FBD HOLDINGS PLC
Half yearly Report
For the Six Months ended 30 June 2022

KEY HIGHLIGHTS

- Profit Before Tax of €19m compared to €22m in 2021.
- GWP of €193m increased by 3.3% on prior year (excluding impact of Covid-19 related rebates) and policy count increased by 3.1%.
- Retention levels of existing business are at their highest level in 5 years.
- Average premium is flat across the portfolio with Private Motor down 8%.
- Strong underwriting performance with Combined Operating Ratio of 79% including reserve releases of €19m.
- Negative investment returns through the Income Statement of -€15m and through Other Comprehensive Income of -€64m due to significant interest rate rises and associated market volatility.
- Our capital position remains strong with a Solvency Capital Ratio of 209% (unaudited) compared to 213% at 31 December 2021. 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.
- Return on Equity of 8%.
- The Covid-19 Business Interruption best estimate reduced by €1m to €43m net of reinsurance since year-end 2021.
- Silver accreditation achieved from Investors in Diversity Ireland as we continue our D&I journey.
- Winner of the European Sponsorship Award for Best Sport Sponsorship (< €1m) for Team Ireland.

FINANCIAL SUMMARY

	30 Jun 2022 €000s	30 Jun 2021 €000s
Gross written premium	**192,638**	**181,433**
Underwriting profit	**34,544**	**13,022**
Profit before taxation	**18,927**	**21,991**
Loss ratio	**52.1%**	**66.3%**
Expense ratio	**26.9%**	**25.7%**
Combined operating ratio	**79.0%**	**92.0%**
	Cent	**Cent**
Basic earnings per share	**47**	**55**
Net asset value per share	**1,129**	**1,137**

- Gross Written Premium (GWP) €193m (2021: €181m) increased by 3.3% excluding €5m of pandemic related premium rebates in 2021. Written policy count increased by 3.1%.
- Underwriting profit of €35m (2021: profit of €13m), equating to a COR of 79% (2021: 92%), due to positive claims frequency and severity trends, benign weather and reserve releases of €19m.
- A difficult start to the year for both equity and fixed income investments has resulted in a loss through the Income Statement of -€15m (2021: €10m). Significant interest rate increases and spread widening has reduced bond valuations and led to negative mark to market (MTM) returns of -€64m (2021: -€5m) through Other Comprehensive Income (OCI).

- Expense ratio of 26.9% (2021: 25.7%), the increase primarily reflects increased staff costs and a higher inflationary environment in 2022.
- Net Asset Value per share 1,129 cent has reduced from 1,338 cent at the end of 2021 as investment losses and the dividend payment made in May have reduced net assets.

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

"I am pleased to report a profit for the first half of 2022. Our focus has been on driving value for our stakeholders and we have made positive progress against this. This is despite the difficult economic backdrop as investment volatility impacts our results. Investment markets had an exceptionally challenging first six months to the year, the increase in inflation and resultant higher interest rates is impacting our returns and reducing the valuation of the FBD bond portfolio. Spreads have also widened which increased bond yields further. A positive side to this is the higher reinvestment yields that will now be available to us in the future.

The Personal Injury Guidelines appear to be having the desired effect of lowering costs for minor injury claims justifying the premium reductions given to our customers. We await the outcome of the remaining challenges to the Guidelines and their application by the courts.

A further hearing is scheduled in our Business Interruption test case in November 2022 to determine the quantification of partial losses in respect of the bar counter and the treatment of Government subsidies.

Our strategic focus on our customers continues as we consider new propositions for loyal customers and to improve our customer experience supported by technology. Research continues to show that customers are loyal for many reasons including our excellent claims experience and value led propositions. We really appreciate the loyalty of our customers and want to continue to deliver increased value for those who stay with us and encourage new customers to switch for value and service.

FBD's success is dependent on our people including our Claims, Local Offices and Mullingar Service Centre employees who continue to provide incredible personal service to our customers, supported by Head Office. In many cases hybrid working has become a feature of our lives and I would like to thank all our employees who continue to put our customers at the heart of what we do.

The economic conditions in general are challenging as our customers and all businesses face higher inflation impacting purchasing power and more subdued growth rates. Inflation is feeding into the cost of settlement of Motor Damage and Property claims. Market risk will remain high for the foreseeable future, although we expect to benefit from higher yields on bond reinvestment.

It is testament to the great work of our people that customer policy numbers are increasing as we build on our strong customer base and drive more value from the business. There are opportunities and challenges ahead as we tackle increasing inflation and a more challenging economic environment. I am thankful for a supportive Board and strong Executive Management Team with the requisite skills and ambition to deliver on our strategic goals on behalf of all our stakeholders including our employees and customers."

A presentation will be available on our Group website www.fbdgroup.com from 9.00 am 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	UK Listing 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 €18.9m (2021 profit: €22.0m), supported by a strong underwriting performance due to positive claims frequency and severity trends, reserve releases of €19.4m and benign weather, offset by negative investment returns of €15.2m.

The Group reported an underwriting profit of €34.5m (2021 profit: €13.0m) and GWP of €192.6m (2021: €181.4m) which is 3% higher than prior year when the pandemic related premium rebates are excluded.

A Business Interruption hearing in the test case is scheduled for November 2022 to determine the quantification of partial losses in respect of the bar counter and the treatment of Government subsidies. The net best estimate in respect of Business Interruption reduced by €1m to €43m since year-end 2021.

UNDERWRITING

Premium income

Gross written premium (excluding rebates) was 3.3% higher than 2021 levels as written policy count increased by 3.1% with average premiums remaining relatively flat. GWP was €192.6m (2021: €181.4m). Commercial customers' Covid-19 related rebates of €4.8m were deducted from 2021 premium and reflected reduced risk exposure while businesses were closed. Retention rates for customers marginally increased despite competitive market challenges, reaching another five year high.

Average premium remained relatively flat across the portfolio. Private Motor average premium reduced by 8.1% and Commercial Motor reduced by 3.3% reflecting the expected reduction in claims costs as a result of the new Personal Injury Guidelines and an improvement in underlying claims experience. Commercial Business average premium increased 6.2% and Farm average premium increased by 2.2% as a result of increases in property elements as sums insured increased due to inflation in construction costs, offset by the expected reduction in claims costs as a result of the new Personal Injury Guidelines. Commercial customers increased their liability cover as trading conditions improved following the pandemic and this positively impacted average premium. Average Tractor premium increased by 5.0% due to a higher proportion of newer tractors and the increasing value of existing tractors. The increase in Home average premium was contained at 2.4% despite increasing sums insured due to inflation.

Reinsurance

The reinsurance programme for 2022 was successfully renegotiated with a similar structure to the expiring programme. The negotiation of the 2022 renewal reflects market rate increases that incorporate recent global events and overall we saw an increase in reinsurance rates of 7%.

Claims

Net claims incurred (Figure includes net claims and benefits plus movements in Other provisions lines) reduced by €21.9m to €85.6m (2021: €107.5m) with the main changes relating to reserve releases of €19.4m (2021: €7.2m) and no requirement for a consequential payments provision in 2022 (2021: €13.4m).

Claims volumes overall increased 5% year on year and injury notifications increased in line with this. Motor damage notifications increased in 2022 by 29% as traffic volumes have returned to pre-Covid levels, more policyholders have taken out comprehensive cover and inflation on parts and labour is increasing the cost of repair which we believe is encouraging more people to claim as opposed to paying for the repair outside of their insurance. Excluding Business Interruption claims, Property damage claims notifications are in line with the 2021 experience.

The average cost of injury claims settlements continues to be slightly lower than that experienced pre-Covid. This is due to a change in the mix of settled cases which has been affected by a backlog of cases in the courts system and the slowdown in settlements related to the ongoing legal challenges to the introduction of the Personal Injury Guidelines. Claims being settled under the new guidelines are approximately 40% lower in value when compared to the previous Book of Quantum. We have reflected the impact of this in premium reductions. However, the level of acceptance of Personal Injuries Assessment Board (PIAB) awards continues to be significantly lower than the acceptance rate prior to the introduction of the guidelines. This means that more claims may now go through the courts system which would have an adverse impact of increasing compensation and legal costs. It has yet to be seen what impact the new guidelines will have on claims settled after the PIAB process has been completed and with the current legal challenges it may take a number of years for the full effect of the new guidelines to be known.

The average cost of property claims increased by 17% due to a change in mix and inflation, with further inflation expected on domestic building costs. Motor damage claims costs continue to experience high inflation with an increase of 12% in the last 12 months as costs of parts, paint and average labour hours per repair increase.

Movement in other provisions reduced by €13.3m to €5.2m (2021: €18.5m), the reduction primarily relates to the additional provision required in 2021 of €13.4m for FSPO consequential payments. 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

Two separate court challenges to the Personal Injury Guidelines have been dismissed. The Judge dismissed the challenge in the case of Bridget Delaney v PIAB on all grounds. In the second challenge the Judge indicated there is no express term in the guidelines themselves that requires a written explanation of the rationale of arriving at a PIAB decision. There are still a number of challenges over the constitutionality of the laws underpinning the guidelines that are due before the courts. Whatever the outcome they are likely to be appealed due to the novelty of the constitutional issues involved. We continue to experience a build-up of older, higher value injury claims as a result of slowdowns although backlogs in the courts are reducing in 2022.

The recommendations from the public consultation on the personal injury discount rate in the Republic of Ireland which started in June 2020 are still not available and the outcome of the review will now need to consider the higher interest rate environment that exists.

Final regulations in respect of Differential Pricing were issued in March 2022 with material changes from the original consultation paper including an extension of the definition of customers in scope. All planned changes for compliance with price walking elements were delivered in time for the 1st July deadline. Work is ongoing to finalise auto-renewals elements and finalise the pricing practice review process. We are actively monitoring the impact of the changes on our portfolio.

FBD continues to review all contracts of insurance to ensure we have the wording enhancements and clarity of coverage required following the enactment of the Consumer Insurance Contracts Act 2019.

IFRS 17 is the new insurance accounting standard that will come into effect from 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. FBD will disclose the transitional impact of IFRS 17 in the year-end 2022 financial statements.

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

- The next phase of the **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 and introduce legislation to require sharing of additional data on insured vehicles and drivers with Regulatory Authorities through MTPL.
- The **Motor Insurance Directive (MID)** primarily deals with the scope of compulsory insurance broadening the potential scenarios where RTA cover will apply.

- **Amendment to Occupiers Liability Act 1995** broadens the circumstances in which an occupier may be relieved of liability.
- The **Insurance (Miscellaneous Provisions) Bill** aims is to give effect to a number of measures in primary legislation and amend existing legislation to address certain insurance-related issues.
- A new provision for disclosure of information under the **Consumer Contracts of Insurance Act (CICA)** introduces a requirement on Insurers/Consumers to exchange expert reports that either support or prejudice the validity of a claim within 60 days.

<u>Weather, Claims Frequency and Large Claims</u>
No significant weather events of note occurred in the first six months of 2022.

2020 and 2021 saw a significant reduction in frequency of injury claims due to lockdowns arising from Covid-19. Injury claims frequency continues to remain below pre Covid-19 levels as a large part of the countries workforce continue to work from home for at least part of the week.

Large injury claims, defined as a value greater than €250k, notified to date in 2022 are slightly higher than the average of previous pre-Covid years.

<u>Expenses</u>
The Group's expense ratio was 26.9% (2021: 25.7%). Other underwriting expenses were €44.3m which is higher than the previous year reflecting the inflationary environment in relation to employee costs, utility costs and IT expenditure.

GENERAL

FBD's Combined Operating Ratio ("COR") was 79.0% (2021: 92.0%) generating an underwriting profit of €34.5m (2021: profit of €13.0m).

<u>Investment Return</u>

FBD's actual investment return for the first six months of 2022 was -6.6% (2021: 0.45%). -1.3% (2021: 0.9%) is recognised in the Consolidated Income Statement and -5.3% (2021: -0.45%) in the Consolidated Statement of Other Comprehensive Income (OCI). Bond valuations were significantly impacted by the rising interest rate environment in the first six months of 2022 which led to the large negative movement through the OCI. Interest rates rose as central banks tried to control the rate of inflation which has risen to multi decade highs in many developed market countries. This has been exacerbated by the energy crisis, particularly impacting Europe, which was caused by the Russian invasion of Ukraine.

The last three months also saw corporate bond spreads widen as the outlook for the global economy deteriorated and fears of recession grew. This has contributed to the negative OCI figure for the bond portfolios and also to negative returns through the Income Statement for those risk assets which have a spread risk component e.g. high yield bonds and emerging market debt. Equity markets fared little better as the outlook for global growth deteriorated and effects of inflation and rising rates took its toll. Both US and European market benchmarks were down roughly 20% putting them in bear market territory. FBD's equity fund which tracks a world index was down by roughly the same percentage and its sustainable equity fund underperformed due to its lack of exposure to the energy sector (the one sector to outperform in the year to date). FBD had very minor exposure, c. €1m, to Russian securities through its Emerging Market funds prior to the invasion of Ukraine which has now been largely written down to zero.

<u>Financial Services</u>
The Group's financial services operations returned a profit before tax of €0.9m for the period (2021: loss of €0.1m). Revenue increased by €0.8m reflecting improved direct debit income and an increase in Life and Pensions commission reported relative to 2021. FBD Holding Company costs reduced by €0.1m to €3.1m.

Profit per share
The diluted profit per share was 46 cent per ordinary share, compared to a profit of 53 cent per ordinary share in 2021.

STATEMENT OF FINANCIAL POSITION

Capital position
Ordinary shareholders' funds at 30 June 2022 amounted to €401.8m (December 2021: €472.4m). The decrease in shareholders' funds is driven by the following:

- Profit after tax for the half year of €16.5m;
- An increase of €1.2m due to share based payments;
- An increase in the defined benefit pension scheme surplus of €3.4m after tax;
- Dividend payments of €35.9m; and
- Mark to market losses on Available for Sale investments of €55.8m after tax.

Net asset value per ordinary share is 1,129 cent, compared to 1,338 cent per share at 31 December 2021.

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. 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 €25m cash in corporate bonds and other 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 (43% vs 47% at 31 December 2021).

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

	30 June 2022		31 December 2021	
	€m	%	€m	%
Corporate bonds	566	49%	589	49%
Government bonds	286	25%	303	25%
Deposits and cash	160	14%	164	14%
Other risk assets	90	8%	88	7%
Equities	40	3%	50	4%
Investment property	16	1%	16	1%
	1,158	100%	1,210	100%

Solvency
The half year Solvency Capital Ratio (SCR) is 209% (unaudited). The audited Solvency Capital Ratio (SCR) at 31 December 2021 was 213%. FBD holds fixed income assets which are well matched to its liabilities and this has mitigated the impact on the Solvency Capital Ratio from lower investment valuations. Claims liabilities reduced as they are discounted under Solvency II at risk free rates, which are now higher and offset the reduction in bond valuations. The underwriting profit and reduced market risk charge also positively impacted the SCR. 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 18 to 25 of the Group's Annual Report for the year ended 31 December 2021 and continue to apply to the six month period ended 30 June 2022. In the recent period most developed economies, including Ireland, are experiencing higher inflation than was previously evident. This is impacting operational costs, the cost of Motor Damage and Property claims and has the potential to impact the cost of injury claims. In addition there has been increased volatility in investment markets which has resulted in negative returns and has increased market risk.

The claims environment has been experiencing delays in the settlement of claims due to continuing court backlogs albeit reducing, and the reluctance of claimants to settle claims until the Personal Injury Guidelines challenges have been heard. As a result a higher degree of uncertainty still exists in the environment as the claims payment patterns and average settlement costs from the pandemic years are a less reliable future indicator and must be carefully considered by the Actuarial function when arriving at claims projections.

The Russian invasion of Ukraine has had no direct impact on the business of the Group other than the minor exposure to Russian securities noted in the Investment return above. The knock on impact on energy costs is driving increased general inflation. 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 in respect of the High Court and Circuit Court have significantly increased in the last twelve months. The increase is in respect of the proportion of cases settled with plaintiff costs in higher bands and we will be watching this trend closely.

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 209% (31 December 2021: 213%).

The next Business Interruption hearing is scheduled for November 2022. The two macro issues remaining are the quantification of partial closure losses in respect of the bar counter and whether FBD is correct in deducting Government subsidies from claims settlements.

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.

Rising inflation in developed markets has led to increasing risk free interest rates. A risk remains as to how high inflation will go and to the policy response in order to control it. 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 and currently holds a higher allocation to short-term cash and corporate bonds in order to meet future expected claims. 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 7.

As employment reaches the highest level in the history of the state, attracting and retaining a talented workforce is an on-going challenge for all businesses. FBD continue to support employee engagement through flexible working, wellbeing initiatives and continuous development opportunities to differentiate ourselves in the recruitment and retention of our employees.

OUTLOOK

The economic outlook in 2022 and beyond is now more challenging given the headwinds of higher inflation resulting in higher interest rates and more moderate growth rates.

The early indications are the Personal Injury Guidelines have reduced awards justifying the reduced premiums charged to customers. Challenges to the Personal Injury Guidelines have so far been dismissed although a number of challenges have yet to be heard in court and along with the concern around the adoption of the guidelines by the Judiciary with the full impact being unclear. PIAB acceptance rates and claims going through the system have reduced as claimants await the outcome of the challenges.

Differential pricing requirements are in place since 1 July 2022, although 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.

Insurance companies have struggled over the last decade to generate meaningful income on their bond portfolios and the increase in interest rates means that the income projections on the bond portfolio have increased for the years ahead.

Sustainability is brought into more focus as we continue our journey of integration into the business. Our Governance is in place and we are working towards target setting and metric development as we consider the multiple reporting and disclosure requirements. It will take time to fully embed and some elements will be easier to integrate than others. FBD always has a strong Social focus supporting employee engagement, the communities we work and live in and Diversity and Inclusion. The Environmental metrics and disclosures are less developed as we assess exactly what our targets should be and how we aim to achieve them.

There are always new challenges to face as a business and higher inflation with the knock on impact on interest rates affects the business, our customers and our employees. FBD provides value to our customers through excellent customer service and products providing the basis for growth. We continue to evolve our offerings while keeping the customer at the heart of what we do with the support of our dedicated employees.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2022

	Notes	**Half year ended 30/06/22 (unaudited) €000s**	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Revenue	3	**204,957**	191,545	386,661
Income				
Gross written premium		**192,638**	181,433	366,328
Reinsurance premium		**(20,101)**	(16,319)	(32,652)
Net written premium		**172,537**	165,114	333,676
Change in net provision for unearned premiums		**(8,071)**	(2,868)	571
Net premium earned		**164,466**	162,246	334,247
Net investment return		**(15,227)**	10,324	15,679
Financial services income – Revenue from contracts with customers		**1,752**	1,127	2,930
– Other financial services income		**2,233**	2,038	4,375
Total income		**153,224**	175,735	357,231
Expenses				
Net claims and benefits	4 (iii)	**(80,370)**	(88,980)	(123,538)
Other underwriting expenses	4	**(44,311)**	(41,728)	(93,369)
Movement in other provisions		**(5,241)**	(18,516)	(22,143)
Financial services and other costs		**(3,103)**	(3,248)	(6,138)
Impairment of property, plant and equipment		**-**	-	937
Finance costs		**(1,272)**	(1,272)	(2,545)
Profit before taxation		**18,927**	21,991	110,435
Income taxation charge		**(2,379)**	(2,738)	(14,026)
Profit for the period		**16,548**	19,253	96,409
Attributable to:				
Equity holders of the parent		**16,548**	19,253	96,409

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2022

	Notes	Half year ended 30/06/22 (unaudited)	Half year ended 30/06/21 (unaudited)	Year ended 31/12/21 (audited)
Earnings per share		**Cent**	Cent	Cent
Basic	**7**	**47**	55	274
Diluted	**7**	**46**[1]	53[1]	268[1]

[1] 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
For the half year ended 30 June 2022

	Half year ended 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Profit for the period	**16,548**	19,253	96,409
Items that will or may be reclassified to profit or loss in subsequent periods:			
Movement on available for sale assets	**(63,984)**	(4,682)	(11,169)
Movement transferred to the Consolidated Income Statement on disposal during the period	**77**	(718)	(1,033)
Taxation credit relating to items that will or may be reclassified to profit or loss in subsequent periods	**7,988**	675	1,525
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial movement on retirement benefit obligations	**3,899**	(849)	280
Property held for own use revaluation movement	**-**	-	4
Taxation charge relating to items not to be reclassified in subsequent periods	**(487)**	(124)	(265)
Other comprehensive expense after taxation	**(52,507)**	(5,698)	(10,658)
Total comprehensive (expense)/income for the period	**(35,959)**	13,555	85,751
Attributable to:			
Equity holders of the parent	**(35,959)**	13,555	85,751

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2022

ASSETS	Notes	30/06/22 (unaudited) €000s	30/06/21 (unaudited) €000s	31/12/21 (audited) €000s
Property, plant and equipment		**23,439**	23,899	24,178
Policy administration system		**27,081**	35,287	27,982
Intangible assets		**10,074**	7,340	9,031
Investment property		**16,053**	17,054	16,055
Right of use asset		**4,683**	5,245	5,078
Loans		**537**	650	577
Deferred taxation asset		**4,739**	-	-
Financial assets				
Available for sale investments		**853,025**	859,091	893,715
Investments held for trading		**130,363**	134,223	137,547
Deposits with banks		**20,000**	10,000	-
		1,003,388	1,003,314	1,031,262
Reinsurance assets				
Provision for unearned premiums		**2,018**	1,741	1,711
Claims outstanding		**149,640**	162,469	195,249
		151,658	164,210	196,960
Retirement benefit surplus	**8**	**14,800**	10,000	10,901
Current taxation asset	**10**	**-**	4,602	-
Deferred acquisition costs		**36,976**	33,638	35,458
Other receivables		**67,685**	68,781	58,047
Cash and cash equivalents		**140,372**	166,832	164,479
Total assets		**1,501,485**	1,540,852	1,580,008

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2022

EQUITY AND LIABILITIES	Notes	30/06/22 (unaudited) €000s	30/06/21 (unaudited) €000s	31/12/21 (audited) €000s
Equity				
Called up share capital presented as equity	6	**21,583**	21,409	21,409
Capital reserves		**28,738**	25,786	27,406
Revaluation reserve		**752**	749	752
Retained earnings		**350,708**	350,622	422,815
Equity attributable to ordinary equity holders of the parent		**401,781**	398,566	472,382
Preference share capital		**2,923**	2,923	2,923
Total equity		**404,704**	401,489	475,305
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		**193,025**	188,115	184,648
Claims outstanding		**784,652**	819,118	800,756
		977,677	1,007,233	985,404
Other provisions	11	**10,618**	26,073	13,492
Subordinated debt		**49,632**	49,573	49,603
Lease liability		**4,974**	5,489	5,349
Deferred taxation liability	10	**-**	3,583	2,761
Current taxation liability	10	**13,520**	-	6,437
Payables		**40,360**	47,412	41,657
Total liabilities		**1,096,781**	1,139,363	1,104,703
Total equity and liabilities		**1,501,485**	1,540,852	1,580,008

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2022

	Half year ended 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Cash flows from operating activities			
Profit before taxation	**18,927**	21,991	110,435
Adjustments for:			
Movement on investments held for trading	**18,923**	(6,970)	(10,839)
Movement on investments available for sale	**1,687**	971	2,429
Interest and dividend income	**(5,895)**	(3,925)	(8,106)
Depreciation/amortisation of property, plant and equipment, intangible assets and policy administration system	**4,943**	5,434	18,012
Depreciation of right of use asset	**395**	390	790
Share-based payment expense	**1,227**	1,030	2,650
Fair value movement on investment property	**1**	(3)	996
Revaluation of property, plant and equipment	**-**	-	(937)
Operating cash flows before movement in working capital	**40,208**	18,918	115,430
Movement on insurance contract liabilities	**37,575**	(12,141)	(66,720)
Movement on other provisions	**(2,874)**	14,006	1,425
Movement on receivables and deferred acquisition costs	**(11,170)**	(3,817)	5,460
Movement on payables	**(18)**	3,963	(394)
Interest on lease liabilities	**106**	117	236
Purchase of investments held for trading	**(16,154)**	(36,628)	(58,432)
Sale of investments held for trading	**4,415**	26,306	48,653
Cash generated from operations	**52,088**	10,724	45,658
Interest and dividend income received	**5,909**	4,802	8,620
Income taxes received/(paid)	**4,706**	178	(75)
Net cash movement from operating activities	**62,703**	15,704	54,203
Cash flows from investing activities			
Purchase of available for sale investments	**(166,911)**	(93,452)	(210,499)
Sale of available for sale investments	**142,007**	91,868	166,034
Purchase of property, plant and equipment	**(453)**	(194)	(1,273)
Additions to policy administration system	**(2,021)**	(2,103)	(4,685)
Purchase of intangible assets	**(1,873)**	(2,756)	(5,398)
Movement on loans and advances	**40**	(49)	24
Maturities of deposits invested with banks	**(20,000)**	30,000	40,000
Net cash movement from investing activities	**(49,211)**	23,314	(15,797)
Cash flows from financing activities			
Ordinary and preference dividends paid	**(35,869)**	-	-
Interest payments on subordinated debt	**(1,250)**	(1,250)	(2,500)
Principal elements of lease payments	**(480)**	(471)	(962)
Net cash movement from financing activities	**(37,599)**	(1,721)	(3,462)
Movement in cash and cash equivalents	**(24,107)**	37,297	34,944
Cash and cash equivalents at the beginning of the period	**164,479**	129,535	129,535
Cash and cash equivalents at the end of the period	**140,372**	166,832	164,479

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2022

	Called up share capital presented as equity €000s	Capital Reserves €000s	Revaluation Reserve €000s	Retained earnings €000s	Attributable to Ordinary shareholders €000s	Preference share capital €000s	Total equity €000s
Balance at 1 January 2022	21,409	27,406	752	422,815	**472,382**	2,923	**475,305**
Profit after taxation	-	-	-	16,548	**16,548**	-	**16,548**
Other comprehensive expense	-	-	-	(52,507)	**(52,507)**	-	**(52,507)**
	21,409	27,406	752	386,856	**436,423**	2,923	**439,346**
Dividends paid and approved on ordinary and preference shares	-	-	-	**(35,869)**	**(35,869)**	-	**(35,869)**
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	752	350,708	**401,781**	2,923	**404,704**
Balance at 1 January 2021	21,409	24,756	978	336,838	**383,981**	2,923	**386,904**
Profit after taxation	-	-	-	19,253	**19,253**	-	**19,253**
Other comprehensive expense	-	-	(229)	(5,469)	**(5,698)**	-	**(5,698)**
	21,409	24,756	749	350,622	**397,536**	2,923	**400,459**
Recognition of share based payments	-	1,030	-	**-**	**1,030**	-	**1,030**
Balance at 30 June 2021	21,409	25,786	749	350,622	**398,566**	2,923	**401,489**

***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.

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 2022 does not constitute the statutory financial statements of the company;
- the statutory financial statements for the financial year ended 31 December 2021 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 2021; 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.

This half yearly financial report has not been audited but has been reviewed by the auditors of the Company.

Note 2 – 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.

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 2022 and projections for 2023 which reflect the latest assumptions used by the business. The economic environment may impact on premiums including potential reductions in exposures, new business and retention levels. An increase in traffic volumes to pre-pandemic levels may impact on claims frequency and severity. 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 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 as well as claims in relation to public house Business Interruption claims as they fall due. In addition the Group has a highly liquid investment portfolio with over 50% of the portfolio invested in corporate and sovereign bonds with a minimum A- rating. 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 2 – Accounting policies (continued)

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 policy
The accounting policies and methods of computation used by the Group to prepare the interim financial statements for the six month period ended 30 June 2022 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2021.

Standards adopted in the period
The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after 1 January 2022 has been assessed by the Directors and none have had or are expected to have a material effect for the Group.

Standards and interpretations not yet effective

IFRS 17	Insurance Contracts
IFRS 9	Financial instruments

Details about the Group's IFRS 17 and IFRS 9 joint project and key aspects of the impact were disclosed on pages 108 - 110 of the Group's Annual Report for the year ended 31 December 2021. The Group will adopt IFRS 17 and IFRS 9 from the effective date of 1st January 2023.

The 'build' phase of the programme is expected to be substantially completed by the end of the third quarter of 2022 allowing for appropriate testing and dry-running of models, technology and infrastructure and reporting processes in advance of 'go-live' on 1 January 2023. Testing of certain components of the Group's overall IFRS 17/IFRS 9 solution took place in the first half of 2022 and the key methodology and decision papers are expected to be completed in the fourth quarter of 2022.

Industry practice and interpretation of the standard are still developing, in particular, the approach to calculating the risk adjustment and the determination of the appropriate discount rate. As a result the Group has not finalised its risk adjustment methodology and discount rate and therefore the financial impact on transition remains uncertain. The impact in the period of initial application (i.e. 2023) of IFRS 17 and IFRS 9 will be affected by the Group's specific business and economic conditions at that date, the composition of its portfolios and circumstances which cannot be fully anticipated prior to the effective date. Refinement of the quantitative information for the opening balance sheet of the comparative period (i.e. 1 January 2022) is ongoing, however, the Group has the following expectations:

<u>IFRS 17</u>

- IFRS 17 requires a company to determine the level of aggregation for applying its requirements. FBD manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.

Note 2 – Accounting policies (continued)

IFRS 17 (continued)

- The Premium Allocation Approach under IFRS 17 is in line with the Group's current earnings methodology which means that gross earned premium is expected to be materially unchanged under IFRS 17. However 'Insurance Revenue' will now include interest on instalment premiums.

- Measurement of the liability for incurred claims, (previously claims outstanding and incurred but not reported claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability for incurred claims includes the Group's obligation to pay other incurred insurance expenses.

- IFRS 17 requires that non-attributable expenses are presented separately from the 'Insurance service result' within the profit or loss.

- Under IFRS 17 the Group's contribution to the Motor Insurers' Insolvency Compensation Fund and the Motor Insurers' Bureau of Ireland levy are not considered part of the cash flows within the boundary of the underlying contracts and are presented separately from the 'Insurance service result' within the profit or loss.

- In accordance with IFRS 17 reinsurance contracts held are presented separately from the expenses or income from insurance contracts issued. Re-instatement premiums contingent on claims on the underlying contracts are treated as part of the claims that are expected to be reimbursed under the reinsurance contracts held and were previously included within 'Net premium earned' under IFRS 4. Similarly ceded commission not contingent on claims on the underlying contracts are treated as a reduction in the premiums to be paid to the reinsurer and were previously included within 'Other underwriting expenses' under IFRS 4.

IFRS9

- Collective investment scheme assets held for trading are required to be classified as 'Fair value through Profit or Loss' (FVTPL) under IFRS 9. This is no different to current reporting under IAS 39 whereby assets are measured at fair value and all dividend income and other gains and/or losses are recognised in profit or loss.

- Under IFRS 9 classification of debt instruments is based on two criteria as follows:

    i. The business model criteria: How an entity manages bonds in order to generate cash flows—either by collecting contractual cash flows, selling the bonds or both.
    ii. Contractual cash flow characteristics criteria: Assessment as to whether the cash flows received are "Solely Payments of Principal and Interest" (SPPI) on the principal amount outstanding.

- The Group's quoted debt securities as at the opening balance sheet of the comparative period (i.e. 1 January 2022) are expected to pass the SPPI and be classified as 'Fair value through other comprehensive income' (FVOCI) as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. FVOCI is different to current reporting mainly in that there is a new requirement under IFRS 9 to recognise a loss allowance for expected credit losses in the income statement. Accumulated gains or losses on FVOCI investments are reclassified to the profit and loss account on liquidation similar to the current reporting treatment however recycling to the income statement is net of the expected credit losses under IFRS 9. The investments would be measured at fair value similar to current reporting.

Note 2 – Accounting policies (continued)

- Unquoted investments previously classified as 'Available for sale' under IAS 39 are expected to be classified as FVTPL under IFRS 9 as they are not expected to pass the SPPI test. This is different to current reporting as all income and other gains and/or losses are recognised in profit or loss.

- FBD intend to restate comparative information on the initial application of IFRS 9 and will apply the classification overlay approach with the amendment to the transition requirements in IFRS 17 issued by the IASB at the end of 2021.

KPIs

- The calculation of KPIs used under IFRS 4 will change assuming the same KPIs are reported. 'Gross earned premium' and 'Gross written premium' numbers are expected to be materially unaffected although they are no longer presented on the face of the statement of profit or loss. 'Net earned premium' will increase by the amount of any reinstatement premium incurred in the period and reduce by the ceded commission incurred therefore the denominator for the 'Expense ratio', 'Loss ratio' and 'Combined operating ratio' as currently calculated under IFRS 4 would change. Non-attributable expenses will not be included in the technical result and therefore the 'Expense ratio' is expected to reduce. The impact of introducing the new measurement model for claims including the exclusion of the Motor Insurers' Insolvency Compensation Fund and Motor Insurers' Bureau of Ireland levy from the underwriting result will flow through to the 'Loss ratio' and 'Combined operating ratio'. There will be a one off impact on transition on shareholders' funds, NAV and ROE when comparing IFRS 17 and IFRS 9 to IFRS 4 and IAS 39 results.

- FBD measures and calculates capital using the Standard Formula. The calculation of the Solvency II Capital Requirement (SCR) is not expected to be impacted on adoption of IFRS 17.

Additional disclosures required by IFRS 17 and IFRS 9, including quantitative information on the impact of transition, will be provided in the Group's Annual report for the year ended 31 December 2022.

Note 2 – Accounting policies (continued)

Summary of Key Accounting Choices under IFRS 17

	IFRS 17 Options	***Planned approach***	
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	FBD is eligible to apply the Premium Allocation Approach based on the fact that the insurance contracts issued have a duration of 12 months or less	IFRS 17.53
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year then insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all groups, insurance acquisition cash flows will be allocated to related groups of insurance contracts and amortised over the coverage period of the related group. This will avoid timing mismatches between revenue earnings patterns and the recognition of the associated expenses.	IFRS 17.59 (a) IFRS 17.28A, IFRS 17.B35A
Liability for Remaining Coverage (LFRC) adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	No allowance for interest accretion will be made as the premiums are received within one year of the coverage period.	IFRS 17.56
Liability for incurred claims (LFIC) adjusted for the time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	FBD will discount cash flows when calculating the Liability for Incurred Claims as the claims are typically open for longer than a 12 month duration.	IFRS 17.59 (b)
Insurance finance income and expense	There is an option to disaggregate part of the movement in the LFIC resulting from changes in discount rates and present this in Other comprehensive income (OCI).	The impact of LFIC from changes in discount rates will be captured within the OCI, in line with the accounting for assets backing the relevant product lines.	IFRS 17.88

Note 2 – Accounting policies (continued)

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.

Claims provisions
Claims provisions represent the estimation of the cost of claims outstanding under insurance contracts written. Actuarial techniques, based on statistical analysis of past experience, are used to calculate the estimated cost of claims outstanding at the period end.

Also included in the estimation of outstanding claims are factors such as the potential for inflation. Provisions for more recent claims make use of techniques that incorporate expected loss ratios and average claims cost (adjusted for inflation) and frequency methods. The average claims cost and frequency methods are particularly relevant when calculating the ultimate cost of claims for the 2020 and 2021 accident years as historic patterns have been distorted by Covid-19.

Following the Judgement issued in January 2022 FBD went into settlement talks with the plaintiffs but there remained a number of issues yet to be reconciled. It was agreed that two further macro issues would go before the Judge in November 2022. These are

- The quantification of "partial closure" losses; and
- The deduction of Government Subsidies and grants.

A ruling on these matters is not expected until early 2023 at the earliest.

FBD has now received information from approximately 600 public house policyholders in order to assess the claims and has been making interim payments based on these assessments. The continued increase in data provides more certainty in respect to a number of assumptions underlying the best estimate of the Business Interruption losses and will improve as the particulars of more claims are received.

The calculations are particularly sensitive to the estimation of the ultimate cost of claims for the particular classes of business and the estimation of future claims handling costs. Actual claims experience may differ from the assumptions on which the actuarial best estimate is based and the cost of settling individual claims may exceed that assumed.

As a result of the uncertainties noted, the Group sets provisions at a margin above the actuarial best estimate, inclusive of an amount specifically allocated to the Business Interruption estimate.

Note 2 – Accounting policies (continued)
Critical accounting estimates and judgements in applying accounting policies (continued)

Reinsurance assets
The Group spends substantial sums to purchase reinsurance protection from third parties and substantial claims recoveries from these reinsurers are included in the Statement of Financial Position at the reporting date. A reinsurance asset (reinsurers' share of claims outstanding and provision for unearned premium) is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported under insurance liabilities. The amount recoverable from reinsurers is initially valued on the same basis as the underlying claims provision. The amount recoverable is reduced when there is an event arising after the initial recognition that provides objective evidence that the Group may not receive all amounts due under the contract and the event has a reliably measurable impact on the expected amount that will be recoverable from the reinsurer.

To minimise default exposure, the Group's policy is that all reinsurers should have a credit rating of A- or better or have provided alternative satisfactory security.

The actual amount recovered from reinsurers is sensitive to the same uncertainties as the underlying claims. To the extent that the underlying claim settles at a lower or higher amount than that assumed this will have a direct influence on the associated reinsurance asset.

The uncertainty in respect of the reinsurance asset for Business Interruption is unchanged from year-end 2021 as the application of the reinsurance contract has been agreed with reinsurers for the expected impacted layers of the catastrophe program. Business Interruption as with all uncertainties, is assessed when the Group is considering the margin for uncertainty, being a provision held as an amount over the best estimate of claims liabilities net of expected reinsurance recoveries.

Uncertainties in impairment testing
As at the reporting date it is noted that the market capitalisation, that is the quoted share price multiplied by the number of ordinary shares in issue, is lower than the Shareholders' Funds as per the Statement of Financial Position. There are a large number of factors driven by market conditions that can influence the market capitalisation of a company which includes but are not limited to, a pandemic, volatile investment markets or other factors such as shares being traded less frequently. The market capitalisation being below net assets is considered to be an external indicator of impairment and creates a necessity to make a formal estimate of recoverable amount to test whether any actual impairment exists. For tangible and intangible assets, the recoverable amount of an asset is the higher of its value in use or its fair value less costs to sell.

In the case of the Property, Plant and Equipment (excluding Owner Occupied Property which is held at revalued amount), Policy Administration System, Intangible Assets and Right of Use Assets there is no reliable estimate of the price at which an orderly transaction to sell the assets would take place and there are no direct cash-flows expected from the individual assets. These assets are an integral part of the FBD General Insurance business, therefore, the smallest group of assets that can be classified as a cash generating unit is the FBD General Insurance business.

The Value in Use of the cash generating unit has been determined by estimating the future cash inflows and outflows to be derived from continuing use of the group of assets, and applying a discount rate to those future cash flows. As with all projections there are assumptions made that will be different to actual experience, however given the uncertainty surrounding the impact of the Judicial Council changes to Personal Injury Guidelines, the slowdown in claims settlements and the inflationary environment these estimates are considered a critical accounting estimate as at the reporting date.

Note 2 – Accounting policies (continued)
Critical accounting estimates and judgements in applying accounting policies (continued)

The Value in Use cash flow projections are based on the latest quarterly forecast for 2022 and the five year strategic projections approved by the Board in December 2021. A projection for 2027 and the first half year of 2028 use the same basic assumptions as 2026. The total time period 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 represent management's best estimate of future underwriting profits, fee income for FBD and investments.

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 2% followed by a 4% growth rate for 2024-2026, 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 12.2% which is considered a reasonable estimate for market rate due to the recent increase in risk free rates. The slowdown in payment patterns due to Business Interruption and the pandemic has resulted in a higher level of asset holdings which may need to be liquidated to settle the delayed claims settlements and results in a change in assumptions used in the model.

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 an additional weather event each year, delayed benefits from the Judicial Council Guidelines, additional inflation in claims settlements, reduced growth rates and positive impacts of new initiatives.

The level of headroom has increased since year end, 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.

Note 3 – Segmental information

(a) Operating segments

The principal activities of the Group are underwriting of general insurance business and financial services. For management purposes, the Group is organised in two operating segments - underwriting and financial services. The profit earned by each segment is reported to the chief operating decision maker, the Group Chief Executive, for the purpose of resource allocation and assessment of segmental performance. Central administration costs and Directors' salaries are allocated based on actual activity. Income taxation is a direct cost to each segment. Discrete financial information is prepared and reviewed on a regular basis for these two segments. The accounting policies of the reportable segments are the same as the Group accounting policies.

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

Half year ended 30/06/2022	**Underwriting €000s**	**Financial Services €000s**	**Total €000s**
Revenue	200,972	3,985	**204,957**
Investment return	(15,227)	-	**(15,227)**
Finance costs	(1,272)	-	**(1,272)**
Profit before taxation	18,044	883	**18,927**
Income taxation charge	(2,256)	(123)	**(2,379)**
Profit after taxation	15,788	760	**16,548**
Other information			
Capital additions	4,347	-	**4,347**
Impairment of other assets	-	-	**-**
Depreciation/amortisation	(4,943)	-	**(4,943)**
Statement of Financial Position			
Segment assets	1,472,308	29,177	**1,501,485**
Segment liabilities	1,091,417	5,364	**1,096,781**

Note 3 – Segmental information (continued)

(a) Operating segments (continued)

Half year ended 30/06/2021	**Underwriting €000s**	**Financial Services €000s**	**Total €000s**
Revenue	188,380	3,165	**191,545**
Investment return	10,324	-	**10,324**
Finance costs	(1,272)	-	**(1,272)**
Profit/(Loss) before taxation	22,074	(83)	**21,991**
Income taxation (charge)/credit	(2,759)	21	**(2,738)**
Profit/(Loss) after taxation	19,315	(62)	**19,253**
Other information			
Capital additions	5,053	-	**5,053**
Impairment of other assets	-	-	**-**
Depreciation/amortisation	(5,434)	-	**(5,434)**
Statement of Financial Position			
Segment assets	1,519,572	21,280	**1,540,852**
Segment liabilities	1,133,411	5,952	**1,139,363**

Year ended 31/12/2021	**Underwriting €000s**	**Financial Services €000s**	**Total €000s**
Revenue	379,356	7,305	386,661
Investment return	15,679	—	15,679
Finance costs	(2,545)	—	(2,545)
Profit before taxation	109,268	1,167	110,435
Income taxation charge	(13,017)	(1,009)	(14,026)
Profit after taxation	96,251	158	96,409
Other information			
Capital additions	8,545	-	8,545
Impairment of other assets	(59)	-	(59)
Depreciation/amortisation	(18,012)	-	(18,012)
Statement of Financial Position			
Segment assets	1,556,680	23,328	1,580,008
Segment liabilities	1,098,654	6,049	1,104,703

Note 3 – Segmental information (continued)

(b) Geographical segments

The Group's operations are located in Ireland.

Note 4 – Underwriting result

	Half year ended 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Gross written premium	**192,638**	181,433	366,328
Net earned premium	**164,466**	162,246	334,247
Net claims incurred	**(80,370)**	(88,980)	(123,538)
Motor Insurers Bureau of Ireland Levy and consequential payments	**(5,241)**	(18,516)	(22,143)
Underwriting result before net operating expenses	**78,855**	54,750	188,566
Gross management expenses	**(44,485)**	(40,191)	(92,308)
Deferred acquisition costs	**1,517**	(441)	1,380
Reinsurers' share of expense	**2,197**	1,873	3,864
Broker commissions payable	**(3,540)**	(2,969)	(6,305)
Net operating expenses	**(44,311)**	(41,728)	(93,369)
Underwriting result	**34,544**	13,022	95,197

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

Note 4 – Underwriting result (continued)

See below written premium, earned premium, incurred claims including claims handling expense and other underwriting expenses split by product lines within the underwriting segment.

(i) Gross premium written

	Half year ended 30/06/22 (unaudited)			Half year ended 30/06/21 (unaudited)		
	Gross €000s	**Ceded €000s**	**Net €000s**	Gross €000s	Ceded €000s	Net €000s
Motor	**94,224**	**(8,985)**	**85,239**	94,845	(8,370)	86,475
Fire and other damage to property	**56,859**	**(7,891)**	**48,968**	51,729	(5,111)	46,618
Liability	**38,876**	**(3,012)**	**35,864**	32,264	(2,422)	29,842
Miscellaneous	**2,679**	**(213)**	**2,466**	2,595	(416)	2,179
	192,638	**(20,101)**	**172,537**	181,433	(16,319)	165,114

(ii) Net premium earned

	Half year ended 30/06/22 (unaudited)			Half year ended 30/06/21 (unaudited)		
	Gross €000s	**Ceded €000s**	**Net €000s**	Gross €000s	Ceded €000s	Net €000s
Motor	**89,818**	**(8,735)**	**81,083**	91,718	(7,732)	83,986
Fire and other damage to property	**55,155**	**(7,835)**	**47,320**	52,457	(5,041)	47,416
Liability	**36,839**	**(3,012)**	**33,827**	31,278	(2,422)	28,856
Miscellaneous	**2,449**	**(213)**	**2,236**	2,404	(416)	1,988
	184,261	**(19,795)**	**164,466**	177,857	(15,611)	162,246

(iii) Incurred claims including claims handling expenses

	Half year ended 30/06/22 (unaudited)			Half year ended 30/06/21 (unaudited)		
	Gross €000s	**Ceded €000s**	**Net €000s**	Gross €000s	Ceded €000s	Net €000s
Motor	**41,912**	**743**	**42,655**	41,281	(6,976)	34,305
Fire and other damage to property	**23,376**	**(5,926)**	**17,450**	69,532	(31,877)	37,655
Liability	**16,611**	**1,629**	**18,240**	17,168	(2,670)	14,498
Miscellaneous	**1,920**	**105**	**2,025**	2,564	(42)	2,522
	83,819	**(3,449)**	**80,370**	130,545	(41,565)	88,980

Note 4 – Underwriting result (continued)

(iv) Other underwriting expenses		**Half year ended 30/06/22 (unaudited)**			Half year ended 30/06/21 (unaudited)	
	Gross €000s	**Ceded €000s**	**Net €000s**	Gross €000s	Ceded €000s	Net €000s
Motor	**22,749**	**(1,272)**	**21,477**	22,792	(1,081)	21,711
Fire and other damage to property	**13,727**	**(622)**	**13,105**	12,431	(522)	11,909
Liability	**9,385**	**(281)**	**9,104**	7,754	(227)	7,527
Miscellaneous	**647**	**(22)**	**625**	624	(43)	581
	46,508	**(2,197)**	**44,311**	43,601	(1,873)	41,728

Note 5 – Dividends

Paid:	**Half Year ended 30/06/22 (unaudited) €000s**	Half Year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
2021 dividend of 8.4 cent (2020: 0.0 cent) per share on 14% non-cumulative preference shares of €0.60 each	**113**	-	-
2021 dividend of 4.8 cent (2020: 0.0 cent) per share on 8% non-cumulative preference shares of €0.60 each	**169**	-	-
2021 final dividend of 100.0 cent (2020: 0.0 cent) per share on ordinary shares of €0.60 each	**35,587**	-	-
Total dividends paid	**35,869**	-	-

2021 dividend payments were approved by the shareholders at the Annual General Meeting on 12 May 2022 and paid on 19 May 2022.

Note 6 – Ordinary share capital

	Number	**Half year ended 30/06/22 (unaudited) €000s**	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €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 beginning of period	35,461,206	21,277	21,277	21,277
Issued during the period	290,078	174	-	-
At end of period	35,751,284	21,451	21,277	21,277
(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		21,583	21,409	21,409

The number of ordinary shares of €0.60 each held as treasury shares at 30 June 2022 was 164,005. At 31 December 2021 the number held was 164,005.

Note 7 – 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 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Earnings			
Profit for the period for the purpose of basic earnings per share	**16,548**	19,253	96,127
Profit for the period for the purpose of diluted earnings per share	**16,548**	19,253	96,127
Number of shares	**No.**	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	**35,427,015**	35,052,462	35,138,959
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	**36,346,524**	35,987,399	35,930,762
	Cent	Cent	Cent
Basic earnings per share	**47**	55	274
Diluted earnings per share	**46**[1]	53[1]	268[1]

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

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

There was no difference between the profit or loss attributable to the parent entity for the amounts used as the numerators in calculating basic and diluted earnings per share in each of the periods.

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:

Note 7 – Earnings per €0.60 ordinary share (continued)

	Half year ended 30/06/22 (unaudited) No.	Half year ended 30/06/21 (unaudited) No.	Year ended 31/12/21 (audited) No.
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**35,427,015**	**35,052,462**	35,138,959
Weighted average of potential vesting of share based payments	**919,509**	**934,937**	791,803
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**36,346,524**	**35,987,399**	35,930,762

Note 8 – 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 return on assets during the period reduced by less than the decrease in scheme liabilities. The retirement benefit liabilities decreased during the period as a result of the discount rate increasing from 1.1% to 3.2%, offset to some extent by the inflation assumption increasing from 1.9% to 2.3%. The plan assets reduced as bond yields rose during the period.

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

	30/06/22 (unaudited) €000s	30/06/21 (unaudited) €000s	31/12/21 (audited) €000s
Fair value of plan assets	**79,600**	98,900	97,594
Present value of defined benefit obligation	**(64,800)**	(88,900)	(86,693)
Net retirement benefit surplus	**14,800**	10,000	10,901

Note 9 – Financial Instruments and Fair Value Measurement

(a) Financial Instruments

	30/06/22 (unaudited) €000s	30/06/21 (unaudited) €000s	31/12/21 (audited) €000s
Financial Assets			
At amortised cost:			
Deposits with banks	**20,000**	10,000	-
Cash and cash equivalents	**140,372**	166,832	164,479
Other receivables	**67,685**	68,781	58,047
Loans	**537**	650	577
At fair value:			
Available for sale investments	**853,025**	859,091	893,715
Investments held for trading	**130,363**	134,223	137,547
Financial Liabilities			
At amortised cost:			
Payables	**40,360**	47,412	41,657
Subordinated debt	**49,632**	49,573	49,603
Lease liability	**4,974**	5,489	5,349

(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:

	30/06/22 (unaudited) Fair value €000s	**30/06/22 (unaudited) Carrying value €000s**	30/06/21 (unaudited) Fair value €000s	30/06/21 (unaudited) Carrying value €000s	31/12/21 (audited) Fair value €000s	31/12/21 (audited) Carrying value €000s
Assets						
Loans	**645**	**537**	780	650	693	577
Financial liabilities						
Subordinated debt	**49,119**	**49,632**	54,414	49,573	54,341	49,603

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

- Deposits with banks
- Cash and cash equivalents
- Other Receivables
- Payables
- Lease liability

Note 9 – Financial Instruments and Fair Value Measurement (continued)

(b) Fair value measurement (continued)

Certain assets and liabilities are measured in the Condensed 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.

- Available for sale investments – quoted debt securities are fair valued using latest available closing bid price.
- Collective investment schemes, held for trading (Level 1) are valued using the latest available closing NAV of the fund.

Level 2 Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). There are no assets/liabilities deemed to be held at this level at 30 June 2022.

Level 3 Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Valuation techniques used are outlined below;

- Collective investment schemes held for trading (Infrastructure and Senior Private Debt funds) are valued using the most up-to-date valuations calculated by the fund administrator allowing for any additional investments made up until period end.
- AFS unquoted investments securities 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 2021 and a review of the continued appropriateness of those valuations is considered at the interim period end. Group occupied properties have been valued on a vacant possession basis applying hypothetical 10-year leases and assumptions of void and rent free periods, market rents, capital yields and purchase costs which are derived from comparable transactions and adjusted for property specific factors as determined by the valuer. Group investment properties have been valued using the investment method based on the long leasehold interest in the subject property, the contracted values of existing tenancies, assumptions of void and rent free periods and market rents for vacant lots, and capital yields and purchase costs which are derived from comparable transactions and adjusted for property specific factors as determined by the valuer.

Note 9 – Financial Instruments and Fair Value Measurement (continued)

(b) Fair value measurement (continued)

30 June 2022 (unaudited)	**Level 1 €000s**	**Level 2 €000s**	**Level 3 €000s**	**Total €000s**
Assets				
Investment property	-	-	16,053	**16,053**
Property held for own use	-	-	16,327	**16,327**
Financial assets				
Investments held for trading – collective investment schemes	112,720	-	17,643	**130,363**
AFS[1] investments - quoted debt securities	851,805	-	-	**851,805**
AFS[1] investments - unquoted investments	-	-	1,220	**1,220**
Total assets	**964,525**	**-**	**51,243**	**1,015,768**
Total liabilities	**-**	**-**	**-**	**-**

[1]Available for sale

The financial assets of the Group have reduced from €1,031,262,000 at 31 December 2021 to €983,388,000 at 30 June 2022. This is a result of negative investment returns in the period partially offset by an additional €25,000,000 invested in risk assets and corporate bonds. There has been significant volatility in investment markets due to concerns around inflation, higher interest rates and the likelihood of a global economic downturn. This has impacted bond and risk asset valuations. The reduction in the mark-to-market of the Company's bond portfolios that are classified as Available for Sale, resulted in a negative return of €63,907,000 through the Other Comprehensive Income. The investment returns through the Income Statement were negative €15,227,000 primarily due to the reduction in the valuation of the Company's risk asset portfolio.

30 June 2021 (unaudited)	**Level 1 €000s**	**Level 2 €000s**	**Level 3 €000s**	**Total €000s**
Assets				
Investment property	-	-	17,054	**17,054**
Property held for own use	-	-	15,507	**15,507**
Financial assets				
Investments held for trading – collective investment schemes	124,209	-	10,014	**134,223**
AFS[1] investments - quoted debt securities	858,279	-	-	**858,279**
AFS[1] investments - unquoted investments	-	-	812	**812**
Total assets	**982,488**	**-**	**43,387**	**1,025,875**
Total liabilities	-	-	-	**-**

[1]Available for sale

Note 9 – Financial Instruments and Fair Value Measurement (continued)

(b) Fair value measurement (continued)

31 December 2021 (audited)	**Level 1 €000s**	**Level 2 €000s**	**Level 3 €000s**	**Total €000s**
Assets				
Investment property	-	-	16,055	16,055
Property held for own use	-	-	16,390	16,390
Financial assets				
Investments held for trading – collective investment schemes	123,661	-	13,886	137,547
AFS[1] investments - quoted debt securities	892,495	-	-	892,495
AFS[1] investments - unquoted investments	-	-	1,220	1,220
Total assets	1,016,156	-	47,551	1,063,707
Total liabilities	**-**	**-**	**-**	**-**

[1]Available for sale

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

	30/06/22 (unaudited) €000s	30/06/21 (unaudited) €000s	31/12/21 (audited) €000s
Opening balance Level 3 financial assets	**47,551**	42,159	42,159
Transfers-in	**-**	-	-
Additions	**4,415**	930	4,522
Disposals	**(1,739)**	-	(544)
Revaluation	**1,080**	-	1,531
Unrealised movements recognised in Consolidated Income Statement	**(64)**	298	(117)
Closing balance Level 3 financial assets	**51,243**	43,387	47,551

Available for sale investments grouped into Level 3 comprise unquoted securities consisting of a number of small investments as well as Investment property and property held for own use.

The values attributable to the unquoted investments are derived from a number of valuation techniques including the net present value of future cash flows based on operating projections. A change in one or more of these inputs could have an impact on valuations.

Investment property and property held for own use were fair valued by independent external professional valuers at 31 December 2021 (refer to note 13 and note 16 in the Group Annual Report for year ended 31 December 2021). The valuations at 31 December 2021 were reviewed at the period end 30 June 2022 including informal discussions with external professional valuers and it was decided that the valuations for owner occupied property and investment property would remain unchanged from the 31 December 2021 valuation.

Note 10 – Taxation

The movement of €7,500,000 in the deferred taxation position from a liability to an asset is primarily a result of the taxation credit in respect of the unrealised losses on available for sale investments in 2022.

The net current tax liability at 30 June 2022 represents corporation taxation due to the Revenue Commissioners in respect of the 2021 financial year and an accrual for corporation tax payments in respect of the 2022 financial year. The balance at 31 December 2021 includes a refund receivable from the Revenue Commissioners of €7,006,000, offset by amounts due to the Revenue Commissioners of €2,379,000. The current period movement of €7,083,000 in the current taxation liability is driven primarily by the release of this receivable following settlement in early 2022. Amounts paid by the Company in 2022 are largely offset by the current year charge. The effective tax rate for the period was 12.6% (2021: 12.5%) which is the best estimate of the weighted average annual income tax rate expected for the full year.

Note 11 – Other Provisions

	Premium Rebates €000s	**MIICF Contribution €000s**	**MIBI Levy €000s**	**Consequential Payments €000s**	**Total €000s**
Balance at 1 January 2022	1,221	3,645	6,681	1,945	**13,492**
Provided/(released) in the six months	(469)	1,890	3,344	-	**4,765**
Net amounts paid	(196)	(3,645)	(3,342)	(456)	**(7,639)**
Closing balance 30 June 2022	**556**	**1,890**	**6,683**	**1,489**	**10,618**
Balance at 1 January 2021	2,027	3,609	6,431	-	12,067
Provided in the six months	4,809	1,901	3,215	13,400	23,325
Net amounts paid	(2,495)	(3,609)	(3,215)	-	(9,319)
Closing balance 30 June 2021	4,341	1,901	6,431	13,400	26,073

Premium Rebates
FBD committed to rebating certain elements of Commercial policy premiums to reflect the changing claims environment and enforced restrictions as a result of the Covid-19 pandemic. The total amount of Commercial premium rebates released in the period was €469,000 (2021: provision of €4,809,000). The remaining €556,000 provision represents an estimate of the remaining Commercial rebates due, expected to settle in advance of 31 December 2022.

MIICF Contribution
The Group's contribution to the Motor Insurers' Insolvency Compensation Fund "MIICF" for 2022 is based on 2% of its Motor Gross Written Premium. Payment is expected to be made in the first half of 2023.

MIBI Levy
The Group's share of the Motor Insurers' Bureau of Ireland "MIBI" levy for 2022 is based on its estimated market share in the current year at the Statement of Financial Position date. Payments of the total amount provided is made in equal instalments throughout the year.

Consequential Payments
The balance of the provision of €1,489,000 is based on the best estimate of the Consequential Payments provision in respect of the FSPO decisions and we expect to make the remaining payments when the Business Interruption test case is closed.

Note 12 – 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 2021 Annual Report. An analysis of share-based payments to key management personnel is also included in Note 35 of the 2021 Annual Report. The level and nature of related party transactions in the first half of 2022 are consistent with the transactions disclosed in the 2021 Annual Report.

Note 13 – Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2022, 30 June 2021 or 31 December 2021.

Note 14 – Subsequent events

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

Note 15 – Information

This half yearly report and the Annual Report for the year ended 31 December 2021 are available on the Company’s website at www.fbdgroup.com.

Note 16 – Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 4 August 2022.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022

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

4 August 2022

FBD HOLDINGS PLC
APPENDIX
ALTERNATIVE PERFORMANCE MEASURES (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 revenue of an insurance company and is widely used across the general insurance industry.

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

	Half year ended 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Loss ratio			
Net claims and benefits	**80,370**	88,980	123,538
Movement in other provisions	**5,241**	18,516	22,143
Total claims incurred	**85,611**	107,496	145,681
Net premium earned	**164,466**	162,246	334,247
Loss ratio (Total claims incurred/Net premium earned)	**52.1%**	66.3%	43.6%
Expense ratio			
Other underwriting expenses	**44,311**	41,728	93,369
Net premium earned	**164,466**	162,246	334,247
Expense ratio (Underwriting expenses/Net premium earned)	**26.9%**	25.7%	27.9%
Combined operating ratio		%	%
Loss ratio	**52.1%**	66.3%	43.6%
Expense ratio	**26.9%**	25.7%	27.9%
Combined operating ratio (Loss ratio + Expense ratio)	**79.0%**	92.0%	71.5%
Investment return recognised in consolidated income statement	**(15,227)**	10,324	15,679
Investment return recognised in statement of comprehensive income	**(63,907)**	(5,400)	(12,202)
Total investment return	**(79,134)**	4,924	3,477
Average investment assets	**1,194,183**	1,171,620	1,185,036
Actual investment return (Total investment return/Average investment assets)	**-6.6%**	0.4%	0.3%

FBD HOLDINGS PLC
APPENDIX
ALTERNATIVE PERFORMANCE MEASURES (APM's)

	Half year ended 30/06/22 (unaudited) €000s	Half year ended 30/06/21 (unaudited) €000s	Year ended 31/12/21 (audited) €000s
Net asset value per share (NAV per share)			
Shareholders' funds – equity interests	**401,781**	398,566	472,382
Number of shares			
Closing number of ordinary shares	**35,587,279**	35,052,462	35,297,201
	Cent	Cent	Cent
Net asset value per share (Shareholders funds /Closing number of ordinary shares)	**1,129**	1,137	1,338
Return on equity	**€000s**	€000s	€000s
Result for the period	**16,548**	19,253	96,409
Weighted average equity attributable to ordinary equity holders of the parent	**437,082**	391,274	428,182
Return on equity (Result for the period/Weighted average equity attributable to ordinary equity holders of the parent)	**8%[1]**	10%[1]	23%

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

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

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

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

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

[1]*Annualised*

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 2022 (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 2022;
- 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 2 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
4 August 2022
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.