



FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
For the year ended 31 December 2021

KEY HIGHLIGHTS

- Strong and robust Profit Before Tax of €110m compared to €4.8m in 2020.
- Proposed dividend of 100c per share.
- Our capital position remains strong with a Solvency Capital Ratio (SCR) of 214% (unaudited).
- Return on Equity of 23%.
- Combined Operating Ratio (COR) of 71.5%.
- The quantum hearing judgement delivered on 28th January 2022 relating to Covid-19 Business Interruption claims from public house customers provided considerable clarity on the definition of business closure and on other matters such as allowable wages. The Covid-19 Business Interruption best estimate net of reinsurance is reduced to €44m.
- The application of reinsurance cover to Business Interruption claims has been agreed with reinsurers for the expected impacted layers of the catastrophe programme, which reduces the uncertainty surrounding reinsurance recoveries.
- Investment portfolio return of 0.3%, reflecting positive investment returns of €3.5m.
- Average premium down 1.3% across the portfolio with Private Motor down 13.9%.
- Retention levels of existing business increased by 0.5% reaching a five year high.

FINANCIAL SUMMARY

	2021	2020
	€000s	€000s
Gross written premium	366,328	358,230
Underwriting profit/ (loss)	95,197	(4,379)
Profit before taxation	110,435	4,802
Loss ratio	43.6%	73.3%
Expense ratio	27.9%	28.1%
Combined operating ratio	71.5%	101.4%
	Cent	Cent
Basic earnings per share	274	13
Net assets per share	1,338	1,095

- Gross Written Premium (GWP) of €366.3m (2020: €358.2m) up 2.3%. Excluding €3.3m (2020: €11.8m) of pandemic related premium rebates, GWP is in line with 2020.
- Underwriting profit of €95.2m (2020 loss: €4.4m), equating to a 71.5% COR (2020: 101.4%) due to claims frequency reductions, lower severity of injury claims, benign weather and positive prior year reserve development of €63.6m.
- Expense ratio of 27.9% (2020: 28.1%) marginally decreased mainly due to stronger earned premium offset by accelerated amortisation costs for the policy administration system.
- Strong investment returns through the Income Statement of €15.7m (2020: €10.4m) primarily due to the positive performance of risk assets. Interest rate increases which reduced bond

valuations led to negative mark to market (MTM) returns of -€12.2m (2020: +€4.5m) through Other Comprehensive Income (OCI).

- Net Asset Value per share 1,338 cent has increased from 1,095 cent at the end of 2020.

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

“I am delighted to report a strong and robust set of full year results for FBD.

On the insurance front we saw the introduction of the Personal Injury Guidelines which have enabled us to reduce premiums for our customers as we reflect expected lower costs for minor injury claims. As we move into the full re-opening of the economy and all restrictions are lifted and as we will see the withdrawal of Government income supports, the real impact on the economy of the pandemic will become clearer, while new opportunities and challenges will arise.

The Business Interruption claims judgement received on the 28th January provided clarity on the main substantive issue of business closure. Interim payments of €30m have already been paid to date and despite many delays due to the complexity of the issues, the path is now clearer to finalising payments. We confirmed previously that Government subsidies paid to public house customers with Business Interruption cover have not contributed to 2021 profits.

We committed to paying an additional amount to all impacted FBD public house policyholders following the FSPO decision earlier in the year, in line with the Central Bank of Ireland’s Business Interruption Insurance Supervisory Framework. We have paid over €11m to date with the remaining payments to follow, on receipt of further requested information.

We reached agreement with our reinsurers on the application of contract cover for Business Interruption claims for the expected impacted layers of the catastrophe programme, which reduces uncertainty around reinsurance recoveries.

We continue to invest in the business to enable growth and enhance our digital offerings to broaden the avenues through which our customers can do business with us. We are working with our partners to deliver new options while ensuring our current relationships are delivering for our customers.

Our employees are returning to our offices on a phased basis and we are continuing to adapt and develop a more flexible future working model. Our people are the backbone of FBD and their customer service is second to none and has been exceptional throughout the pandemic. The senior management team and I would like to thank each and every one of them for their contribution to these results.

My first year has passed very quickly and has been very constructive and insightful. I am delighted to say the underlying business is strong and in a very solid capital position as we leave the main impacts of the pandemic behind us. I would like to thank my colleagues for their continuing support and as we begin another year together, our ambition is to continue to drive value from the business and deliver for all our stakeholders, including our employees and our customers in 2022 and beyond.”

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

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About FBD Holdings plc ("FBD")

FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, consumers and business owners. Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a leading general insurer serving the needs of its direct agricultural, small business and consumer customers throughout Ireland. It has a network of 34 branches nationwide.

Forward Looking Statements

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

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

Listing	Euronext Dublin	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 €110.4m (2020 profit: €4.8m), supported by a strong underwriting performance including claims frequency improvements, lower severity of injury claims, benign weather, strong investment returns of €15.7m and positive prior year reserve development of €63.6m.

The Group reported an underwriting profit of €95.2m (2020 loss: €4.4m) and GWP of €366.3m (2020: €358.2m) which is in line with 2020 when the pandemic related premium rebates are excluded.

The quantum hearing judgement delivered on January 28th 2022 clarified the position for Business Interruption claims in respect of the definition of business closure and on other matters such as allowable wages. We agreed the reinsurance recovery levels with our reinsurers for the expected impacted layers of the catastrophe programme, clarifying the application of our reinsurance contract cover. FBD is now ready to move to the next phase of the process and arrange final claims settlements with our public house customers.

UNDERWRITING

Premium income

Gross written premium increased to €366.3m in 2021 (2020: €358.2m) and includes €3.3m of Covid-19 Commercial rebates (2020: €6.0m Motor and €5.8m Commercial rebates). Excluding rebates, gross written premium is in line with last year, despite reducing average premium.

Customer policy count increased by 1.3%, with retention rates increasing 0.5% reaching the highest level in the last five years.

Average premium reduced by 1.3% across the book. Average premium for Private Motor reduced by 13.9% as rates reduced to reflect the Personal Injury Guidelines and benign injury claims trends. Average premium on Farm was flat with strong retention levels. Home average premium increased by 1.2% reflecting a change in cover and mix. Average premium for Commercial increased 8.5% almost entirely due to a change in mix.

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 (Net claims and benefits plus movements in Other provisions) reduced by €85.4m to €145.7m (2020: €231.1m). The main change relates to an increase in positive prior year reserve development from €23.3m in 2020 to €63.6m in 2021. In addition the Business Interruption claims costs of €54.0m in 2020 did not recur in 2021. These have been offset by €13.2m costs for consequential payments following the application of the Central Bank Business Interruption Supervisory Framework to FSPO decisions on Business Interruption complaints.

The positive prior year reserve development of €63.6m is coming from the reduction in the Business Interruption best estimate, reduced number of large claims and lower attritional claims frequency and severity in recent accident years.

Motor damage and injury claims frequency, while similar to 2020, has been lower than pre-Covid levels primarily due to the Government restrictions on movement. Excluding Business Interruption claims, Property claims frequency remained relatively consistent with the 2020 experience. There were no

significant weather events in 2021, Storm Barra in December was a minor event incurring claims costs of approximately €4m.

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 affected by court closures and the inability to engage in pre-trial negotiation, with a backlog of cases building up in the courts system. In addition the introduction of the Personal Injuries Guidelines have had the desired impact of reducing the awards by approximately 40% for more minor injuries. As a result we have reflected the impact of this in premium reductions. It has yet to be seen what impact the new guidelines will have on claims settled after the PIAB process has been completed. The average cost of property claims increased 27% due to a change in mix and inflation, with further inflation expected on domestic building costs. Motor damage claims continue to experience high inflation of 8% in the year as costs of parts, paint and average labour hours per repair increase.

The increase in the movement in other provisions of €12.5m primarily relates to the FSPO consequential payments. The Motor Insurers Bureau of Ireland (MIBI) levy and Motor Insurers Insolvency Compensation Fund (MIICF) contribution combined totalled €9.0m (2020: €9.7m).

Claims Environment

Covid-19 continued to affect the claims environment throughout 2021. Social distancing restrictions have had a material impact on the courts, with lengthy delays experienced. While there were six new judicial appointments recently, we note there remains a backlog in the court system. Restrictions on our ability to arrange settlement talks have also impacted on settlement rates which are showing a marked decline on pre-Covid rates.

The introduction of the new Personal Injury Guidelines continues to bring caution to the approach of claimant solicitors, who are reluctant to engage in settlements for such cases and instead are anxious to determine the attitude of the courts to the adoption of the guidelines. We are experiencing a build-up of older, higher value injury claims as a result of slowdowns.

Whilst the changes to Personal Injuries Guidelines introduced in April are a positive move for the customer and the insurance industry, there are a number of uncertainties, namely, the extent of cost changes for future settlements and legal fees, the impact on the PIAB acceptance rate, and the potential for newly classified injuries to increase costs. We continue to track injury settlements and note there have been no court awards as yet.

There are a number of challenges to the Personal Injury Guidelines before the courts over the constitutionality of the laws underpinning the guidelines. The applicants' claims include that the application of the guidelines breaches the separation of powers between the legislature and the judiciary and their constitutional right to bodily integrity, property and equality. Whatever the outcome it is likely to be appealed to the Supreme Court due to the novelty of the constitutional issues involved.

We welcome all initiatives in place to reduce the cost of claims including capping of general damages introduced in April and the passing of legislation dealing with perjury in injury claims. Submissions were invited regarding the reform of PIAB, in which Insurance Ireland engaged, and we await the outcome from the consultation on the determination of who should decide on the appropriate discount rate.

Weather, Claims Frequency and Large Claims

No significant weather events of note occurred during 2021 which is consistent with the experience of the previous two years. December's Storm Barra brought with it the highest number of property claims in any month of 2021 with a claims cost of €4m. Overall weather claims costs of approximately €9m were very similar to the weather costs experienced in 2020.

As a result of the Covid-19 pandemic and the restrictions put in place by the Government there continued to be a significant reduction in Motor and Liability claims during the year when compared to pre-Covid norms. This was particularly evident in the first two months of the year when the country was at Level 5 lockdown. Frequency of Motor claims remained below normal levels in the second half of the year, albeit at much higher levels than those observed at the beginning of the year. Frequency for liability claims has reverted back close to pre-Covid norms over the last few months of the year. The frequency of claims relating to Farm activities remained relatively stable throughout the year.

Large injury claims notified in 2021 are 31% lower than the average of previous pre-Covid years, defined as a value greater than €250k, with Covid-19 affecting frequency and possibly impacting the normal flow of information.

Expenses

The Group's expense ratio was 27.9% (2020: 28.1%). Other underwriting expenses were €93.4m, an increase of €4.8m on 2020. The increase in expenses is primarily made up of accelerated amortisation in respect of the policy administration system offset by a higher allocation to claims handling expenses following an updated cost allocation review.

The expense ratio reduced by 0.2% as a result of higher earned premium and additional costs allocated to claims handling offset by accelerated amortisation on the policy administration system. Excluding the accelerated amortisation the expense ratio would be 26.1%.

General

FBD generated an underwriting profit of €95.2m (2020 loss: €4.4m) which translates to a COR of 71.5% (2020: 101.4%).

Investment Return

FBD's total investment return for 2021 was 0.3% (2020: 1.3%). 1.3% (2020: 0.9%) is recognised in the Consolidated Income Statement and -1.0% (2020: 0.4%) in the Consolidated Statement of Other Comprehensive Income (OCI). The positive investment return through the Income Statement is largely due to the strong performance of risk assets over the year.

Despite new Covid-19 variants and ensuing lockdowns, economic growth has been strong as economies re-opened and central banks remained accommodative. The Global equity fund was up 20.3% over the year and the Emerging Market equity fund was up 3.9%. Interest rates increased on fears of higher inflation which reduced the valuation of the Group's bond portfolios leading to negative mark-to-market returns through OCI. Credit spreads have remained tight reflecting the positive outlook for corporates.

Financial Services Income and Other Costs

The Group's financial services operations returned a profit before tax of €1.2m for the period (2020: profit €2.1m). Revenue reduced by €2.1m reflecting the impact of customer forbearance measures and lower commission in the Life & Pension business. Costs reduced by €1.1m to €6.1m primarily due to reduced legal and other expenses in the Holding company.

Profit per share

The diluted profit per share was 268 cent per ordinary share, compared to 12 cent per ordinary share in 2020.

Dividend

The Group's Dividend Policy intends to reward shareholders through regular annual dividends while retaining sufficient capital in order to maintain a healthy capital adequacy to support future capital requirements. The Group has a robust capital position and liquidity margins. Given the Group's

excellent financial performance in 2021 the Board proposes to pay a dividend of 100 cent per share for the 2021 financial year (2020: nil).

Subject to the approval of shareholders at the Annual General Meeting to be held on 12 May 2022, the final dividend for 2021 will be paid on 19 May 2022 to the holders of shares on the register on 22 April 2022. The dividend is subject to withholding tax (“DWT”) except for shareholders who are exempt from DWT and who have furnished a properly completed declaration of exemption to the Company’s Registrar from whom further details may be obtained.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders’ funds at 31 December 2021 amounted to €472.4m (2020: €384.0m). The increase in shareholders’ funds is mainly attributable to the following:

- Profit after tax for the year of €96.4m;
- An increase of €2.7m due to share based payments; and
- Offset by Mark to Market losses on our Bond portfolio of €10.7m after tax;

Net assets per ordinary share are 1,338 cent, compared to 1,095 cent per share at 31 December 2020.

Investment Allocation

The Group adopts a conservative investment strategy to ensure that its technical reserves are matched by cash and fixed interest securities of low risk and similar duration. FBD invested an additional €40m into its corporate bond portfolio during the year to earn higher yield while allowing it to maintain sufficient liquidity. An additional €10m was invested in risk assets, predominantly emerging market debt. The Group continues to maintain a higher cash allocation to provide sufficient liquidity for payment of Business Interruption claims.

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

	31 December 2021		31 December 2020	
	€m	%	€m	%
Corporate bonds	589	48%	552	47%
Government bonds	303	25%	311	26%
Deposits and cash	175	14%	180	15%
Other risk assets	88	7%	68	6%
Equities	50	4%	49	4%
Investment property	16	2%	17	2%
	<hr/>		<hr/>	
	1,221	100%	1,177	100%

Solvency

The latest (unaudited) Solvency Capital Ratio (SCR) is 214% compared to the 2020 SCR of 197%.

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. Covid-19 was again a dominant influence during 2021 with a continuing impact on economic activity and wider society impacting a number of risks and uncertainties faced by the Group.

The claims environment continues to be impacted by the Covid-19 pandemic and lockdowns experienced during 2020 and 2021. Reduced frequency continues despite increased commercial activity to more normalised levels. In addition we are observing delays in the settlement of claims due to court backlogs and restrictions in place leading to difficulties entering into settlement discussions with solicitors. As a result a higher degree of uncertainty exists in the environment as the claims payment patterns and average settlement costs of the more recent Covid-19 years are a less reliable future indicator and must be carefully considered by the Actuarial function when arriving at claims projections. Supply chain issues in respect of materials and labour shortages particularly in respect of Construction and the Motor industry may impact claims costs in future years. Increased energy costs are also a risk that may drive increased general inflation.

With on-going Government supports ensuring businesses continue in operation, the risk increases when supports are removed that businesses may close or contract, reducing exposures and premium on the Commercial account.

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 214% (31 December 2020: 197%).

The quantum hearing judgement on Business Interruption claims was received on 28th January 2022 and clarified the definition of business closures and on other matters such as allowable wages reducing the uncertainty in respect of the gross claims cost.

The application of reinsurance contract cover to Business Interruption claims has been agreed with reinsurers for the expected impacted layers of the catastrophe programme. This reduces the uncertainty surrounding reinsurance recoveries and is the main reason for the favourable reduction in the Business Interruption booked reserves net of reinsurance. 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. Equity valuations are at near all-time highs and are therefore susceptible to large drawdowns. Future financial market movements and their impact on balance sheet valuations, pension surplus and investment income are unknown and market risk remains high for the foreseeable future.

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

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 Business Interruption 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.

The recruitment, motivation and retention of employees is key for the business as the world of work has evolved and flexible working, wellbeing and continuous development opportunities are differentiators. We continue to adjust to these changes to attract and retain a talented workforce.

OUTLOOK

In terms of economic outlook for 2022, almost all pandemic restrictions were lifted on the 22nd January across the economy and despite continuing high infection rates the severity of the virus and the impact on the health service is at a manageable level. Vaccination levels are very high which are supporting the reopening of the economy and many people are returning to places of work, and setting the economy on the path to post pandemic recovery.

We await the recommendations from the public consultation on the personal injury discount rate in the Republic of Ireland which started in June 2020 and will increase the cost of awards if the discount rate is decreased.

Differential pricing requirements when published may result in significant pricing changes in the market in the second half of 2022, as the insurance industry adapts creating potential opportunities and challenges.

It is early days for the Personal Injury Guidelines as claims settlements are at such low levels with Covid-19 impacting the claims settlement process and the courts. FBD are seeing reduced awards and are hopeful that consistency in awards and a real reduction in claims settlements in personal injury cases should come through, justifying the lower premiums charged to customers.

We are continuing our sustainability journey as we embed Environmental, Social and Governance (ESG) factors into the business and align our existing activities, some of which are mature and others which are under development. We have disclosed the Company's climate risk and strategy under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. In future we will further integrate ESG into our business model and decision making and provide additional metrics and disclosures to meet increasing investor and stakeholder expectations.

FBD, our customers and staff have come through a challenging time with Covid-19 and have demonstrated resilience in the face of challenging circumstances. Excellent service has been maintained across the business. The business is solid and has a strong foundation on which to grow while keeping our customer's needs at the heart of what we do. We are aware of the need to continually adapt in an ever evolving world to build future success.

FBD continues to be profitable and believes a target of a current year COR of approximately 90%, absent exceptional weather, remains appropriate.

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2021

	2021 €000s	2020 €000s
Revenue	386,661	380,999
Income		
Gross premium written	366,328	358,230
Reinsurance premiums	(32,652)	(43,034)
Net premium written	333,676	315,196
Change in net provision for unearned premiums	571	36
Net premium earned	334,247	315,232
Net investment return	15,679	10,388
Financial services income - Revenue from contracts with customers	2,930	4,211
- Other financial services income	4,375	5,172
Total income	357,231	335,003
Expenses		
Net claims and benefits	(123,538)	(221,403)
Other underwriting expenses	(93,369)	(88,527)
Movement in other provisions	(22,143)	(9,681)
Financial services and other costs	(6,138)	(7,276)
Revaluation/ (impairment) of property, plant and equipment	937	(734)
Finance costs	(2,545)	(2,580)
Profit before taxation	110,435	4,802
Income taxation charge	(14,026)	(412)
Profit for the financial year	96,409	4,390
Attributable to:		
Equity holders of the parent	96,409	4,390

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2021

Earnings per share	2021	2020
	Cent	Cent
Basic	<u>274</u>	<u>13</u>
Diluted	<u>268¹</u>	<u>12¹</u>

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

The Financial Statements were approved by the Board and authorised for issue on 3 March 2022.

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2021

	2021 €000s	2020 €000s
Profit for the financial year	96,409	4,390
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>		
Net (loss)/ gain on available for sale financial assets during the year	(11,169)	4,491
(Gain)/ loss transferred to the Consolidated Income Statement on disposal during the year	(1,033)	14
Taxation credit/ (charge) relating to items that will or may be reclassified to profit or loss in subsequent periods	1,525	(563)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gain on retirement benefit obligations	280	2,326
Property held for own use revaluation gain/ (loss)	4	(419)
Taxation charge relating to items not to be reclassified in subsequent periods	(265)	(431)
Other comprehensive (expense) / income after taxation	(10,658)	5,418
Total comprehensive income for the financial year	85,751	9,808
Attributable to:		
Equity holders of the parent	85,751	9,808

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2021

ASSETS

	2021 €000s	2020 €000s
Property, plant and equipment	24,178	25,085
Policy administration system	27,982	36,721
Intangible assets	9,031	5,100
Investment property	16,055	17,051
Right of use assets	5,078	5,635
Loans	577	601
Financial assets		
Available for sale investments	893,715	863,880
Investments held for trading	137,547	116,930
Deposits with banks	-	40,000
	<u>1,031,262</u>	<u>1,020,810</u>
Reinsurance assets		
Provision for unearned premiums	1,711	1,033
Claims outstanding	195,249	122,760
	<u>196,960</u>	<u>123,793</u>
Retirement benefit surplus	10,901	10,849
Current taxation asset	-	7,510
Deferred acquisition costs	35,458	34,079
Other receivables	58,047	65,402
Cash and cash equivalents	<u>164,479</u>	<u>129,535</u>
Total assets	<u>1,580,008</u>	<u>1,482,171</u>

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2021

EQUITY AND LIABILITIES

	2021	2020
	€000s	€000s
Equity		
Called up share capital presented as equity	21,409	21,409
Capital reserves	27,406	24,756
Revaluation reserve	752	978
Retained earnings	422,815	336,838
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Equity attributable to ordinary equity holders of the parent	472,382	383,981
Preference share capital	2,923	2,923
	<hr/>	<hr/>
Total equity	475,305	386,904
	<hr/>	<hr/>
Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	184,648	184,541
Claims outstanding	800,756	794,416
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	985,404	978,957
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Other provisions	13,492	12,067
Subordinated debt	49,603	49,544
Lease liabilities	5,349	5,843
Deferred taxation liability	2,761	4,127
Current taxation liability	6,437	-
Payables	41,657	44,729
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Total liabilities	1,104,703	1,095,267
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Total equity and liabilities	1,580,008	1,482,171
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FBD Holdings plc
Consolidated Statement of Cash Flows
For the financial year ended 31 December 2021

	2021 €000s	2020 €000s
Cash flows from operating activities		
Profit before taxation	110,435	4,802
Adjustments for:		
Profit on investments held for trading	(10,839)	(5,356)
Loss on investments available for sale	2,429	3,531
Interest and dividend income	(8,106)	(9,481)
Depreciation / amortisation of property, plant and equipment, intangible assets and policy administration system	18,012	11,041
Depreciation of right of use assets	790	821
Share-based payment expense	2,650	1,945
Fair value loss on investment property	996	1,569
(Revaluation) / impairment of property, plant and equipment	(937)	734
(Decrease) / increase in insurance contract liabilities	(66,720)	54,638
Increase in other provisions	1,425	3,650
	<hr/>	<hr/>
Operating cash flows before movement in working capital	50,135	67,894
Decrease/ (increase) in receivables and deferred acquisition costs	5,460	(3,154)
(Decrease) / increase in payables	(394)	10,680
Interest on lease liabilities	236	263
Purchase of investments held for trading	(58,432)	(54,008)
Sale of investments held for trading	48,653	53,835
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Cash generated from operations	45,658	75,510
Interest and dividend income received	8,620	10,204
Income taxes paid	(75)	(6,611)
	<hr/>	<hr/>
Net cash generated from operating activities	54,203	79,103
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of available for sale investments	(210,499)	(217,013)
Sale of available for sale investments	166,034	166,093
Purchase of property, plant and equipment	(1,273)	(1,839)
Additions to policy administration system	(4,685)	(4,796)
Purchase of intangible assets	(5,398)	(3,593)
Refurbishment of investment property	-	(1,922)
Sale of investment property	-	1,994
Decrease in loans and advances	24	10
Maturities of deposits invested with banks	40,000	40,000
Additional deposits invested with banks	-	(20,000)
	<hr/>	<hr/>
Net cash used in investing activities	(15,797)	(41,066)
	<hr/>	<hr/>
Cash flows from financing activities		
Ordinary and preference dividends paid	-	-
Interest payments on subordinated debt	(2,500)	(2,500)
Principal elements of lease payments	(962)	(984)
	<hr/>	<hr/>
Net cash used in financing activities	(3,462)	(3,484)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	34,944	34,553
Cash and cash equivalents at the beginning of the year	129,535	94,982
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	164,479	129,535
	<hr/>	<hr/>

FBD Holdings plc
Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2021

	Called up share capital presented as equity	Capital reserves	Revaluation reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2020	21,409	22,811	-	328,008	372,228	2,923	375,151
Reclassification to revaluation reserve	-	-	1,345	(1,345)	-	-	-
Profit after taxation	-	-	-	4,390	4,390	-	4,390
Other comprehensive (expense)/income after taxation	-	-	(367)	5,785	5,418	-	5,418
Total comprehensive income for the year	-	-	978	8,830	9,808	-	9,808
Recognition of share based payments	-	1,945	-	-	1,945	-	1,945
Balance at 31 December 2020	21,409	24,756	978	336,838	383,981	2,923	386,904
Profit after taxation	-	-	-	96,409	96,409	-	96,409
Other comprehensive expense after taxation	-	-	(226)	(10,432)	(10,658)	-	(10,658)
Total comprehensive (expense)/income for the year	-	-	(226)	85,977	85,751	-	85,751
Recognition of share based payments	-	2,650	-	-	2,650	-	2,650
Balance at 31 December 2021	21,409	27,406	752	422,815	472,382	2,923	475,305

FBD Holdings plc
Supplementary Information
For the year ended 31 December 2021

Note 1 UNDERWRITING PROFIT

	2021 €000s	2020 €000s
Gross premium written	<u>366,328</u>	<u>358,230</u>
Net premium earned	334,247	315,232
Net claims incurred	(123,538)	(221,403)
Other provisions	(22,143)	(9,681)
Net underwriting expenses	<u>(93,369)</u>	<u>(88,527)</u>
Underwriting profit/ (loss)	<u>95,197</u>	<u>(4,379)</u>

	2021 €000s	2020 €000s
Net underwriting expenses		
Management expenses	92,308	86,858
Deferred acquisition costs	<u>(1,380)</u>	<u>(897)</u>
Gross underwriting expenses	90,928	85,961
Reinsurance commission receivable	(3,864)	(2,872)
Broker commission payable	<u>6,305</u>	<u>5,438</u>
Net underwriting expenses	<u>93,369</u>	<u>88,527</u>

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 2 EARNINGS PER €0.60 ORDINARY SHARE

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

Earnings	2021 €000s	2020 €000s
Profit for the year for the purpose of basic earnings per share	<u>96,127</u>	<u>4,390</u>
Profit for the year for the purpose of diluted earnings per share	<u>96,127</u>	<u>4,390</u>
Number of shares	2021 No.	2020 No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	<u>35,138,959</u>	<u>34,992,763</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	<u>35,930,762</u>	<u>35,719,059</u>
	Cent	Cent
Basic earnings per share	<u>274</u>	<u>13</u>
Diluted earnings per share	<u>268</u>	<u>12</u>

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

The below table reconciles the profit attributable to the parent entity for the year to the amounts used as the numerators in calculating basic and diluted earnings per share for the year and the comparative year including the individual effect of each class of instruments that affects earnings per share:

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 2 EARNINGS PER €0.60 ORDINARY SHARE (continued)

	Year ended 31/12/21	Year ended 31/12/20
	€000s	€000s
Profit attributable to the parent entity for the year	96,409	4,390
2021 dividend of 8.4 cent (2020: 0 cent) per share on 14% noncumulative preference shares of €0.60 each	(113)	-
2021 dividend of 4.8 cent (2020: 0 cent) per share on 8% non-cumulative preference shares of €0.60 each	(169)	-
Profit for the year for the purpose of calculating basic and diluted earnings	96,127	4,390

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:

	Year ended 31/12/21	Year ended 31/12/20
	No.	No.
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	35,138,959	34,992,763
Potential vesting of share based payments	791,803	726,296
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	35,930,762	35,719,059

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 3 DIVIDENDS

	2021	2020
	€000s	€000s
Paid during year:		
2020 dividend of 0.0 cent (2019: 0.0 cent) per share on 14% non-cumulative preference shares of €0.60 each	0	0
2020 dividend of 0.0 cent (2019: 0.0 cent) per share on 8% non-cumulative preference shares of €0.60 each	0	0
2020 final dividend of 0.0 cent (2019: 0.0 cent) per share on ordinary shares of €0.60 each	0	0
Total dividends paid	0	0
	2021	2020
	€000s	€000s
Proposed:		
2021 dividend of 8.4 cent (2020: 0.0 cent) per share on 14% non-cumulative preference shares of €0.60 each	113	0
2021 dividend of 4.8 cent (2020: 0.0 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	0
2021 final dividend of 100.0 cent (2020: 0.0 cent) per share on ordinary shares of €0.60 each	35,297	0
Total dividends proposed	35,579	0

The proposed dividend excludes any amounts due on outstanding share awards as at 31 December 2021 that are due to vest in March 2022 and is subject to approval by shareholders at the AGM on 12 May 2022. The proposed dividends have not been included as a liability in the Consolidated Statement of Financial Position as at 31 December 2021.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 4 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2021 €000s	2020 €000s
(i) Ordinary shares of €0.60 each			
Authorised:			
At the beginning and the end of the year	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>
Issued and fully paid:			
At the beginning and the end of the year	<u>35,461,206</u>	<u>21,277</u>	<u>21,277</u>
(ii) 'A' Ordinary shares of €0.01 each			
Authorised:			
At the beginning and the end of the year	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>
Issued and fully paid:			
At the beginning and the end of the year	<u>13,169,428</u>	<u>132</u>	<u>132</u>
Total – issued and fully paid		<u>21,409</u>	<u>21,409</u>

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

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

The number of ordinary shares of €0.60 each held as treasury shares at the beginning (and the maximum number held during the year) was 408,744 (2020: 598,742). 244,739 ordinary shares were reissued from treasury during the year under the FBD Performance Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 164,005 (2020: 408,744). This represented 0.5% (2020: 1.2%) of the shares of this class in issue and had a nominal value of €98,403 (2020: €245,246). There were no ordinary shares of €0.60 each purchased by the Company during the year.

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

All issued shares have been fully paid.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 5 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc and FBD Trust Company Ltd have a substantial shareholding in the Group at 31 December 2021. Details of their shareholdings and related party transactions are set out in the Annual Report.

Both companies have subordinated debt investment in the Group. Farmer Business Developments holds a €21.0m investment and FBD Trust Ltd holds a €12.0m investment. Interest payments are made to both companies on a quarterly basis in proportion to their holding.

At 31 December 2021 the intercompany balances with other subsidiaries was €3,739,000 (2020: €3,462,000).

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

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

	2021	2020
	€000s	€000s
Short term employee benefits ¹	4,131	3,801
Post-employment benefits	262	295
Share based payments	1,346	1,012
	<hr/>	<hr/>
Charge to the Consolidated Income Statement	5,739	5,108
	<hr/>	<hr/>

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

Full disclosure in relation to the 2021 and 2020 compensation entitlements and share awards of the Board of Directors is provided in the Annual Report.

At 31 December 2021 KMP had loans to the value of €18,000 with the Group (December 2020: €9,000). KMP loans with the Group did not exceed these values at any stage during the year.

In common with all shareholders, Directors received payments/distributions related to their holdings of shares in the Company during the year, amounting in total to €0 (2020: €0).

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 6 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 premium on insurance contracts entered into during the year and is widely used across the general insurance industry.

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

	2021	2020
	€000s	€000s
Loss ratio		
Net claims and benefits	123,538	221,403
Movement in other provisions	22,143	9,681
Total claims incurred	145,681	231,084
Net premium earned	334,247	315,232
Loss ratio (Total claims incurred/Net premium earned)	43.6%	73.3%
Expense ratio		
Other underwriting expenses	93,369	88,527
Net premium earned	334,247	315,232
Expense ratio (Underwriting expenses/Net premium earned)	27.9%*	28.1%
* excluding the accelerated amortisation of the policy administration system of €5,884,000, the Expense Ratio would be 26.1%		
Combined operating ratio	%	%
Loss ratio	43.6%	73.3%
Expense ratio	27.9%	28.1%
Combined operating ratio (Loss ratio + Expense ratio)	71.5%	101.4%

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021
Note 6 ALTERNATIVE PERFORMANCE MEASURES (APM's) (continued)

	2021 €000s	2020 €000s
Investment return		
Investment return recognised in Consolidated Income Statement	15,679	10,388
Investment return recognised in Consolidated Statement of Comprehensive Income	<u>(12,202)</u>	<u>4,505</u>
Total investment return	3,477	14,893
Average investment assets	<u>1,185,036</u>	<u>1,117,036</u>
Investment return % (Total investment return/Average investment assets)	<u>0.3%</u>	<u>1.3%</u>
	2021 €000s	2020 €000s
Net asset value per share		
Shareholders' funds - equity interests	<u>472,382</u>	<u>383,981</u>
Number of shares		
Number of ordinary shares in issue (excluding treasury)	<u>35,297,201</u> Cent	<u>35,052,462</u> Cent
Net asset value per share (NAV) (Shareholders funds / Closing number of ordinary shares)	<u>1,338</u>	<u>1,095</u>
Return on equity		
Weighted average equity attributable to ordinary equity holders of the parent	428,182	378,105
Result for the year	96,409	4,390
Return on equity (Result for the year/Weighted average equity attributable to ordinary equity holders of the parent)	<u>23%</u>	<u>1%</u>

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

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

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

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

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

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2021

Note 7 SUBSEQUENT EVENTS

The judgement delivered on 28th January 2022 in respect of Business Interruption claims for public houses has provided considerable clarity on the definition of business closure and on other matters such as allowable wages. While some matters remain to be clarified, FBD will progress with the settlement of valid claims for customers.

FBD has agreed with reinsurers how reinsurance recoveries will operate in respect of the application of reinsurance cover to these Business Interruption claims for the expected impacted layers of its catastrophe programme. This reduces the uncertainty surrounding recoveries from reinsurers and has had a favourable impact on previously booked reserves net of reinsurance with the net liability reducing.

The judgement and the reinsurance agreement are adjusting events for the purposes of the 2021 financial statements on the basis that they relate to 2021.

Note 8 GENERAL INFORMATION AND ACCOUNTING POLICIES

The financial information set out in this document does not constitute full statutory Financial Statements for the years ended 31 December 2021 or 2020 but is derived from same. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, applicable Irish law and the listing Rules of Euronext Dublin, the Financial Conduct Authority and comply with Article 4 of the EU IAS Regulation.

The 2021 and 2020 Financial Statements have been audited and received unqualified audit reports.

The 2021 Financial Statements were approved by the Board of Directors on 3 March 2022.

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