-	-	227	227
Unrealised gain/ (loss) on investment properties	-	-	-	-	-
Net credit impairment loss	-	(141)	-	-	(141)
Net loss on FVOCI debt securities	-	(63,842)	-	-	(63,842)
	-	**(63,983)**	**-**	**227**	**(63,756)**
Recognised in income statement	(291)	2,055	-	(17,045)	(15,281)
Recognised in OCI	-	(63,853)	-	-	(63,853)
Recognised in total comprehensive income	**(291)**	**(61,798)**	**-**	**(17,045)**	**(79,134)**

During the period to 30 June 2022 a gain of €11,000 on FVOCI investments was reclassified from Other Comprehensive Income to the Consolidated Income Statement.

Year ended 31/12/2022 (restated)	**Amortised Cost**	**FVOCI Designated**	**FVTPL Designated**	**FVTPL Mandatory**	**Total**
	€000s	**€000s**	**€000s**	**€000s**	**€000s**
Interest revenue/ (expense) from financial assets not measured at FVTPL					
Cash and cash equivalents	(37)	-	-	-	(37)
Government bonds	-	1,330	-	-	1,330
Other debt securities		3,885	-	-	3,885
	(37)	**5,215**	**-**	**-**	**5,178**
Net loss on FVTPL investments					
Collective investment scheme	-	-	-	(14,655)	(14,655)
Unquoted investments	-	-	(92)	-	(92)
	-	**-**	**(92)**	**(14,655)**	**(14,747)**
Other					
Income, net of expenses, from investment properties	-	-	-	196	196
Unrealised loss on investment properties	-	-	-	(1,003)	(1,003)
Net credit impairment loss	-	(418)	-	-	(418)
Net loss on FVOCI debt securities	-	(89,761)	-	-	(89,761)
	-	**(90,179)**	**-**	**(807)**	**(90,986)**
Recognised in income statement	(37)	4,838	(92)	(15,462)	(10,753)
Recognised in OCI	-	(89,802)	-	-	(89,802)
Recognised in total comprehensive income	**(37)**	**(84,964)**	**(92)**	**(15,462)**	**(100,555)**

During the year to 31 December 2022 a gain of €41,000 on FVOCI investments was reclassified from Other Comprehensive Income to the Consolidated Income Statement.

Note 8 Income taxation charge

The effective tax rate for the period was 15.6% (2022: 12.6%) which is the best estimate of the weighted average annual income tax rate expected for the full year. The effective tax rate for the period was higher than the standard Irish corporation tax rate of 12.5% primarily due to assumed higher disallowable expenses in the period.

Note 9 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:

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Earnings			
Profit for the period for the purpose of basic earnings per share	33,307	2,182	57,274
Profit for the period for the purpose of diluted earnings per share	33,307	2,182	57,274
Number of shares	**No.**	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	36,583,005	35,427,015	35,507,806
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	37,458,042	36,346,524	36,424,983
	Cent	Cent	Cent
Basic earnings per share	**91**	6	161
Diluted earnings per share[1]	**89**	6	157

[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 '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 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:

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Profit attributable to the parent entity for the period	33,307	2,182	57,556
2023 dividend of 0.0 cent (2022:8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	-	-	(113)
2023 dividend of 0.0 cent (2022:8.4 cent) per share on 8% non-cumulative preference shares of €0.60 each	-	-	(169)
Profit for the period for the purpose of calculating basic and diluted earnings	**33,307**	**2,182**	**57,274**

Note 9 Earnings per €0.60 ordinary share (continued)

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:

	Half year ended 30/06/23 (unaudited) €000s	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	36,583,005	35,427,015	35,507,806
Weighted average of potential vesting of share based payments	875,037	919,509	917,177
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**37,458,042**	**36,346,524**	**36,424,983**

Note 10 Financial instrument and fair value measurement

(a) Financial Instruments

	Half year ended 30/06/23 (unaudited) €000s	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Financial Assets			
At amortised cost:			
Cash and cash equivalents	89,685	148,771	108,635
Deposits	10,000	20,000	10,000
Other receivables	23,689	20,161	15,148
Loans	506	520	568
At fair value:			
Cash and cash equivalents	24,148	-	56,605
Equity and debt instruments at FVTPL -mandatory	148,018	130,454	132,965
Equity and debt instruments at FVTPL -designated	1,129	1,129	1,129
Debt instruments at FVOCI - designated	851,124	851,805	833,865
Financial Liabilities			
At amortised cost:			
Other payables	39,875	30,805	35,628
Lease liabilities	4,214	4,974	4,600
Subordinated debt	49,690	49,632	49,662

An ECL for 'Debt instruments at FVOCI' of €928,000 (30 June 2022: €808,000, 31 December 2022: €1,003,000) does not reduce the carrying amount of the asset in the statement of financial position, which remains at fair value. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the income statement.
An ECL of €312,000 (30 June 2022: €388,000, 31 December 2022: €312,000) has reduced the carrying value of 'Other receivables' and an ECL of €12,000 (30 June 2022: €17,000, 31 December 2022: €12,000), has reduced the carrying value of 'Loans'.

Note 10 Financial instrument and fair value measurement (continued)

(b) Fair value measurement

The following table compares the fair value of financial instruments not held at fair value with the fair value of those assets and liabilities:

	Half year ended 30/06/23	**Half year ended 30/06/23**	Half year ended 30/06/22 (restated)	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)	Year ended 31/12/22 (restated)
	Fair value	**Carrying value**	Fair value	Carrying value	Fair value	Carrying value
	€000s	**€000s**	€000s	€000s	€000s	€000s
Assets						
Loans (restated)	607	506	624	520	682	568
Financial liabilities						
Subordinated debt	45,484	49,690	49,119	49,632	46,129	49,662

The carrying amount of the following assets and liabilities is considered a reasonable approximation of their fair value:

- Cash and cash equivalents
- Deposits
- Other receivables
- Other payables
- Lease liabilities

Certain assets and liabilities are measured in the Consolidated 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.

- Debt instruments at fair value through other comprehensive income – quoted debt securities are fair valued using latest available closing bid price.
- Collective investment schemes, fair value through profit or loss (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). There are no assets/liabilities deemed to be held at this level at end of the periods disclosed.

Note 10 Financial instrument and fair value measurement (continued)

(b) Fair value measurement (continued)

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, fair value through profit or loss (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 period end.
- Unquoted investments, fair value through profit or loss, are classified as Level 3 as they are not traded in an active market.
- Investment property and property held for own use were fair valued by independent external professional valuers at year end 2022. The properties were revalued at 30 June 2023. 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.

	Half year ended 30/06/23				**Half year ended 30/06/22 (restated)**			
	Level 1 €000s	**Level 2 €000s**	**Level 3 €000s**	**Total €000s**	**Level 1 €000s**	**Level 2 €000s**	**Level 3 €000s**	**Total €000s**
Assets								
Investment property	-	-	14,304	**14,304**	-	-	16,053	**16,053**
Property held for own use	-	-	15,377	**15,377**	-	-	16,327	**16,327**
Financial assets								
Cash and cash equivalents	24,148	-	-	**24,148**	-	-	-	**-**
Investments at fair value through profit or loss – collective investment schemes	107,008	-	41,010	**148,018**	112,720	-	17,643	**130,363**
Investments at fair value through profit or loss - unquoted investments	-	-	1,129	**1,129**	-	-	1,220	**1,220**
Investments at fair value through other comprehensive income – quoted debt securities	851,124	-	-	**851,124**	851,805	-	**-**	**851,805**
Total assets	**982,280**	**-**	**71,820**	**1,054,100**	**964,525**	**-**	**51,243**	**1,015,768**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 10 Financial instrument and fair value measurement (continued)

(b) Fair value measurement (continued)

	Year ended 31/12/22 (restated)			
	Level 1	**Level 2**	**Level 3**	**Total**
	€000s	**€000s**	**€000s**	**€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 at fair value through profit or loss – collective investment schemes	105,419	-	27,546	**132,965**
Investments at fair value through profit or loss - unquoted investments	-	-	1,129	**1,129**
Investments at fair value through other comprehensive income – quoted debt securities	833,865	-	-	**833,865**
Total assets	**995,889**	-	**59,711**	**1,055,600**
Total liabilities	**-**	**-**	**-**	**-**

A reconciliation of Level 3 fair value measurement of financial assets is shown in the table below.

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Opening balance Level 3 financial assets	59,711	47,551	47,551
Transfers-in	-	**-**	-
Additions	14,503	4,415	12,349
Disposals	-	(1,739)	-
Unrealised movements recognised in consolidated income statement	(2,394)	1,016	(189)
Closing balance Level 3 financial assets	**71,820**	**51,243**	**59,711**

Investment property and property held for own use were fair valued by independent external professional valuers at 31 December 2022 (refer to note 13 and note 16 in the Group Annual Report for year ended 31 December 2022). At the period ending 30 June 2023 the valuations for owner occupied property and investment property were reduced by €546,000 and €748,000 respectively.

Note 11 Other receivables

	Half year ended 30/06/23 €000s	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Prepayments and accrued income	10,881	7,810	6,084
Other debtors	12,127	12,351	8,882
Accrued interest and rent	681	-	182
Total other receivables	**23,689**	**20,161**	**15,148**

Note 12 Cash and cash equivalents

	Half year ended 30/06/23 €000s	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Short term deposits	45,437	126,041	80,661
Money market fund	24,148	-	56,605
Cash in hand	44,248	22,730	27,974
Total cash and cash equivalents	**113,833**	**148,771**	**165,240**

Note 13 Called up share capital presented as equity

	Number	**Half year ended 30/06/23 €000s**	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
(i) Ordinary shares of €0.60 each				
Authorised:				
At beginning and end of period	51,326,000	30,796	30,796	30,796
Issued and fully paid:				
At 1 January 2022	35,461,206	-	21,277	21,277
Issued during the period	290,078	-	174	174
At the end of the period	**35,751,284**	-	**21,451**	**21,451**
At 1 January 2023	35,751,284	21,451		
Issued during the period	269,688	162		
At the end of the period	**36,020,972**	**21,613**		
(ii) ‘A’ Ordinary shares of €0.01 each				
Authorised:				
At beginning and end of period	120,000,000	1,200	1,200	1,200
Issued and fully paid:				
At beginning and end of period	13,169,428	132	132	132
Total ordinary share capital		**21,745**	**21,583**	**21,583**

The number of ordinary shares of €0.60 each held as treasury shares at 30 June 2023 was 164,005. At 31 December 2022 the number held was 164,005.

Note 14 Other reserves

	Revaluation reserve €000s	FVOCI reserve €000s	Insurance/RI finance reserve €000s	Total €000s
Balance at 1 January 2023	755	(69,826)	20,984	(48,087)
Other comprehensive income	-	7,599	(2,359)	5,240
Balance at 30 June 2023	**755**	**(62,227)**	**18,625**	**(42,847)**
Balance at 1 January 2022	752	8,751	(8,928)	575
Other comprehensive income	-	(55,873)	24,358	(31,515)
Balance at 30 June 2022	**752**	**(47,122)**	**15,430**	**(30,940)**
Balance at 1 January 2022	752	8,751	(8,928)	575
Other comprehensive income	3	(78,577)	29,912	(48,662)
Balance at 31 December 2022	**755**	**(69,826)**	**20,984**	**(48,087)**

The reconciliation of cumulative amounts of the fair value reserve within OCI, for investment assets measured at FVOCI relating to the claims that the Group has applied the retrospective approach at the IFRS 17 transition date, is provided in the tables below.

	30/06/2023			30/06/2022		
	At transition €000s	Post transition €000s	Total €000s	At transition €000s	Post transition €000s	Total €000s
Opening FVOCI reserve	(55,736)	(14,090)	(69,826)	8,751	-	8,751
Net movement during period	7,037	684	7,721	(55,539)	(8,303)	(63,842)
Net movement reclassified to profit or loss on disposal	964	-	964	(11)	-	(11)
Income tax relating to these items	(1,000)	(86)	(1,086)	6,942	1,038	7,980
Closing FVOCI reserve	**(48,735)**	**(13,492)**	**(62,227)**	**(39,857)**	**(7,265)**	**(47,122)**

	31/12/22		
	At transition €000s	Post transition €000s	Total €000s
Opening FVOCI reserve	8,751	-	8,751
Net movement during period	(73,659)	(16,102)	(89,761)
Net movement reclassified to profit or loss on disposal	(41)	-	(41)
Income tax relating to these items	9,213	2,012	11,225
Closing FVOCI reserve	**(55,736)**	**(14,090)**	**(69,826)**

Note 15 Insurance and reinsurance contracts

The breakdown of groups of insurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	Half year ended 30/06/23			Half year ended 30/06/22 (restated)		
	Assets €000s	Liabilities €000s	Net €000s	Assets €000s	Liabilities €000s	Net €000s
Total insurance contracts issued	**-**	**(787,522)**	**(787,522)**	**-**	**(897,112)**	**(897,112)**
Total reinsurance contracts held	**120,234**	**(656)**	**119,578**	**158,069**	**(458)**	**157,611**

	Year ended 31/12/22 (restated)		
	Assets €000s	Liabilities €000s	Net €000s
Total insurance contracts issued	**-**	**(826,621)**	**(826,621)**
Total reinsurance contracts held	**136,657**	**(610)**	**136,047**

Note 15 Insurance and reinsurance contracts (continued)

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for major product lines are disclosed in the tables below:

Half year ended 30/06/23					
Total insurance contracts issued					
	Liability for remaining coverage		**Liability for incurred claims**		**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	
	€000s	**€000s**	**€000s**	**€000s**	**€000s**
Insurance contract liabilities as at 01/01	117,798	-	641,074	67,749	826,621
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	**117,798**	**-**	**641,074**	**67,749**	**826,621**
Insurance revenue	**(194,540)**	-	-	-	**(194,540)**
Incurred claims and other expenses	-	-	106,384	8,360	114,744
Amortisation of insurance acquisition cash flows	36,588	-	-	-	36,588
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes that relate to past service-Changes in FCF relating to the LIC	-	-	(50,774)	(8,601)	(59,375)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service expenses	**36,588**	**-**	**55,610**	**(241)**	**91,957**
Insurance service result	**(157,952)**	**-**	**55,610**	**(241)**	**(102,583)**
Insurance finance expenses	-	-	6,919	-	6,919
Total amounts recognised in comprehensive income	**(157,952)**	**-**	**62,529**	**(241)**	**(95,664)**
Premium received	200,203	-	-	-	200,203
Claims and other directly attributable expenses paid	-	-	(105,098)	-	(105,098)
Insurance acquisition cash flows	(38,540)	-	-	-	(38,540)
Total cash flows	**161,663**	**-**	**(105,098)**	**-**	**56,565**
Net insurance contract (assets)/liabilities as at 30/06:					
Insurance contract liabilities as at 30/06	121,509	-	598,505	67,508	787,522
Insurance contract assets as at 30/06	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 30/06	**121,509**	**-**	**598,505**	**67,508**	**787,522**

Note 15 Insurance and reinsurance contracts (continued)

Half year ended 30/06/22 (restated) — Total insurance contracts issued	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	114,940	-	750,038	65,003	929,981
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	**114,940**	-	**750,038**	**65,003**	**929,981**
Insurance revenue	**(186,142)**	-	-	-	**(186,142)**
Incurred claims and other expenses	-	-	102,883	7,380	110,263
Amortisation of insurance acquisition cash flows	34,064	-	-	-	34,064
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes that relate to past service-Changes in FCF relating to the LIC	-	-	(13,079)	(3,926)	(17,005)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service expenses	**34,064**	-	**89,804**	**3,454**	**127,322**
Insurance service result	**(152,078)**	-	**89,804**	**3,454**	**(58,820)**
Insurance finance expenses	-	-	(29,457)	-	(29,457)
Total amounts recognised in comprehensive income	**(152,078)**	-	**60,347**	**3,454**	**(88,277)**
Premium received	188,249	-	-	-	188,249
Claims and other directly attributable expenses paid	-	-	(97,589)	-	(97,589)
Insurance acquisition cash flows	(35,252)	-	-	-	(35,252)
Total cash flows	**152,997**	**-**	**(97,589)**	**-**	**55,408**
Net insurance contract (assets)/liabilities as at 30/06:					
Insurance contract liabilities as at 30/06	115,859	-	712,796	68,457	897,112
Insurance contract assets as at 30/06	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 30/06	**115,859**	**-**	**712,796**	**68,457**	**897,112**

Note 15 Insurance and reinsurance contracts (continued)

Year ended 31/12/22 (restated)

Total insurance contracts issued

	Liability for remaining coverage		**Liability for incurred claims**		**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	
	€000s	**€000s**	**€000s**	**€000s**	**€000s**
Insurance contract liabilities as at 01/01	114,940	-	750,038	65,003	929,981
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	**114,940**	-	**750,038**	**65,003**	**929,981**
Insurance revenue	**(379,697)**	-	-	-	**(379,697)**
Incurred claims and other expenses	-	-	209,625	14,182	223,807
Amortisation of insurance acquisition cash flows	70,595	-	-	-	70,595
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes that relate to past service- Changes in FCF relating to the LIC	-	-	(81,128)	(11,436)	(92,564)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service expenses	**70,595**	-	**128,497**	**2,746**	**201,838**
Insurance service result	**(309,102)**	-	**128,497**	**2,746**	**(177,859)**
Insurance finance expenses	-	-	(33,657)	-	(33,657)
Total amounts recognised in comprehensive income	**(309,102)**	-	**94,840**	**2,746**	**(211,516)**
Premium received	384,935	-	-	-	384,935
Claims and other directly attributable expenses paid	-	-	(203,804)	-	(203,804)
Insurance acquisition cash flows	(72,975)	-	-	-	(72,975)
Total cash flows	311,960	-	(203,804)	-	108,156
Net insurance contract (assets)/liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	117,798	-	641,074	67,749	826,621
Insurance contract assets as at 31/12	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	**117,798**	**-**	**641,074**	**67,749**	**826,621**

Note 15 Insurance and reinsurance contracts (continued)

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on property and liability insurance ceded to reinsurers is disclosed in the tables below:

Half year ended 30/06/23	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Reinsurance contracts held that are liabilities as at 01/01	(631)	-	20	1	(610)
Reinsurance contracts held that are assets as at 01/01	(2,530)	-	131,797	7,390	136,657
Net reinsurance contracts held as at 01/01	**(3,161)**	**-**	**131,817**	**7,391**	**136,047**
Reinsurance expense	(19,540)	-	-	-	(19,540)
Change in amounts recoverable for incurred claims and other expenses	-	-	5,060	355	5,415
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(22,954)	(104)	(23,058)
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	3	-	3
Net income/expense from reinsurance contracts held	**(19,540)**	**-**	**(17,891)**	**251**	**(37,180)**
Finance income / expense from reinsurance contracts held	-	-	2,119	-	2,119
Total amounts recognised in comprehensive income	**(19,540)**	**-**	**(15,772)**	**251**	**(35,061)**
Premiums paid, net of commission ceded	19,329	-	-	-	19,329
Recoveries from reinsurance	-	-	(737)	-	(737)
Total cash flows	**19,329**	**-**	**(737)**	**-**	**18,592**
Net reinsurance contract assets/(liabilities) held as at 30/06:					
Reinsurance contracts held that are liabilities as at 30/06	(678)	-	21	1	(656)
Reinsurance contracts held that are assets as at 30/06	(2,694)	-	115,287	7,641	120,234
Net reinsurance contracts held as at 30/06	**(3,372)**	**-**	**115,308**	**7,642**	**119,578**

Note 15 Insurance and reinsurance contracts (continued)

Half year ended 30/06/22 (restated)

	Assets for remaining coverage		**Amounts recoverable on incurred claims**		**Total**
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk Adjustment**	
	€000s	**€000s**	**€000s**	**€000s**	**€000s**
Reinsurance contracts held that are liabilities as at 01/01	(809)	-	20	1	(788)
Reinsurance contracts held that are assets as at 01/01	(1,297)	-	201,827	8,358	208,888
Net Reinsurance contracts held as at 01/01	**(2,106)**	**-**	**201,847**	**8,359**	**208,100**
Reinsurance expense	(17,232)	-	-	-	(17,232)
Change in amounts recoverable for incurred claims and other expenses	-	-	6,375	577	6,952
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(4,455)	(33)	(4,488)
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	-	-	-
Net income/(expense) from reinsurance contracts held	**(17,232)**	**-**	**1,920**	**544**	**(14,768)**
Finance income / (expense) from reinsurance contracts held	-	-	(6,401)	-	(6,401)
Total amounts recognised in comprehensive income	**(17,232)**	**-**	**(4,481)**	**544**	**(21,169)**
Premiums paid, net of commission ceded	17,619	-	-	-	17,619
Recoveries from reinsurance	-	-	(46,939)	-	(46,939)
Total cash flows	**17,619**	**-**	**(46,939)**	**-**	**(29,320)**
Net reinsurance contract assets/(liabilities) held as at 30/06:					
Reinsurance contracts held that are liabilities as at 30/06	(479)	-	20	1	(458)
Reinsurance contracts held that are assets as at 30/06	(1,240)	-	150,407	8,902	158,069
Net reinsurance contracts held as at 30/06	**(1,719)**	**-**	**150,427**	**8,903**	**157,611**

Note 15 Insurance and reinsurance contracts (continued)

	Year ended 31/12/22 (restated)				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Reinsurance contracts held that are liabilities as at 01/01	(809)	-	20	1	(788)
Reinsurance contracts held that are assets as at 01/01	(1,297)	-	201,827	8,358	208,888
Net Reinsurance contracts held as at 01/01	**(2,106)**	-	**201,847**	**8,359**	**208,100**
Reinsurance expense	(34,814)	-	-	-	(34,814)
Change in amounts recoverable for incurred claims and other expenses	-	-	14,508	1,048	15,556
Changes that relate to past service- changes in the FCF relating to incurred claims recovery	-	-	(25,488)	(2,016)	(27,504)
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	7	-	7
Net income/(expense) from reinsurance contracts held	**(34,814)**	-	**(10,973)**	**(968)**	**(46,755)**
Finance income / (expense) from reinsurance contracts held	-	-	(6,813)	-	(6,813)
Total amounts recognised in comprehensive income	**(34,814)**	-	**(17,786)**	**(968)**	**(53,568)**
Premiums paid, net of commission ceded	33,759	-	-	-	33,759
Recoveries from reinsurance	-	-	(52,244)	-	(52,244)
Total cash flows	**33,759**	**-**	**(52,244)**	**-**	**(18,485)**
Net reinsurance contract assets/(liabilities) held as at 31/12:					
Reinsurance contracts held that are liabilities as at 31/12	(631)	-	20	1	(610)
Reinsurance contracts held that are assets as at 31/12	(2,530)	-	131,797	7,390	136,657
Net reinsurance contracts held as at 31/12	**(3,161)**	**-**	**131,817**	**7,391**	**136,047**

Note 16 Other provisions

	MIBI Levy	MIICF contribution	Consequential payments	State subsidies	Total
	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2023	6,195	3,642	1,266	-	11,103
Provided in the period	2,952	1,960	27	7,500	12,439
Net amounts paid	(2,952)	(3,642)	(198)	-	(6,792)
Balance at 30 June 2023	**6,195**	**1,960**	**1,095**	**7,500**	**16,750**
Balance at 1 January 2022	6,681	3,645	1,945	-	12,271
Provided in the period	3,347	1,894	-	-	5,241
Net amounts paid	(3,347)	(3,649)	(454)	-	(7,450)
Balance at 30 June 2022 (restated)	**6,681**	**1,890**	**1,491**	**-**	**10,062**
Balance at 1 January 2022	6,681	3,645	1,945	-	12,271
Provided in the period	4,751	3,642	10	-	8,403
Net amounts paid	(5,237)	(3,645)	(689)	-	(9,571)
Balance at 31 December 2022 (restated)	**6,195**	**3,642**	**1,266**	**-**	**11,103**

MIBI Levy

The Group's share of the Motor Insurers' Bureau of Ireland 'MIBI' levy for 2023 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 made in equal instalments throughout the year.

MIICF Contribution

The Group's contribution to the Motor Insurers' Insolvency Compensation Fund 'MIICF' for 2023 is based on 2% of its Motor Gross Written Premium. Payment is expected to be made in the first half of 2024.

Consequential payments

The balance of the provision of €1,095,000 is based on the best estimate of the Consequential Payments provision in respect of the FSPO decisions and payments are expected to be made before the end of the year.

State subsidies

The Group has included a provision of €7,500,000 in the financial statements in respect of our current estimate of the cost of a constructive obligation arising from the deduction of State subsidies from Business Interruption claims payments following Covid-19 closures. Payment to the State is expected to be made in the coming year.

Note 17 Deferred taxation asset/ (liability)

	Retirement benefit surplus €000s	Unrealised gains on investment & loans €000s	Insurance/ Reinsurance finance reserve €000s	Revaluation surplus on investment properties €000s	Losses carried forward €000s	Other timing differences €000s	Total €000s
Balance at 1 January 2023	(1,061)	9,974	(2,998)	(1,387)	329	(1,228)	3,629
Credited/ (debited) to the Consolidated Statement of Comprehensive Income	125	(1,086)	337	-	-	-	(624)
Debited to the Consolidated Income Statement	-	-	-	-	(81)	-	(81)
Balance at 30 June 2023	**(936)**	**8,888**	**(2,661)**	**(1,387)**	**248**	**(1,228)**	**2,924**
Balance at 1 January 2022	(1,363)	(1,251)	1,276	(1,387)	410	(1,576)	(3,891)
(Debited)/ credited to the Consolidated Statement of Comprehensive Income	(485)	7,981	(3,481)	-	-	-	4,015
Credited to the Consolidated Income Statement	-	-	-	-	-	2,050	2,050
Balance at 30 June 2022 (restated)	**(1,848)**	**6,730**	**(2,205)**	**(1,387)**	**410**	**474**	**2,174**
Balance at 1 January 2022	(1,363)	(1,251)	1,276	(1,387)	410	(1,576)	(3,891)
Credited/ (debited) to the Consolidated Statement of Comprehensive Income	284	11,225	(4,274)	-	-	(2)	7,233
Credited/ (debited) to the Consolidated Income Statement	18	-	-	-	(81)	350	287
Balance at 31 December 2022 (restated)	**(1,061)**	**9,974**	**(2,998)**	**(1,387)**	**329**	**(1,228)**	**3,629**

Note 18 Other payables

	Half year ended 30/06/23 **€000s**	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Amounts falling due within one year:			
Payables and accruals	38,007	29,173	33,947
PAYE/PRSI	1,868	1,632	1,681
Total payables	**39,875**	**30,805**	**35,628**

Note 19 Dividends

	Half year ended 30/06/23 **€000s**	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Paid in period:			
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% non-cumulative preference share of €0.60 each	113	113	113
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference share of €0.60 each	169	169	169
2022 final dividend of 100.0 cent (2021:100.0 cent) per share on ordinary shares of €0.60 each	35,884	35,588	35,588
Total dividends paid	**36,166**	**35,870**	**35,870**

2022 dividend payments were approved by the shareholders at the Annual General Meeting on 11 May 2023 and paid on 16 May 2023.

A special dividend of 100 cent per ordinary share (€35,857,000) has been approved by the Board of FBD Holdings plc on 10 August 2023. The approved dividend has not been included as a liability in the Consolidated Statement of Financial Position at 30 June 2023.

Note 20 Retirement benefit surplus

The Group operates a funded defined benefit retirement scheme for qualifying employees that is closed to future accrual and new entrants. The Scheme liabilities increased slightly during the period while the value of Scheme assets fell marginally, reducing the Scheme surplus at 30 June 2023.

The amounts recognised in the Consolidated Statement of Financial Position are as follows:

	Half year ended 30/06/23 **€000s**	Half year ended 30/06/22 (restated) €000s	Year ended 31/12/22 (restated) €000s
Fair value of plan assets	70,400	79,600	71,170
Present value of defined benefit obligation	(62,900)	(64,800)	(62,671)
Net retirement benefit surplus	**7,500**	**14,800**	**8,499**

Note 21 Transactions with related parties

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 members of the Executive Management Team. Full disclosure in relation to the compensation of the Board of Directors and details of Directors’ share options are provided in the Report on Directors’ Remuneration in the 2022 Annual Report. An analysis of share-based payments to key management personnel is also included in Note 35 of the 2022 Annual Report. The level and nature of related party transactions in the first half of 2023 are consistent with the transactions disclosed in the 2022 Annual Report.

Note 22 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2023, 30 June 2022 (restated) or 31 December 2022 (restated).

Note 23 Subsequent events

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

Note 24 Information

This half yearly report and the Annual Report for the year ended 31 December 2022 are available on the Company’s website at www.fbdgroup.com.

Note 25 Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 10 August 2023.

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank of Ireland (Investment Market Conduct) Rules 2019 and with IAS 34, Interim Financial Reporting as adopted by the European Union.

We confirm that to the best of our knowledge:

a) the Group condensed set of interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union;
b) the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of interim financial statements and the principal risks and uncertainties for the remaining six months of the financial year;
c) the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties’ transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Liam Herlihy	Tomás Ó Midheach
Chairman	Group Chief Executive

10 August 2023

FBD HOLDINGS PLC
APPENDIX
ALTERNATIVE PERFORMANCE MEASURES (APMs) (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 written premium.

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 written premium is a component of insurance revenue and is widely used across the general insurance industry.

The calculation of the APMs is based on the following data:

	Note	**Half year ended 30/06/23**	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
		€000s	€000s	€000s
Loss ratio				
Incurred claims and other expenses	6(c)	114,744	110,263	223,807
Changes that relate to past service – changes in FCF relating to the LIC	6(c)	(59,375)	(17,005)	(92,564)
Net expense from reinsurance contracts held		37,180	14,768	46,755
Movement in other provisions		12,439	5,241	8,403
Total claims incurred and movement in other provisions		**104,988**	**113,267**	**186,401**
Insurance revenue		194,540	186,142	379,697
Loss ratio (Total claims incurred and movement in other provisions/Insurance revenue)		**54.0%**	**60.9%**	**49.1%**
Expense ratio				
Amortisation of insurance acquisition cash flow	6(c)	36,588	34,064	70,595
Acquisition cash flows recognised when incurred	6(c)	-	-	-
Non-attributable expenses	6(c)	16,165	13,780	33,048
Total insurance acquisition and non-attributable expenses	6(c)	**52,753**	**47,844**	**103,643**
Insurance revenue		194,540	186,142	379,697
Expense ratio (Total insurance acquisition and non-attributable expenses /Insurance revenue)		**27.1%**	**25.7%**	**27.3%**
		%	%	%
Combined operating ratio				
Loss ratio		54.0	60.9	49.1
Expense ratio		27.1	25.7	27.3
Combined operating ratio (Loss ratio + Expense ratio)		**81.1**	**86.6**	**76.4**

FBD HOLDINGS PLC
APPENDIX
ALTERNATIVE PERFORMANCE MEASURES (APMs) (UNAUDITED) (continued)

	Half year ended 30/06/23	Half year ended 30/06/22 (restated)	Year ended 31/12/22 (restated)
	€000s	€000s	€000s
Actual investment return			
Investment return recognised in consolidated income statement	8,389	(15,281)	(10,753)
Investment return recognised in statement of comprehensive income	8,685	(63,853)	(89,802)
Actual investment return	**17,074**	**(79,134)**	**(100,555)**
Average investment assets	1,143,242	1,194,183	1,169,411
Investment return (Actual investment return/ Average investment assets)	**1.5%**	**(6.6%)**	**(8.6%)**
Net asset value per share (NAV per share)			
Shareholders' funds – equity interests	456,932	419,727	454,006
Number of shares	**No.**	No.	No.
Closing number of ordinary shares (excluding Treasury)	35,856,967	35,587,279	35,587,279
	Cent	Cent	Cent
Net asset value per share (Shareholders' funds/Closing number of ordinary shares)	**1,274**	**1,179**	**1,276**
Return on Equity	**€000s**	€000s	€000s
Weighted Average (WA) equity attributable to ordinary shareholders	455,469	450,008	467,148
Result for the period	33,307	2,182	57,556
ROE (Result for the period/WA equity attributable to ordinary shareholders)	**%**	%	%
	15 [1]	**1**[1]	**12**
Underwriting result	**€000s**	€000s	€000s
Insurance service result	65,403	44,052	131,104
Non-attributable expenses	(16,165)	(13,780)	(33,048)
Other provisions	(12,439)	(5,241)	(8,403)
Underwriting result	**36,799**	**25,031**	**89,653**
Gross written premium	**€000s**	€000s	€000s
Insurance revenue	194,540	186,142	379,697
Less: Instalment premium[2]	(2,070)	(2,088)	(4,291)
Add: Movement in unearned premium[2]	13,962	8,378	7,245
Gross written premium	**206,432**	**192,432**	**382,651**

[1]*Annualised*
[2]*These items cannot be reconciled to the Financial Statements*

Gross written premium: the total premium on insurance underwritten by an insurer or reinsurer during a specific period, before deduction of reinsurance premium.

Underwriting result: Insurance service result less non-attributable expenses and movement in other provisions.

Expense ratio: Insurance acquisition expenses and non-attributable expenses as a percentage of insurance revenue.

Loss ratio: Claims incurred net of reinsurance result as a percentage of insurance revenue.

Combined operating ratio: the sum of the loss ratio and expense ratio. A combined operating ratio below 100% indicates profitable insurance results. A combined operating ratio over 100% indicates unprofitable results.

Independent review report to FBD Holdings plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed FBD Holdings plc's condensed consolidated interim financial statements (the "interim financial statements") in the half yearly report of FBD Holdings plc for the six month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

The interim financial statements, comprise:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

The interim financial statements included in the half yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019.

As disclosed in note 3 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019. In preparing the half yearly report including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the half yearly report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Central Bank (Investment Market Conduct) Rules 2019 and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers
Chartered Accountants
10 August 2023
Dublin

Notes:

(a) The maintenance and integrity of the FBD Holdings plc 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.

(b) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.