



FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
For the year ended 31 December 2022

KEY HIGHLIGHTS

- Profit Before Tax of €74m compared to €110m in 2021.
- Combined Operating Ratio (COR) of 75% reflecting a very strong underwriting performance and positive development of prior year claims.
- Proposed dividend of 100c per share.
- Gross written premium of €383m, an increase of 3.4% excluding the impact of pandemic premium rebates.
- Policy count growth of 2.8% with retention levels of existing business increasing 1.5%, reaching a six year high.
- Average premium increased 0.6% across the portfolio with Private Motor down 7.2%.
- Challenging year for fixed income assets which saw negative investment returns of -€90m through Other Comprehensive Income. There was also a negative investment return of -€10m through the Income Statement primarily due to a negative return on risk assets.
- Our capital position remains strong with a Solvency Capital Ratio (SCR) of 226% (unaudited). Losses on the investment portfolio have been largely mitigated by underwriting profits, higher discounting of claims liabilities and a reduction in the Solvency Capital Requirement.
- In view of capital strength it is our intention to now engage with stakeholders on steps to return further capital in the short and medium term.
- Return on Equity of 14%.
- The Business Interruption best estimate reduced marginally by €2m in 2022 to €42m net of reinsurance.
- The Bank of Ireland Home product was launched. We successfully renewed our An Post Insurance partnership for another 5 years.
- New advertising campaign launched highlighting that FBD stands for support.

FINANCIAL SUMMARY

	2022	2021
	€000s	€000s
Gross written premium	382,889	366,328
Underwriting profit/ (loss)	85,682	95,197
Profit before taxation	73,723	110,435
Loss ratio	45.9%	43.6%
Expense ratio	28.6%	27.9%
Combined operating ratio	74.5%	71.5%
	Cent	Cent
Basic earnings per share	181	274
Net assets per share	1,188	1,338

- Gross Written Premium (GWP) of €382.9m (2021: €366.3m) increased by 4.5% from 2021. This increase is 3.4% excluding the impact of pandemic related premium rebates.

- Underwriting profit of €85.7m (2021 profit: €95.2m), equating to a 74.5% COR (2021: 71.5%) with continuing lower frequency of injury claims, benign weather and positive prior year reserve development being the key features. Excluding reserve releases the COR for 2022 is 91.9% (2021: 87.5%).
- Expense ratio of 28.6% (2021: 27.9%) with the increase mainly due to inflationary impacts on employee costs along with utility and IT expense increases.
- A very challenging year for both equity and fixed income investments resulting in a loss through the Income Statement of €10.4m (2021: +€15.7m). Significant increases in risk free rates throughout the year, in addition to spread widening in the sovereign and corporate bond portfolios, resulted in a negative mark to market (MTM) return of €90.1m (2021: -€12.2m) through Other Comprehensive Income (OCI).
- Net Asset Value per share 1,188 cent has decreased from 1,338 cent at the end of 2021 primarily due to reduced asset values and the payment of the 2021 dividends in May 2022.

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

“It is great to be in a position to announce another strong set of results for FBD despite negative investment returns. We continue to maintain our underwriting discipline delivering a healthy underwriting profit supported by positive prior year reserve development.

It is encouraging to see growth in customer and policy numbers. More customers are staying loyal to us which is testament to the value we offer them and the continuing customer service our people deliver. We have increased our relationship customers in Business and Farm this year and intend to build on this momentum in 2023 by continuing to differentiate ourselves through our product and service offering.

There is still uncertainty in the external claims environment as we await the outcome of the challenge to the Personal Injury Guidelines and we see how they operate in practice. We are now seeing reductions in average settlement costs feeding through in pre-litigation channels

Underinsurance is being highlighted as a concern for customers as inflation is impacting rebuild and replacement costs and we are working with our customers to make sure they are adequately covered in the unfortunate event of a claim.

We expect a reasoned ruling from the Judge in respect of the Business Interruption Test Case in early 2023. This ruling is anticipated to provide certainty in respect of outstanding issues and assist in reaching a final agreement with publicans and enable us to pay the balance of claims this year.

We continue to build strong relationships with intermediary partners and have launched a Home product in conjunction with Bank of Ireland and successfully renewed our An Post Insurance partnership.

FBD remains a strongly capitalised business with a Capital Ratio significantly in excess of our stated risk appetite. It is our intention to now engage with stakeholders on taking steps to return further capital in the short and medium term.

Our momentum is a result of focusing on our customer’s needs, providing them with a personalised service and putting them at the heart of what we do, whether they are contacting us to claim, interacting with our Local Offices, our Mullingar Service Centre or Head Office. It was great to see so many customers and employees at the many shows and events around the country. I would like to thank our people for their continued dedication, as our good results are a function of their hard work supporting our customers.

Our strategy is delivering and I would like to thank the Board and the Executive Management Team for their continuing support and invaluable input as we continue to focus on meeting the needs of all our stakeholders.”

A presentation will be available on our Group website www.fbdgroup.com from 9am today.

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

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

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

UNDERWRITING

Premium income

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

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

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

Reinsurance

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

Claims

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

Claims volumes increased by 6% year on year driven by increased motor damage notifications of 27%. Motor damage notifications increases reflect the increased traffic volumes and impact of inflation on policyholders hindering their ability to cover the cost of minor damage claims themselves. More

policyholders have taken out comprehensive cover and inflation continues on parts and labour increasing the cost of repair. Motor Damage and Property claim notifications have increased by 30% and 24% on pre-Covid levels.

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

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

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

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

Industry Environment

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

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

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

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

- **Irish Motor Insurance Database (IMID)** - The next phase of the previously named **Motor Third Party Liability project (MTPL)** will require sharing of additional data on insured vehicles and drivers with Regulatory Authorities.
- The Road Traffic Act (**RTA**) legislation is to be extended to better regulate the use of scramblers/quads and e-bike/e-scooters.

- The **Motor Insurance Directive (MID)** primarily deals with the scope of compulsory insurance broadening the potential scenarios where RTA cover will apply. The text is currently under review after which it will be formally adopted by the three European Institutions, the amendments must be transposed into national law within 24 months of being accepted.
- **General Scheme of Insurance (Miscellaneous Provisions) Bill** - The Bill is currently before the Seanad for debate and intends to address a number of insurance-related issues that have arisen since the Government's 'Action Plan for Insurance Reform' in December 2020.

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

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

Weather, Claims Frequency and Large Claims

No significant weather events of note occurred in 2022.

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

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

Expenses

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

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

General

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

Investment Return

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

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

Financial Services Income and Other Costs

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

Profit per share

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

Dividend

The Group's Dividend Policy intends to reward shareholders through regular annual dividends while retaining sufficient capital in order to maintain a healthy capital adequacy to support future capital requirements. The Group has a robust capital position and liquidity margins. Given the Group's strong financial performance in 2022 the Board proposes to pay a dividend of 100 cent per share for the 2022 financial year (2021: 100c).

Subject to the approval of shareholders at the Annual General Meeting to be held on 11 May 2023, the final dividend for 2022 will be paid on 16 May 2023 to the holders of shares on the register on 21 April 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 31 December 2022 amounted to €422.8m (2021: €472.4m). The decrease in shareholders' funds is mainly attributable to the following:

- Profit after tax for the year of €64.5m;
- An increase of €2.7m due to share based payments;
- Offset by dividend payments of €35.9m;
- Mark to Market losses on our Bond portfolio of €78.9m after tax; and
- A reduction in the Retirement benefit surplus of €2.0m;

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

Investment Allocation

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

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

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

Solvency

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

RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are outlined on pages 21 to 28 of the Group's Annual Report for the year ended 31 December 2022. The effects of the Russian invasion of Ukraine continue to impact on the global economy through continuing higher inflation impacting operational costs, the cost of Motor Damage and Property claims and potentially may increase the cost of injury claims over time. Market risk continues to be elevated as the investment markets remain volatile.

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

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

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

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

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

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

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

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

The Group continues to manage liquidity risk through ongoing monitoring of forecast and actual cash flows. The Group's cash flow projections from its financial assets are well matched to the cash flow projections of its liabilities. The Group holds cash resources significantly higher than its minimum liquidity requirement in order to mitigate any liquidity stress events. The Group's asset allocation is outlined on page 8.

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

IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

IFRS 17 came into effect on 1 January 2023. IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It aims to enable investors, analysts and others to meaningfully compare companies, insurance contracts and industries while increasing transparency. IFRS 17 will significantly impact the measurement and presentation of insurance financial statements. The impact to shareholder's equity will mainly be driven by the introduction of discounting claims reserves as well as the introduction of the risk adjustment calculation as an allowance for uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The risk adjustment under IFRS17 replaces the margin for uncertainty currently in existence under IFRS4.

Based on assessments to date, the total adjustment after tax to the Group's total equity on the application of IFRS17 and IFRS9 is currently estimated to be an increase of approximately €7.9m at 1 January 2022 with the discounting impact becoming significantly more prevalent throughout the 2022 transitional period in line with the rising interest rate environment. Any future reserve releases will reflect the impacts of discounting and risk adjustment.

Estimated increase (reduction) in the Group's total equity:

1 January 2022

	€m
Adjustments due to the adoption of IFRS 17:	
Re-measurement of non-life insurance contracts under IFRS 17	9.4
Adjustments due to adoption of IFRS 9:	
Impairment of financial assets	(0.4)
Deferred tax impact	(1.1)
Estimated impact of adoption of IFRS 17 and IFRS 9 after tax	7.9

OUTLOOK

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

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

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

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

FBD expects to continue to be profitable in 2023 and believes an IFRS 17 Combined Operating Ratio* of low 90s to be achievable (similar for current accounting basis).

*Please see the Annual Report page 136 for definition of IFRS17 Combined Operating Ratio

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2022

	2022 €000s	2021 €000s
Revenue	406,395	386,661
Income		
Gross premium written	382,889	366,328
Reinsurance premiums	(40,016)	(32,652)
Net premium written	342,873	333,676
Change in net provision for unearned premiums	(7,019)	571
Net premium earned	335,854	334,247
Net investment return	(10,413)	15,679
Financial services income - Revenue from contracts with customers	3,173	2,930
- Other financial services income	4,812	4,375
Total income	333,426	357,231
Expenses		
Net claims and benefits	(145,807)	(123,538)
Other underwriting expenses	(95,962)	(93,369)
Movement in other provisions	(8,403)	(22,143)
Financial services and other costs	(6,685)	(6,138)
(Impairment)/revaluation of property, plant and equipment	(287)	937
Finance costs	(2,559)	(2,545)
Profit before taxation	73,723	110,435
Income taxation charge	(9,269)	(14,026)
Profit for the financial year	64,454	96,409
Attributable to:		
Equity holders of the parent	64,454	96,409

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2022

Earnings per share	2022	2021
	Cent	Cent
Basic	<u>181</u>	<u>274</u>
Diluted	<u>176¹</u>	<u>268¹</u>

¹ Diluted earnings per share reflects the potential vesting of share based payments.

The Financial Statements were approved by the Board and authorised for issue on 10 March 2023.

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2022

	2022 €000s	2021 €000s
Profit for the financial year	64,454	96,409
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>		
Movement on available for sale financial assets during the year	(90,271)	(11,169)
Movement transferred to the Consolidated Income Statement on disposal during the year	129	(1,033)
Taxation credit relating to items that will or may be reclassified to profit or loss in subsequent periods	11,268	1,525
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial movement on retirement benefit obligations	(2,272)	280
Property held for own use revaluation movement	5	4
Taxation credit / (charge) relating to items not to be reclassified in subsequent periods	282	(265)
Other comprehensive expense after taxation	(80,859)	(10,658)
Total comprehensive (expense)/income for the financial year	(16,405)	85,751
Attributable to:		
Equity holders of the parent	(16,405)	85,751

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2022

ASSETS

	2022 €000s	2021 €000s
Property, plant and equipment	22,745	24,178
Policy administration system	23,683	27,982
Intangible assets	14,082	9,031
Investment property	15,052	16,055
Right of use assets	4,290	5,078
Loans	580	577
Financial assets		
Available for sale investments	834,994	893,715
Investments held for trading	132,965	137,547
Deposits with banks	10,000	-
	977,959	1,031,262
Reinsurance assets		
Provision for unearned premiums	1,937	1,711
Claims outstanding	136,848	195,249
	138,785	196,960
Retirement benefit surplus	8,499	10,901
Deferred taxation asset	8,091	-
Deferred acquisition costs	38,520	35,458
Other receivables	58,307	58,047
Cash and cash equivalents	162,398	164,479
Total assets	1,472,991	1,580,008

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2022

EQUITY AND LIABILITIES

	2022	2021
	€000s	€000s
Equity		
Called up share capital presented as equity	21,583	21,409
Capital reserves	30,192	27,406
Revaluation reserve	755	752
Retained earnings	370,258	422,815
	<hr/>	<hr/>
Equity attributable to ordinary equity holders of the parent	422,788	472,382
Preference share capital	2,923	2,923
	<hr/>	<hr/>
Total equity	425,711	475,305
	<hr/>	<hr/>
Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	191,893	184,648
Claims outstanding	740,784	800,756
	<hr/>	<hr/>
	932,677	985,404
	<hr/>	<hr/>
Other provisions	11,615	13,492
Subordinated debt	49,662	49,603
Lease liabilities	4,600	5,349
Deferred taxation liability	-	2,761
Current taxation liability	2,399	6,437
Payables	46,327	41,657
	<hr/>	<hr/>
Total liabilities	1,047,280	1,104,703
	<hr/>	<hr/>
Total equity and liabilities	1,472,991	1,580,008
	<hr/>	<hr/>

FBD Holdings plc
Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022

	2022 €000s	2021 €000s
Cash flows from operating activities		
Profit before taxation	73,723	110,435
Adjustments for:		
Movement on investments held for trading	16,321	(10,839)
Movement on investments available for sale	2,955	2,429
Interest and dividend income	(11,510)	(8,106)
Depreciation / amortisation of property, plant and equipment, intangible assets and policy administration system	13,239	18,012
Depreciation of right of use asset	788	790
Share-based payment expense	2,681	2,650
Fair value movement on investment property	1,003	996
Fair value movement of property, plant and equipment	287	(937)
	<hr/>	<hr/>
Operating cash flows before movement in working capital	99,487	115,430
Movement in insurance contract liabilities	5,448	(66,720)
Movement in other provisions	(1,877)	1,425
Movement in receivables and deferred acquisition costs	(2,809)	5,460
Movement in payables	7,353	(394)
Interest on lease liabilities	216	236
Purchase of investments held for trading	(25,312)	(58,432)
Sale of investments held for trading	13,573	48,653
	<hr/>	<hr/>
Cash generated from operations	96,079	45,658
Interest and dividend income received	10,998	8,620
Income taxes paid	(12,603)	(75)
	<hr/>	<hr/>
Net cash generated from operating activities	94,474	54,203
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of available for sale investments	(238,126)	(210,499)
Sale of available for sale investments	203,750	166,034
Purchase of property, plant and equipment	(1,288)	(1,273)
Additions to policy administration system	(4,566)	(4,685)
Purchase of intangible assets	(6,987)	(5,398)
Movement in loans and advances	(3)	24
Maturities of deposits invested with banks	-	40,000
Additional deposits invested with banks	(10,000)	-
	<hr/>	<hr/>
Net cash used in investing activities	(57,220)	(15,797)
	<hr/>	<hr/>
Cash flows from financing activities		
Ordinary and preference dividends paid	(35,870)	-
Interest payments on subordinated debt	(2,500)	(2,500)
Principal elements of lease payments	(965)	(962)
	<hr/>	<hr/>
Net cash used in financing activities	(39,335)	(3,462)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,081)	34,944
Cash and cash equivalents at the beginning of the year	164,479	129,535
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	162,398	164,479

FBD Holdings plc
Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2022

	Called up share capital presented as equity	Capital reserves	Revaluation reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2021	21,409	24,756	978	336,838	383,981	2,923	386,904
Profit after taxation	-	-	-	96,409	96,409	-	96,409
Other comprehensive expense after taxation	-	-	(226)	(10,432)	(10,658)	-	(10,658)
Total comprehensive (expense)/income for the year	-	-	(226)	85,977	85,751	-	85,751
Recognition of share based payments	-	2,650	-	-	2,650	-	2,650
Balance at 31 December 2021	21,409	27,406	752	422,815	472,382	2,923	475,305
Profit after taxation	-	-	-	64,454	64,454	-	64,454
Other comprehensive income / (expense) after taxation	-	-	3	(80,862)	(80,859)	-	(80,859)
Total comprehensive income / (expense) for the year	-	-	3	(16,408)	(16,405)	-	(16,405)
Dividends paid and approved on ordinary and preference shares	-	-	-	(35,870)	(35,870)	-	(35,870)
Issue of ordinary shares*	174	105	-	(279)	-	-	-
Recognition of share based payments	-	2,681	-	-	2,681	-	2,681
Balance at 31 December 2022	21,583	30,192	755	370,258	422,788	2,923	425,711

*In April 2022 new ordinary shares were allotted to employees of FBD Holdings plc as part of the performance share awards scheme in 2019. A total of 290,078 ordinary shares were issued at a nominal value of €0.60 each. The adjustment to ordinary share capital was €174,000. The movement on the capital reserves of €105,000 relates to the share premium reserve movement of €2,669,000 net of share based payments reserve movement of €2,564,000. The adjustment to retained earnings was €279,000.

FBD Holdings plc
Supplementary Information
For the year ended 31 December 2022

Note 1 UNDERWRITING PROFIT

	2022 €000s	2021 €000s
Gross premium written	382,889	366,328
Net premium earned	335,854	334,247
Net claims incurred	(145,807)	(123,538)
Other provisions	(8,403)	(22,143)
Net underwriting expenses	(95,962)	(93,369)
Underwriting profit	85,682	95,197

	2022 €000s	2021 €000s
Net underwriting expenses		
Management expenses	96,021	92,308
Deferred acquisition costs	(3,061)	(1,380)
Gross underwriting expenses	92,960	90,928
Reinsurance commission receivable	(4,329)	(3,864)
Broker commission payable	7,331	6,305
Net underwriting expenses	95,962	93,369

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 2 EARNINGS PER €0.60 ORDINARY SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders is based on the following data:

Earnings	2022 €000s	2021 €000s
Profit for the year for the purpose of basic earnings per share	<u>64,172</u>	<u>96,127</u>
Profit for the year for the purpose of diluted earnings per share	<u>64,172</u>	<u>96,127</u>
Number of shares	2022 No.	2021 No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	<u>35,507,806</u>	<u>35,138,959</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	<u>36,424,983</u>	<u>35,930,762</u>
	Cent	Cent
Basic earnings per share	<u>181</u>	<u>274</u>
Diluted earnings per share	<u>176</u>	<u>268</u>

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation.

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:

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 2 EARNINGS PER €0.60 ORDINARY SHARE (continued)

	2022	2021
	€000s	€000s
Profit attributable to the parent entity for the year	64,454	96,409
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% noncumulative preference shares of €0.60 each	(113)	(113)
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	(169)	(169)
Profit for the year for the purpose of calculating basic and diluted earnings	64,172	96,127

The below table reconciles the weighted average number of ordinary shares used as the denominator in calculating basic earnings per share to the weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share including the individual effect of each class of instruments that affects earnings per share:

	2022	2021
	No.	No.
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	35,507,806	35,138,959
Potential vesting of share based payments	917,177	791,803
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	36,424,983	35,930,762

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 3 DIVIDENDS

	2022	2021
	€000s	€000s
Paid during year:		
2021 dividend of 8.4 cent (2020: 0.0 cent) per share on 14% non-cumulative preference shares of €0.60 each	113	0
2021 dividend of 4.8 cent (2020: 0.0 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	0
2021 final dividend of 100.0 cent (2020: 0.0 cent) per share on ordinary shares of €0.60 each	35,588	0
Total dividends paid	35,870	0
	2022	2021
	€000s	€000s
Proposed:		
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	113	113
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	169
2022 final dividend of 100.0 cent (2021: 100.0 cent) per share on ordinary shares of €0.60 each	35,588	35,297
Total dividends proposed	35,870	35,579

The proposed dividend excludes any amounts due on outstanding share awards as at 31 December 2022 that are due to vest in April 2023 and is subject to approval by shareholders at the AGM on 11 May 2022. The proposed dividends have not been included as a liability in the Consolidated Statement of Financial Position as at 31 December 2022.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 4 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2022 €000s	2021 €000s
(i) Ordinary shares of €0.60 each			
Authorised:			
At the beginning and the end of the year	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>
Issued and fully paid:			
At the beginning of the year	35,461,206	21,277	21,277
Issued during the year	<u>290,078</u>	<u>174</u>	<u>-</u>
At the end of the year	<u>35,751,284</u>	<u>21,451</u>	<u>21,277</u>
(ii) 'A' Ordinary shares of €0.01 each			
Authorised:			
At the beginning and the end of the year	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>
Issued and fully paid:			
At the beginning and the end of the year	<u>13,169,428</u>	<u>132</u>	<u>132</u>
Total – issued and fully paid		<u>21,583</u>	<u>21,409</u>

The 'A' ordinary shares of €0.01 each are non-voting. They are non-transferable except only to the Company. Other than a right to a return of paid up capital of €0.01 per 'A' ordinary share in the event of a winding up, the 'A' ordinary shares have no right to participate in the capital or the profits of the Company.

The holders of the two classes of non-cumulative preference shares rank ahead of the two classes of ordinary shares in the event of a winding up. Before any dividend can be declared on the ordinary shares of €0.60 each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of €0.60 each held as treasury shares at the beginning (and the maximum number held during the year) was 164,005 (2021: 408,744). No ordinary shares were reissued from treasury during the year under the FBD Performance Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 164,005 (2021: 164,005). This represented 0.5% (2021: 0.5%) of the shares of this class in issue and had a nominal value of €98,403 (2021: €98,403). There were no ordinary shares of €0.60 each purchased by the Company during the year.

The weighted average number of ordinary shares of €0.60 each in the earnings per share calculation has been reduced by the number of such shares held in treasury.

All issued shares have been fully paid.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 5 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc and FBD Trust Company Ltd have a substantial shareholding in the Group at 31 December 2022. Details of their shareholdings and related party transactions are set out in the Annual Report.

Both companies have subordinated debt investment in the Group. Farmer Business Developments holds a €21.0m investment and FBD Trust Ltd holds a €12.0m investment. During 2022 interest payments of €1.1m and €0.6m were made to Farmer Business Developments plc and FBD Trust Company Ltd respectively. Please refer to note 26 for further details.

At 31 December 2022 the intercompany balances with other subsidiaries was €5,867,000 (2021: €3,739,000).

For the purposes of the disclosure requirements of IAS 24, the term “*key management personnel*” (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and Company Secretary of FBD Holdings plc and the Group’s primary subsidiary, FBD Insurance plc and the members of the Executive Management Team.

The remuneration of key management personnel (“KMP”) during the year was as follows:

	2022	2021
	€000s	€000s
Short term employee benefits ¹	4,730	4,131
Post-employment benefits	275	262
Share based payments	1,386	1,346
	<hr/>	<hr/>
Charge to the Consolidated Income Statement	6,391	5,739
	<hr/>	<hr/>

¹Short term benefits include fees to Non-Executive Directors, salaries and other short-term benefits to all key management personnel.

Full disclosure in relation to the 2022 and 2021 compensation entitlements and share awards of the Board of Directors is provided in the Annual Report.

At 31 December 2022 KMP had loans to the value of €19,085 with the Group (December 2021: €18,000). KMP loans with the Group did not exceed these values at any stage during the year.

In common with all shareholders, Directors received payments/distributions related to their holdings of shares in the Company during the year, amounting in total to €49,939 (2021: €0).

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

Note 6 SUBSEQUENT EVENTS

There have been no subsequent events which would have a material impact on the Financial Statements.

Note 7 GENERAL INFORMATION AND ACCOUNTING POLICIES

The financial information set out in this document does not constitute full statutory Financial Statements for the years ended 31 December 2022 or 2021 but is derived from same. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, applicable Irish law and the listing Rules of Euronext Dublin, the Financial Conduct Authority and comply with Article 4 of the EU IAS Regulation.

The 2022 and 2021 Financial Statements have been audited and received unqualified audit reports.

The 2022 Financial Statements were approved by the Board of Directors on 9 March 2023.

The Consolidated Financial Statements are prepared under the historical cost convention as modified by the revaluation of property, investments held for trading, available for sale investments and investment property which are measured at fair value.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

ALTERNATIVE PERFORMANCE MEASURES (unaudited) (APM's)

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 refers to the premium on insurance contracts entered into during the year and is widely used across the general insurance industry.

The calculation of the APM's is based on the following data:

	2022 €000s	2021 €000s
Loss ratio		
Net claims and benefits	145,807	123,538
Movement in other provisions	8,403	22,143
Total claims incurred	154,210	145,681
Net premium earned	335,854	334,247
Loss ratio (Total claims incurred/Net premium earned)	45.9%	43.6%
Expense ratio		
Other underwriting expenses	95,962	93,369
Net premium earned	335,854	334,247
Expense ratio (Underwriting expenses/Net premium earned)	28.6%*	27.9%*
* excluding the accelerated amortisation of the policy administration system of €2,460,000, the Expense Ratio would be 27.8% (2021: €5,884,000, 26.1%)		
Combined operating ratio		
Loss ratio	45.9%	43.6%
Expense ratio	28.6%	27.9%
Combined operating ratio (Loss ratio + Expense ratio)	74.5%	71.5%

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

ALTERNATIVE PERFORMANCE MEASURES (unaudited) (APM's) (continued)

	2022 €000s	2021 €000s
Investment return		
Investment return recognised in Consolidated Income Statement	(10,413)	15,679
Investment return recognised in Consolidated Statement of Comprehensive Income	(90,142)	(12,202)
Total investment return	(100,555)	3,477
Average investment assets	1,169,411	1,185,036
Investment return % (Total investment return/Average investment assets)	-8.6%	0.3%
Net asset value per share	2022 €000s	2021 €000s
Shareholders' funds - equity interests	422,788	472,382
Number of shares	35,587,279	35,297,201
Number of ordinary shares in issue (excluding treasury)	Cent	Cent
Net asset value per share (NAV) (Shareholders funds / Closing number of ordinary shares)	1,188	1,338
Return on equity		
Weighted average equity attributable to ordinary equity holders of the parent	447,585	428,182
Result for the year	64,454	96,409
Return on equity (Result for the year/Weighted average equity attributable to ordinary equity holders of the parent)	14%	23%
Underwriting result		
Net premium earned	335,854	334,247
Net claims and benefits	(145,807)	(123,538)
Other underwriting expenses	(95,962)	(93,369)
Movement in other provisions	(8,403)	(22,143)
Underwriting result	85,682	95,197

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

Expense ratio: Underwriting and administrative expenses as a percentage of net earned premium.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2022

ALTERNATIVE PERFORMANCE MEASURES (unaudited) (APM's) (continued)

Loss ratio: Net claims incurred as a percentage of net earned premium.

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

Underwriting result: Net premium earned less net claims and benefits, other underwriting expenses and movement in other provisions.