FBD Holdings plc

Annual Report 2023

FBD INSURANCE

SUPPORT.
IT'S WHAT WE DO.

FBD / AT A GLANCE

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

2023 PERFORMANCE HIGHLIGHTS

Profit before tax
€81.4m
(2022[1]: €65.8m)

Combined operating ratio
80.9%
(2022[1]: 76.4%)

Gross written premium
€414m
(2022[1]: €383m)

Return on Equity
15%
(2022[1]: 12%)

Net Asset Value
1,330c
(2022[1]: 1,276c)

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

IN THIS REPORT

Strategic Report 3
Financial Highlights 4
Our Purpose 5
Chairman's Statement 6
Review of Operations 9
Our Business Model 15
Our Strategy 17
Risk & Uncertainties Report 20

Environmental, Social & Governance 29
Environmental 34
Social 53
Diversity Report 65
Governance 67
- Board of Directors 67
- Corporate Information 71
- Report of the Directors 72
- Corporate Governance 80
- Nomination & Governance Report 103
- Report on Directors' Remuneration 111
- Directors' Responsibilities Statement 132

Financial Statements 133
Independent Auditors' Report 134
Consolidated Income Statement 143
Consolidated Statement of Comprehensive Income 144
Consolidated Statement of Financial Position 145
Consolidated Statement of Cash Flows 147
Consolidated Statement of Changes in Equity 148
Company Statement of Financial Position 149
Company Statement of Cash Flows 150
Company Statement of Changes in Equity 151
Notes to the Financial Statements 152

Other Information 232
Alternative Performance Measures 232

STRATEGIC REPORT

BUILDING OUT FROM OUR FARMING ROOTS

To serve the general insurance needs of farmers; businesses and retail customers throughout Ireland.

SUPPORT.
IT'S WHAT WE DO.

Financial Highlights

	2023 €000s	2022 (restated)[1] €000s
Insurance revenue	**401,026**	379,697
Gross written premium	**413,593**	382,651
Underwriting result	**76,459**	89,653
Profit before tax	**81,410**	65,840

	2023 Cent	2022 (restated)[1] Cent
Basic earnings per share	**194**	161
Diluted earnings per share[2]	**190**	157
Net asset value per share	**1,330**	1,276
Ordinary dividend per share proposed	**100**	100
Ordinary dividend per share paid	**100**	100
Special ordinary dividend per share paid	**100**	—

	2023 %	2022 (restated)[1] %
Combined operating ratio[3]	**80.9 %**	76.4 %
Return on equity	**15 %**	12 %

[1] On 1 January 2023, IFRS 17 'Insurance Contracts' became effective, replacing IFRS 4 'Insurance Contacts'. The Group elected, as it met the criteria for a temporary exemption, to defer the application of IFRS 9 'Financial Instruments' (replacing IAS 39) until 1 January 2023. See note 3 for updated accounting policies and note 4 for transitional impact.
[2] Diluted earnings per share reflects the potential vesting of share based payments.
[3] Combined operating ratio includes discounting.
Further information on measures referred to in our Financial Highlights is found in Alternative Performance Measures on pages 232 to 234.

Financial Calendar	
Preliminary announcement	8 March 2024
Dividend record date	3 May 2024
Annual General Meeting	9 May 2024
Dividend payment date	7 June 2024

Our Purpose

FBD's purpose is to support, protect and stand with Ireland's people, families, farmers and businesses to enable our customers to grow and thrive.

We are proud of our roots in farming; of our Irish heritage and of FBD's proposition for this market. A proposition that has developed and evolved through our rich expertise; customer knowledge and our immersion in the communities we serve. We appreciate the trust of our customers.

We evolve to meet the changing needs of our customers and the next generation of customers.

We continue to support families and family businesses in the same way we have supported Ireland's farmers for generations. We continue to carefully grow our business, building the FBD brand and securing FBD's future.

OUR VALUES

- Respect
- Belief
- Innovation
- Community
- Ownership
- Communication

OUR PURPOSE

An Irish insurer, supporting & sustaining local communities

OUR CUSTOMERS

- Farmers
- Businesses
- Retail

Chairman's Statement

"I am delighted to announce an excellent set of financial results for 2023, including a proposed ordinary dividend payment to our shareholders of 100 cent per share."

Liam Herlihy
Chairman

PERFORMANCE

I am delighted to announce an excellent set of financial results for 2023, including a proposed ordinary dividend payment to our shareholders of 100 cent per share.

We have recorded a Group Profit before Tax of €81m for 2023. Our Net Asset Value (book value) per share increased to 1,330 cents, after the payment of both an ordinary and a special dividend of 100c each last year. This result was supported by favourable underwriting performance and a positive investment return, following a challenging year for the financial markets in 2022. Our Solvency Capital Ratio continues to be strong at 213% after ordinary dividend and share repurchase (unaudited). These results reflect the measured profitable growth being delivered under our strategy and are a testament to the dedication and focus of our leadership team.

During 2023 we saw another year of growth across each customer sector, with the majority coming from our Farmer sector where, in addition to writing more new business, and sustaining excellent retention rates, we have seen an increase in the average policy holding per customer.

At FBD we believe that sustainable profitable growth comes from providing our customers with a proposition that is of value to them. A key part of this proposition is to meet our customers' needs through the provision of valued advice, and during 2023 FBD implemented a comprehensive campaign to tackle the issue of underinsurance. This included contacting our existing customers directly about the importance of being adequately insured and highlighting potential underinsurance wherever possible through the normal course of business. In addition to raising awareness and providing advice, we also ran a successful *Inflation Protection* offer across our Farm, Home & Business products, waiving part of the additional premium associated with revising sums insured to ensure their adequacy.

I would like to take the opportunity to express a special word of thanks to our employees. Providing our valued proposition to our customers would not be possible without exemplary customer service. It was especially pleasing to see FBD's excellence in customer service being acknowledged through being awarded Best General Insurer in the 2023 CXi Report. This level of dedication in serving our customers brings the FBD strategy to life and on behalf of the Board, I would like to thank you all.

BOARD OF DIRECTORS

I am delighted to welcome Patrick Murphy as a Non-Executive Director. Patrick joined the Board of FBD Holdings Plc in September and has vast experience in many areas including ESG, governance and strategic management.

I would also like to place on record my appreciation to John O'Grady for his time as Group Chief Financial Officer and Executive Director of FBD Holdings plc from 2016, until his retirement in December. John made a significant contribution in many areas, and on behalf of the Board I would like to wish John a happy and healthy retirement.

The Board and I were delighted to announce the appointment of Kate Tobin as Group Chief Financial Officer and Executive Director of FBD Holdings Plc from January 2024. Kate brings a wealth of general insurance knowledge and I look forward to working with Kate into the future.

FBD remains committed to ensuring that it has a high-performing Board, which is equipped to anticipate, meet and overcome future challenges and risks and to ensure alignment with the Group's long-term strategy. Further details can be found in the Governance section of the annual report.

CLAIMS ENVIRONMENT

We fully support the work of the Government and the insurance reform agenda. We welcome the progress made to date towards the objective of reducing the cost and increasing the availability of insurance for Irish farmers, businesses, and retail customers.

Injuries Resolution Board acceptance rates have remained consistent with last year, which is positive. FBD, in line with the Injuries Resolution Board are seeing steady reductions of 40% to 45% versus the Book of Quantum, in direct settlement cases. We note challenges over the constitutionality of the laws underpinning the Personal Injury Guidelines were heard by the Supreme Court in February 2023, we continue to await the judgement. Periodic Payment Order legislation was signed into law in July. Recommendations will be made to the Minister on a broad range of more flexible factors and ministerial regulations are still awaited. Injury claims costs are down on last year continuing the positive trend seen since the introduction of the Personal Injury Guidelines in 2021. Injury claim settlements rates are down again on last year and considerably down on pre-pandemic levels, with solicitor engagement on new injury guidelines a feature.

We continue to observe material increases in the cost of Motor Damage and Property claims. Again, disrupted supply lines, skills shortages and materials and parts inflation are all factors.

I welcome the final judgement on the Business Interruption test case, which was delivered in July. This ruling has allowed us to proceed toward settlement of all valid Covid-19 related claims. We look forward to finalising all settlements during 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We have brought ESG to life in FBD in 2023. Through our Sustainability Committee we have integrated ESG into our wider Strategy and over the course of 2023 we have made progress under each of our five ESG pillars.

We have made significant progress under our Corporate Advocacy pillar, and it was with immense pride that the Board and I, along with our Leadership team, attended the Teagasc facility in Moorepark, Fermoy, in December to announce a contribution of €2.5m by FBD Holdings, towards a new research centre. The Centre for Sustainable Animal and Grassland Research will support climate-related research and improve the environmental sustainability of Irish agriculture. It is a fitting tribute that the Centre will be named after our dear colleague Padraig Walshe, who passed away last year. It was especially fitting to have many members of Padraig's family with us on the day. Padraig was a Board member of FBD for many years and made a massive contribution to the Group. As a farmer himself, he always looked out for the farmers' interest and was very supportive of the need for FBD to support progress in this area.

We completed a current state assessment of paper usage during 2023 under our Operations pillar. During the year we contacted all shareholders offering the option to receive correspondence in electronic form and this has helped to contribute to paper reduction, and we have several other projects planned for the coming year to further support our paper reduction objectives. In addition, our Facilities team have undertaken a decarbonisation analysis to better understand actions required to reduce our Scope I and II emissions.

Under our Sales, Underwriting & Claims pillar we have undertaken a redesign of products to incorporate features to support customers who use solar panels and domestic wind-turbines for own energy production. We are continually reviewing developments to ascertain if we can support policy aligned to improving our climate footprint.

Our Investments function have completed a critical pathway to commit to the Science Based Targets Initiative , formalised exclusions within the investment portfolio, and implemented climate transition risk rating limits.

During the year we have had an increasing focus on our Disclosures pillar with major projects undertaken to prepare for EU Taxonomy reporting, the Corporate Sustainability Reporting Directive (CSRD) and Climate Scenario analysis. FBD Holdings is now a signatory to the UN Principles for Sustainable Insurance and we will begin to report on our progress against the Principles in 2024.

We are proud to continue our support of the next generation of farm leaders and innovators through our partnerships with Teagasc, UCD, Nuffield and the ASA, while FBD Trust continues to support research and educational scholarships for training and development. 2023 saw the announcement of the Teagasc / FBD Environmental Sustainability Awards which promote environmentally sustainable farming and will showcase the work farmers are doing to reduce their impact on the environment.

As we know, farming is a high-risk industry which presents many challenges. While there has been a decline in the number of fatal accidents in agriculture over the last 3 years, there is no room for complacency. FBD's objective is to support initiatives which will make the farm a safer place for all. FBD's Farm Safety campaigns aim to encourage farmers to make small but meaningful changes to their working behaviour. While farmers' attitudes to health and safety are generally positive, simple changes can make a big difference.

Despite the poor weather, the National Ploughing Championships in Ratheniska was a great success in September. FBD and our people are always well represented at these events as they are a great opportunity to engage with our customers.

We are delighted to continue our support of the Tipperary Club Championships, with spectators at FBD Semple Stadium witnessing fantastic displays of skill, courage, and commitment over the course of the year.

The Board believe that Diversity and Inclusion are key to creating an environment that fosters innovation, employee engagement, creativity and the collaboration required to support and drive our strategy. FBD are a committed signatory of the Women in Finance Charter, and partner with industry initiatives such as VOiCE for Insurance. We are determined to reduce our Gender Pay Gap and to lead programmes and initiatives to increase female representation across all areas and levels of FBD. It was especially pleasing to see FBD achieve Silver accreditation for being investors in Diversity through the Irish Centre for Diversity and we are committed towards attaining the Gold accreditation.

CAPITAL / DIVIDEND

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

Following engagement with our stakeholders, the Board announced a special dividend of 100c following our half-year results. The Board believes that it is in the long-term interest of all stakeholders to continue to maintain a strong solvency margin and it is focused on ensuring that the Group's financial position is well managed.

Our Dividend Policy is designed to ensure we maintain sufficient capital, with a focus on annual dividend sustainability. Following the robust financial performance for 2023 the Board are happy to propose an ordinary dividend of 100 cent per share. This reflects our continuing confidence in the underlying profitability and future prospects of our Group. Our capital position remains strong with a Solvency Capital Ratio of 213% after ordinary dividend and share repurchase (unaudited) at 31st December 2023.

CONCLUSION

Our customer focused strategy, leveraging technology and the strength of our people to deliver profitable growth, has been the foundation that has enabled us to deliver positive outcomes for all stakeholders during 2023.

I would like to thank my colleagues on the Board for their continued support, expert guidance, and hard work during another successful year. And finally, as always, I would like to thank our growing number of loyal customers. We welcome the opportunity to repay your trust and confidence in us over the coming years.

With Best Regards.

Liam Herlihy

LIAM HERLIHY

Chairman

7 March 2024

Review of Operations

"Building on our successful approach to date to drive measured profitable growth, we are pleased to announce a robust result for 2023. Looking forward, we remain confident in the underlying profitability, future growth prospects and capital strength of the business."

Tomás Ó Midheach
Group Chief Executive Officer

OVERVIEW

The Group reported a profit before tax of €81.4m (2022: €65.8m), supported by growth in Insurance revenue, profits generated from current year business, favourable prior year reserve development of €44.4m and positive investment returns of €19.1m (2022: -€10.8m).

IFRS 17 is effective for insurance contract reporting since 1 January 2023 and all 2022 comparatives are restated, unless otherwise specified. IFRS 9 has also been adopted.

INSURANCE SERVICE RESULT

Insurance Revenue

Insurance revenue is 5.6% higher at €401.0m (2022: €379.7m). Gross written premium is the largest part of Insurance revenue and is 8.1% higher than 2022 at €413.6m (2022: €382.7m) primarily delivered from our Farmer and Business customers, with strong growth in Agri including Tractor, Commercial Business and Home products. Written policy count increased by 2.6% (2022: 2.8%) supported by a strong retention rate, particularly in Farm and Business products.

Increased levels of policy coverage account for 4.5 percentage points of the 5.4% increase in average premium, driven primarily from property lines, as rebuild costs and consequently sums insured have increased in response to inflation in construction and other operational costs in the economic environment. Farm multi-peril average premium increased by 5.6% and Home average premium increased by 10.8% as a result of increases in property elements as sums insured increased due to inflation in construction costs. Commercial Business average premium increased by 5.3% driven by a combination of sums insured increasing due to inflation in construction costs and customers increasing liability cover levels. Private Motor average premium increased by 2.9% and Commercial Motor increased by 3.6%, with rate increases applied to offset the increased cost of Motor Damage claims stemming from inflation in labour, parts and paint costs and the higher costs associated with repair and replacement of advanced technology on newer vehicles. Average Tractor premium increased by 9.1% due to a higher proportion of newer tractors, increasing value of existing tractors and modest rate increases to offset inflation in the cost of Motor Damage claims.

Insurance Service Expenses

Insurance service expenses (ISE) increased by €8.3m to €210.1m (2022: €201.8m). The table below splits the ISE into Gross incurred claims, Changes that relate to past service and Insurance acquisition expenses. The Gross incurred claims increase of €14.3m reflects increasing costs due to inflation, increased frequency in Property and Motor Damage and increased policy count. Changes that relate to past service of €104.0m include prior year reserve development, gross of reinsurance, including that related to Business Interruption, as well as other IFRS 17 specific movements in the Risk Adjustment and Discounting. The amount of changes to past service that relate to prior year best estimate reserve development, net of reinsurance, is €44.4m (2022: €48.3m). Insurance acquisition expenses of €75.9m form part of the ISE and are referenced below under Expenses.

Insurance Service Expenses	Year-ended 31 Dec 2023 €000	Year-ended 31 Dec 2022 €000
Gross incurred claims	(238,133)	(223,807)
Changes that relate to past service	103,990	92,564
Insurance acquisition expenses	(75,909)	(70,595)
Total Insurance service expenses	(210,052)	(201,838)

Injury notifications increased 4% year on year largely reflecting increased policy count with a slight increase in frequency. The average cost of injury claims settlements is down 3% in the last 12 months.

Claims being settled under the new guidelines continue to be more than 40% lower in value when compared to the previous Book of Quantum. The level of acceptance of Injuries Resolution Board awards by the end of 2022 across the market was approaching pre-guideline levels at 48%. Higher acceptance rates reduce the number of cases through the courts system attracting higher legal costs. It will take time for the full impact to be known of the new guidelines on claims settled through the litigation process.

Motor Damage notifications increased by 11% and settlement costs also increased by 17%. There remains considerable upward pressure on constituent costs (parts, labour and paint).

The average cost of Property claims increased by 16% since 2022, excluding Business Interruption claims, due to a change in mix of claims and inflation, with double digit increases in Escape of Water, Fire and Storm costs.

Weather and Large Claims

Net of reinsurance weather losses in 2023 were similar to that in 2022. There was a higher frequency of named Storms in 2023 but a lower number of attritional weather events.

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

Reinsurance

The reinsurance programme for 2024 was successfully renegotiated with some changes to the expiring agreement, as more risk is retained at lower layers.. Reinsurance market conditions and pricing increases incurred over recent years have diminished the value of lower layer protection. While the levels of expected reinsurance recoveries will reduce as a result of the changes, the reduced reinsurance premium would mean an expected net benefit to FBD in a typical year. Overall we saw an increase in reinsurance rates for Property of 5.5% and Casualty of 8.5% on the comparable renewed cover.

For 2023, the net expense from reinsurance contracts held increased by €17.9m due to a reduction in the level of expected recoveries relating to Business Interruption claims as a result of the reduction in the associated gross best estimate, as well as increased reinsurance premium.

Expenses

The Group's expense ratio is 27.4% (2022: 27.3%). Insurance acquisition expenses and Non-attributable expenses are combined to calculate the total expense cost of €109.9m (2022: €103.6m). The 6% increase is made up of inflationary impacts on salary costs, IT spend and other utility costs. Commission also increased as our partnerships with intermediaries continue to grow.

Other Provisions

Movement in other provisions increased by €9.9m to €18.3m (2022: €8.4m), with the increase relating to the provision for our current estimate of the cost of a constructive obligation arising from the deduction of State subsidies paid to claimants under Business Interruption of €6.2m, as well as the €2.5m ESG initiative for The Padraig Walshe Centre for Sustainable Animal and Grassland Research. The other elements of the Movement in other provisions are the Motor Insurers Bureau of Ireland (MIBI) levy and the Motor Insurers Insolvency Compensation Fund (MIICF) contribution.

Industry Environment

An appeal to the Supreme Court in respect of the Personal Injury Guidelines was heard at the end of February 2023. We are awaiting the Judgement but have no indication as to the timeline for delivery. Court backlogs have eased, with trial dates secured within pre-Covid timelines, however, we note Claimants' Solicitors still have a greater say around the timing of cases being called for trial. Injury claims settlement rates are down 9% year on year.

We still await the outcome of the review to determine if the Judiciary or the Minister of Justice and Equality should be allowed to determine the discount rate and review it at intervals. The delay in this decision may raise the potential of a challenge to the discount rate. The Court & Civil Law (Miscellaneous Provisions) Bill 2022 was signed into law in July 2023. Part 3 of the Act sets out that the indexation of periodic payment orders will no longer be fixed solely on the Consumer Price Index. Instead, the indexation rate will be set by ministerial regulations based on a broad range of more flexible factors. A committee was established to consider and make recommendations on a suitable indexation rate to the Minister. These recommendations and ministerial regulations are still awaited.

The following legislative changes impacting insurance were enacted during 2023:

- **Occupiers Liability Act 1995 –** amendments were signed into law in July as part of the Courts and Civil Law (Miscellaneous Provisions) Bill 2022. This introduces the concept of "Voluntary Assumption of Risk", which seeks to broaden the circumstances in which an occupier may be relieved of liability. An amendment to the Act changes the "common duty of care" provisions.
- **Irish Motor Insurance Database (IMID) -** The next phase of the previously named Motor Third Party Liability project (MTPL) requires sharing of additional data on insured vehicles and drivers with Regulatory Authorities.
- **The Road Traffic Act (RTA)** legislation has been extended to better regulate the use of scramblers/quads and e-bike/e-scooters.
- **Assisted Decision Making Act -** The Act came into effect on the 26 April 2023. We are working on a number of changes including updating our Vulnerable Customer Policy, scenario testing, reviewing the customer journey and training.

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

- **The Motor Insurance Directive (MID)** primarily deals with the scope of compulsory insurance broadening the potential scenarios where RTA cover will apply.
- **Flood Insurance Bill -** The purpose of the bill is to provide for fairness in the market for property insurance, which will force insurers to offer flood cover to homes and businesses in flood affected areas.
- **Protection of the Collective Interests of Consumers Bill 2023 -** Proposed legislation transposes an EU directive and gives designated "Qualified Entities" the power to take enforcement action on behalf of a group of consumers whose rights have been breached in Ireland or in another EU country.
- **Consumer Insurance Contracts (Amendment) Bill 2023 -** This Bill proposes to ban the use of "clauses of average" in non-life insurance contracts.

General

FBD's Combined Operating Ratio (COR) was 80.9% (2022: 76.4%). The undiscounted Combined Operating Ratio (COR) was 83.3% (2022: 79.1%). The calculation of COR has changed under IFRS 17 (see APMs).

Investment Return

FBD's total investment return for 2023 is +5.3% (2022: -8.6%). The investment return recognised in the Consolidated Income Statement is 1.7% (2022: -0.9%) and in the Consolidated Statement of Other Comprehensive Income (OCI) is 3.6% (2022: -7.7%). Despite ongoing volatility, investment markets rebounded from the losses of 2022 with almost all asset classes ending the year in a positive position relative to the previous year. Interest rate changes remained the dominant driver of market movements with the majority of the gains earned in the fourth quarter as signs of inflation abating and weakening growth projections led to markets pricing in a series of interest rate cuts in major developed markets.

While central banks remained cautious in their guidance, interest rates dropped since the start of the year. The yield on the benchmark German 5 year Bund decreased from 2.5% to 1.9% during 2023 as the market focus turned to ECB interest rate cuts, while credit spreads also narrowed over the year. This resulted in the buy and maintain bond portfolios experiencing significant mark-to-market gains.

The higher interest rate environment experienced since mid-2022 has led to a material increase in returns through the Consolidated Income Statement from deposits and bonds in 2023. Bond maturities continue to be reinvested at higher interest rates, which is gradually increasing the income earned on these portfolios. During the year, some of this increased return was offset by realised losses on bonds sold to enhance longer term yield and reduce risk. An increase in the duration of these portfolios should lead to further future increases in returns through the Consolidated Income Statement. Risk assets contributed €12m to the overall income return offset by a drop in the valuation of our investment property.

Financial Services Income and Other Costs

The Group's financial services operations returned a loss before tax of €1.1m for the period (2022: loss €0.1m) as revenue decreased by €0.7m and costs increased by €0.4m due to inflationary increases and one-off costs. Costs increased in the Holding Company by €2.6m to €5.7m primarily relating to the €2.5m ESG initiative to Teagasc for The Padraig Walshe Centre for Sustainable Animal and Grassland Research.

Earnings per share

The diluted earnings per share was 190 cent per ordinary share, compared to 157 cent (restated) per ordinary share in 2022.

STATEMENT OF FINANCIAL POSITION

Capital Position

Ordinary shareholders' funds at 31 December 2023 amounted to €477.0m (2022 restated: €454.0m). The increase in shareholders' funds is mainly attributable to the following:

- Profit after tax for the year of €69.5m;
- Reduced by ordinary and special dividend payments related to the 2022 financial performance totalling €72.0m;
- OCI Profit after tax for the year of €22.9m made up of:
  - Mark to market gains on our Bond portfolio of €41.4m;
  - Offset by:
  - Insurance finance expense for insurance and reinsurance contracts issued €13.6m;
  - A reduction in the Retirement benefit surplus of €1.6m; and
  - €3.3m of tax through Other Comprehensive Income.
  - Movement in capital reserves of €2.6m.

Net assets per ordinary share are 1,330 cent, compared to 1,276 cent per share (restated) at 31 December 2022.

Investment Allocation

The Group adopts a conservative investment strategy to ensure that its insurance contract liabilities are matched by cash and fixed interest securities of low risk and similar duration. Cash allocations fell and the Company divested €32m from its bond portfolios to fund dividend payments although mark-to-market gains saw the overall bond allocations increase.

The average credit quality of the corporate bond portfolio has remained at A- and has seen a lower allocation to BBB rated bonds (38% vs 42% at 31 December 2022). An additional €15m was invested in Risk Assets although we remain underweight the target allocation while the investment property allocation reduced due to valuation decreases.

The allocation of the Group's investment assets is shown in the table below.

Solvency II

The latest Solvency Capital Ratio (SCR) is 213% (unaudited) after ordinary dividend and share repurchase, which reduced from 226% in 2022. Profits generated have been offset by distribution of capital and increased capital requirements related to greater insurance exposure and market risk.

Risks and uncertainties

The principal risks and uncertainties faced by the Group are outlined on pages 20 to 28.

Inflation has moderated as energy price reductions flow through, and interest rates are projected to reduce while still remaining at a relatively high level. Risks to this outlook remain with wage demands being a potential driver of continued above trend inflation while geopolitical tensions could cause another spike in energy prices. Medium-term growth forecasts remain weak which increases the risk of the stagflation (high inflation, low growth) scenario. If rates do not come down as expected it risks causing further imbalances in the global economic system as evidenced by the banking failures in 2023. Geopolitical risk is also elevated due to ongoing conflicts while the US Presidential election has the potential to cause volatility.

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

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

The expectations that central banks now have the flexibility to cut interest rates to mitigate a growth slowdown has led to a fall in bond yields.

	31 December 2023		31 December 2022 (restated)	
	€m	**%**	€m	%
Corporate bonds	**575**	**49 %**	563	49 %
Government bonds	**281**	**24 %**	271	23 %
Deposits and cash	**145**	**12 %**	175	15 %
Risk assets	**161**	**14 %**	134	12 %
Investment property	**12**	**1 %**	15	1 %
Total investment assets	**1,174**	**100 %**	1,158	100 %

Equity valuations improved based on the change in interest rate forecasts and are susceptible to further increases in inflation as well as a sustained slowdown in growth or a recession.

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.

The Group continues to manage liquidity risk through ongoing monitoring of forecast and actual cash flows. The Group's cash flow projections from its financial assets are well matched to the cash flow projections of its liabilities. The Group holds cash resources significantly higher than its minimum liquidity requirement in order to mitigate any liquidity stress events. All of the Group's fixed term deposits are with financial institutions which have a minimum A- rating. The Group's asset allocation is outlined on page 12.

Reinsurance is becoming more expensive as the cost of climate change is being felt across the insurance industry with some risks being reassessed. Delaying the transition to a greener economy will accelerate the effects of climate change that could drive further increases in reinsurance and insurance costs. Regular review of the Group's reinsurers' credit ratings and reinsurer's outstanding balances is in place. All of the Group's reinsurers have a credit rating of A- or better.

We continue to face a tightening employment market with shortages of skills in some areas. An attractive and broader employee proposition is key to retaining a talented workforce in this challenging environment. We offer flexible working and continue to enhance professional and skills development opportunities as well as investing in well-being initiatives to ensure our employees feel supported and valued.

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 solvency. The output of the modelling demonstrates that the Group is projected to be profitable and remain in a strong capital position. However, the situation can change and unforeseen challenges and events could occur. The solvency of the Group remains solid and is currently at 213% (unaudited) (31 December 2022: 226%).

OUTLOOK

The economic outlook for 2024 is positive with more modest growth expectations despite a slowdown in global demand and global trade complexities. Tighter monetary policy since 2022 appears to be slowly impacting inflation, although in 2024 inflation is expected to be impacted more by higher house and food prices which means continuing financial pressure on households. The labour market is expected to remain tight and may hold back growth expectations.

Challenges to the Personal Injury Guidelines are making their way through the courts and although increased acceptance rates of awards from the Injuries Resolution Board may indicate they are gaining more acceptance; the ultimate impact is still unknown. The average cost of Motor Damage claims will continue to increase with more electric and hybrid vehicles as a proportion of the national fleet, leading to higher cost of repairs.

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

Our sustainability journey continues. In December 2023 we announced our commitment to an ESG initiative for The Padraig Walshe Centre for Sustainable Animal and Grassland Research based in Teagasc Moorepark, Fermoy, Co Cork. Research and innovation are essential to reducing greenhouse gas (GHG) emissions, as Ireland strives to achieve climate neutrality by 2050.

FBD is resourcing and planning for additional disclosure requirements associated with CSRD. FBD signed up to the UN Principles for Sustainable Insurance as we commit to the challenging journey ahead of reporting under the CSRD in early 2025. We are preparing our Science Based Targets for submission to provide a benchmark for future decarbonisation improvements.

Relationships are at the heart of what we do as a people-centric business and customers stay with us for the value they receive. We continue to invest in our customer and employee propositions, making us a more digitally enabled organisation, while continuing to deliver excellent service to our ever-increasing number of customers. The global economic environment affects all our customers, employees and businesses as inflation and interest rates increase costs. This requires us to adapt and work harder to drive careful profitable growth, while remaining disciplined around underwriting and costs to ensure we continue to deliver for all our stakeholders.

TOMÁS Ó MIDHEACH

Group Chief Executive Officer

7 March 2024

Key Highlights

FARMER

49%

Our Farm customers represent 49% of our premium

BUSINESS

32%

Our Business customers represent 32% of our premium

RETAIL

19%

Our Retail customers represent 19% of our premium

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

SUPPORT.
IT'S WHAT WE DO.

FBD's Business Model

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

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

Our business model is focused on delivering for all our stakeholders

INPUTS

FBD EMPOWERS OUR PEOPLE TO DELIVER FOR OUR CUSTOMERS AND ALL STAKEHOLDERS

OUR EMPLOYEES

The expertise, experience and local knowledge of our 950+ employees provides our customers with a proposition they value based on in-depth understanding of their requirements.

FINANCIAL

FBD seeks to deliver measured profitable growth while maintaining a resilient and stable balance sheet that is well reserved with a low risk investment portfolio. Deployment of capital is prudent and return focused. Maintaining a strong capital position is paramount.

SOCIAL

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

ENVIRONMENT

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

RELATIONSHIPS

Founded by farmers for farmers, FBD has an unrivalled knowledge of farm enterprises through over 50+ years of protection and close relationships with our farming organisations. Today FBD serves farmer, business and retail customers.

DATA AND TECHNOLOGY

FBD leverages data and technology to understand our customers better and to enhance our customer and employee experience.

BUSINESS ACTIVITIES/ CREATE VALUE

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

CUSTOMER FOCUS

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

UNDERWRITING RISK SELECTION

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

MANAGE CLAIMS

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

CAPITAL MANAGEMENT

FBD reserves appropriately. Deployment of Capital is prudent and return focused. Maintaining a strong capital position is paramount.

INVESTMENT POLICY

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

OUTPUTS

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

OUR PRODUCTS

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

DISTRIBUTION

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

FINANCIAL ADVISORY SERVICES

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

STAKEHOLDER OUTCOMES

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

OUR CUSTOMERS

Our customers are at the heart of what we do. We invest in understanding them & having a complete picture of them and in delivering a proposition they value.

OUR PEOPLE

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

OUR INVESTORS

We focus on delivering measured profitable growth which increases the value of the business and delivers sustainable returns for our shareholders.

WIDER SOCIETY & ESG

FBD is recognised as the local insurer, supporting and sustaining our local communities. We deliver on our sustainability commitments and support our customers in theirs.

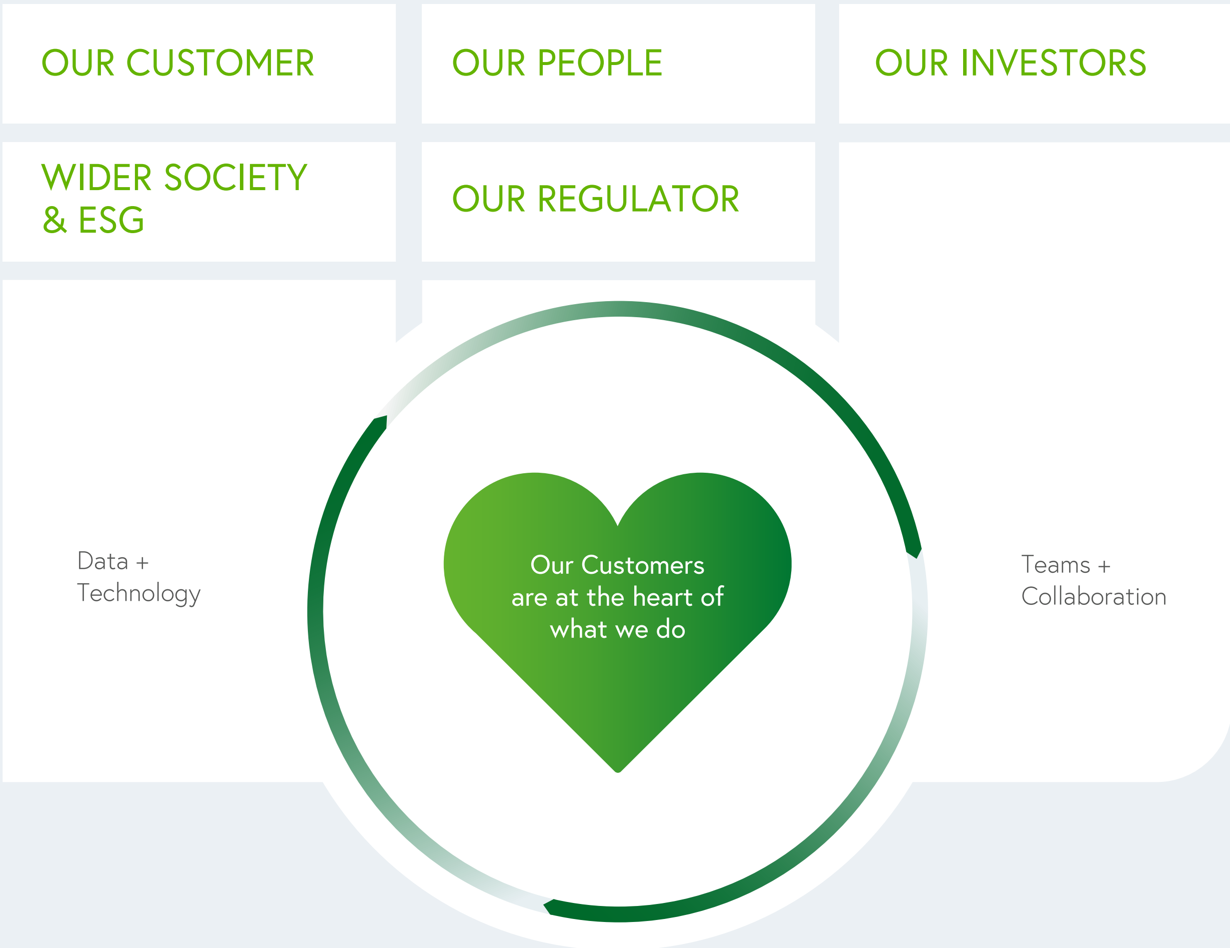
OUR REGULATOR

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

Our Strategy

STRATEGIC VISION

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



STRATEGIC AMBITION

OUR CUSTOMER

We have a complete picture of them, understand them and deliver a proposition they value.

WIDER SOCIETY & ESG

We are recognised as the local insurer, supporting and sustaining our local communities.

Delivering on our sustainability commitments and supporting our customers in theirs.

OUR PEOPLE

Foster individual and organisational effectiveness.

DELIVERING MEASURED PROFITABLE GROWTH

Through a sharp focus on Value, Growth & Innovation.

FURTHER INFORMATION ON OUR STRATEGY

CUSTOMER

- Customer relationship strengthening

DATA

- Measure through a customer lens
- Segment and understand our customer and business

PROCESS

- Create Capacity
- Enhance Customer and Employee Experience

VALUE

- A proposition our customers are willing to pay for and stay for. One that delivers a sustainable margin for FBD.

PEOPLE

- Foster Individual and Organisational Effectiveness

TECHNOLOGY

- Understand our customers better.
- Enhance our customer and employee experience

CLAIMS

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

ESG

- Delivering on our sustainability commitments & supporting our customers in theirs.

FBD

A digitally enabled, data enriched organisation which delivers an excellent customer and employee experience.

Risks & Uncertainties Report

A. OVERVIEW

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

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

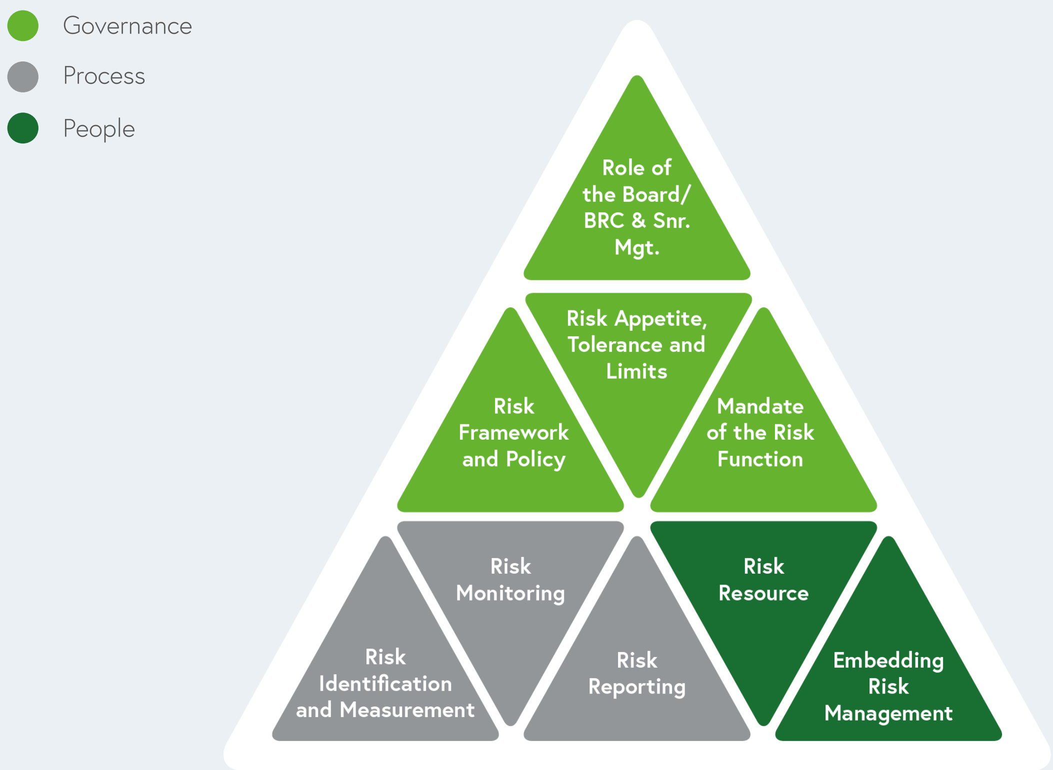
B. RISK MANAGEMENT FRAMEWORK

Risk Appetite

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

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

RISK MANAGEMENT FRAMEWORK



Risk Governance

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

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

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

Risk Process

Identify and Measure

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

Monitor and Report

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

People

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

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

Key Risks and Mitigants

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

Capital Management Risk

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

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

Underwriting Risk

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

Key Mitigants

The Group manages this risk through its underwriting strategy and its reinsurance arrangements.

Underwriting Strategy:

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

Reserving:

- The Group uses statistical and actuarial methods to calculate the quantum of claims provisions and uses independent actuaries to review its liabilities to ensure that the carrying amount of the liabilities is adequate. An uncertainty analysis is carried out which inputs into the setting of the risk adjustment under IFRS17. The Reserving Committee assists the Board in its review of the adequacy of the Group's claims provisions.
- Case reserve estimates are subject to robust controls including system controls preventing claim handlers from increasing reserves above their reserve limits without supervisor approval and secondary review and challenge of case reserve estimates.

Reinsurance Arrangements:

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

Market Risk

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

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

Credit & Concentration Risk

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

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

Liquidity Risk

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

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

Strategy Risk

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

Key Mitigants	
	• The Group has a strategic planning cycle which commences with a fundamental review of strategy at least every 5 years (normally every 3 years). Further supporting this is an annual review of the strategy by the Board to determine the continuing relevance. To ensure the strategy is implemented effectively, the Group engages in a robust business planning and review process that results in an annual plan including key initiatives and budget along with the development of a Strategic Risk Policy. • The Group has a 2024-2028 Strategy in place which notes the importance of a clear ESG strategy, as well as having defined metrics and targets to ensure the Group is making a meaningful impact on wider ESG considerations.

Reputational Risk

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

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

Operational Risk

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

Key Mitigants

Risk Management Framework

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

Information Technology Controls

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

Business Continuity Plans

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

Personnel

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

C. Climate Change

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

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

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

The quarterly review also ensures that risks and controls related to climate consider the time horizon and double materiality impact. This approach ensures that climate risk is evaluated and managed within a defined Framework subject to ongoing challenge and validation, ongoing analysis, monitoring and reporting of it are in place and embedded within governance structures as it evolves. The Group has also engaged the support of an external consultant to assist with CSRD requirements. As part of this project, the external consultant will also provide support to the Group with determining a baseline scenario and its double materiality assessment. The review of risks and opportunities related to Climate Change is ongoing.

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

D. Inflation and Geopolitical Risk

Inflation may have peaked in early 2023 with temporary factors such as energy prices and supply chain issues subsiding. While double-digit inflation passed, the ECB projects it to remain above their 2% target up until 2025. The short-term outlook for growth in the euro area has deteriorated as monetary policy tightening and adverse credit supply conditions feed through to the real economy and as fiscal support is gradually withdrawn. Medium-term growth forecasts remain weak which increases the risk of the stagflation scenario. Declining inflation and growth forecasts have led to markets pricing in a series of interest rate cuts in major developed markets over the next few years, however, these are subject to a high degree of uncertainty.

The Group experienced material gains on its bond portfolios during 2023 as interest rates fell, however, it still carries large unrealised losses on the portfolios. Due to the buy and maintain strategy of the portfolios the accumulated unrealised losses will unwind as the bonds approach maturity while the higher yields, relative to recent history, on reinvestments will have a materially positive impact on investment income over the coming years.

High inflation not only impacts on market risk but also reserving and underwriting risk. The high levels of inflation during 2023 has a resultant impact on reserving for future claims and pricing of written business. The Group's Actuarial team is continually monitoring the rate of inflation for the purposes of reserving and pricing.

The rising cost of building materials and labour during 2022 and 2023 meant the risk of underinsurance for property policyholders was a significant risk. The Group continued to bring underinsurance to the attention of policyholders through 2023. In addition the Group ran an inflation protection offer in which a €50 rebate was offered against the additional premium associated with increasing sums insured.

Throughout 2023 there was also significant inflation in relation to motor damage claims. The Group continues to monitor the factors driving motor damage inflation which include new car manufacturing not returning to pre Covid levels, manufacturers seeking to maximise return on parts, impact of advanced technology on repair costs, shortage of labour skills and delays in the availability of replacement parts particularly for electric vehicles.

Geopolitical risks have increased globally in the last year. The conflict in Palestine and Israel has increased overall geopolitical risk although it has mostly been contained for now with minimal impact on investment markets. However, the risk of the war broadening remains a significant risk with the potential impact on energy prices being a particular concern. There is also no end in sight in the ongoing war between Ukraine and Russia. There are other flash points in the world where geopolitical risk is elevated also. An escalation in these risks may impact the Group in the form of market risk and inflation risk.

E. Emerging Risks

An emerging risk is a risk which may or may not develop, is difficult to quantify, may have a high loss potential and is marked by a high degree of uncertainty. We have a defined process in place for the identification of and response to emerging risks, which is informed through the use of subject matter experts, workshops, Risk and Control Self-Assessments and consulting a range of external resources.

Key emerging risks are monitored regularly by the Board and Risk Committees to assess whether they might become significant for the business and require specified action to be taken.

Key Emerging Risks include:

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

ENVIRONMENTAL, SOCIAL & GOVERNANCE

WHAT ESG MEANS TO FBD

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

SUPPORT.
IT'S WHAT WE DO.

HOW FBD DEFINES ESG

FBD has incorporated its non-financial and climate-related disclosures into this Environmental, Social and Governance section of the Annual Report. We have categorised the work that we do and the initiatives we have taken under the 3 headings as follows:

E—ENVIRONMENTAL

Considers how a company impacts the environment around it and includes issues such as climate change, biodiversity, nature, carbon emissions, waste and pollution.

S—SOCIAL

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

G—GOVERNANCE

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

FBD'S ESG DIRECTION OF TRAVEL

ESG Scaling up in FBD

2017-20

The Journey Begins
- D&I
- Carbon neutral operations
- GHG - Scope I & Scope II assessments
- 30% Club

2021

Governance
- TCFD
- EU Taxonomy
- Investment portfolio divestment & alignment
- ESG supplier charter & tender

2022

Strategy
- Determine where we can have a meaningful impact
- Embed within our business - Appropriate governance structure & resources
- Baseline, Current state & Framework assessment completed

2023

Bring to life
- Launch of FBD's signature Corporate Advocacy initiative - Moorepark
- Scope III baseline assessment
- UN Principles for Sustainable Insurance sign up
- Major Programmes of work:
  (1) CSRD - Double Materiality assessment
  (2) EU Taxonomy review
  (3) Climate scenario baseline analysis

2024+

Disclosures & Advocacy
- Implementation of CSRD & EU Taxonomy recommendations
- Investigate SBTi application
- Implement our Corporate Advocacy initiative

FBD – A local insurer, supporting & sustaining local communities

WE FOCUS ON WHERE WE CAN HAVE A MEANINGFUL IMPACT

Focus on Ireland | **Leading insurer in Agri/Farming**

ENVIRONMENTAL

Deliver on our ESG journey & support our customers in theirs.

SOCIAL

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

GOVERNANCE

A best-in-breed, proactive governance structure.

DELIVERING AND HAVING A **MEANINGFUL IMPACT**

The UN Principles for Sustainable Insurance will guide us. Delivered by our Business through clearly defined Pillars

UN PRINCIPLES FOR SUSTAINABLE INSURANCE

Principle 1

We will embed in our decision-making

Principle 2

Work together with our clients and business partners to raise awareness

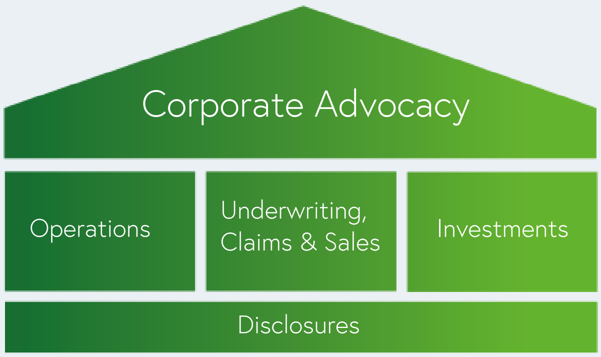
Principle 3

Work with key stakeholders to promote widespread action

Principle 4

Disclose publicly our progress in implementing the Principles

OUR PILLARS



UN Sustainability Development Goals

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

2023 FBD LAUNCH ESG INITIATIVE

The Padraig Walshe Centre for Sustainable Animal and Grassland Research

IMPROVING THE ENVIRONMENTAL SUSTAINABILITY OF IRISH AGRICULTURE

ESG INITIATIVE - A MEANINGFUL CONTRIBUTION OF €2.5 MILLION TO THE PADRAIG WALSHE CENTRE FOR SUSTAINABLE ANIMAL AND GRASSLAND RESEARCH

The research centre will support climate-related research and the improvement of environmental sustainability within Irish agriculture.

Our support for the construction of a new Sustainable Animal and Grassland Research at Teagasc Moorepark, Fermoy Co Cork is a wonderful way to contribute to resolving some of the major climate challenges that face our key customer base. The farming community is working hard to meet the 25% emissions reductions by 2030. The research conducted as a result of this initiative has the potential to contribute to this reduction in a meaningful way.

A key step in our ESG strategy was to become a signatory of the UN principles for sustainable insurance and we established a Sustainability Committee to ensure focus and progress. One of those principles requires that signatories work with stakeholders to promote action, so in January 2023 we began to actively seek out an initiative that would bring this to life for us. This brought us to Teagasc, Moorepark and animal and grassland research.

The proposed centre will provide:

- Essential research infrastructure and analytical capacity to support climate-related research.
- Facilitate research that can provide innovative solutions to improve the environmental sustainability of pasture-based systems.
- Allow new detailed research techniques related to grass physiology, animal physiology, animal nutrition and animal health to be developed.
- Provide infrastructure and facilities to attract and retain world-leading animal and grassland scientists.

We are delighted to support Teagasc and to move forward with FBD Trust and FBD Holdings in assisting with this research centre. It is wonderful that it has come together so quickly and we at FBD are thrilled to be participating in this work. We believe it will mean a lot to our customers and will be a point of pride for us all within FBD that we are contributing to something meaningful and real in this arena.

It is a fitting tribute that this new research centre will be named in honour of Padraig Walshe. Padraig was a board member of FBD for many years and made a massive contribution to the Group. As a farmer himself he always looked out for the farmers interest. Padraig was very supportive of the need to make progress as a Group in this area.

DELIVER ON OUR ESG JOURNEY
ENVIRONMENTAL

FBD supporting the Environment

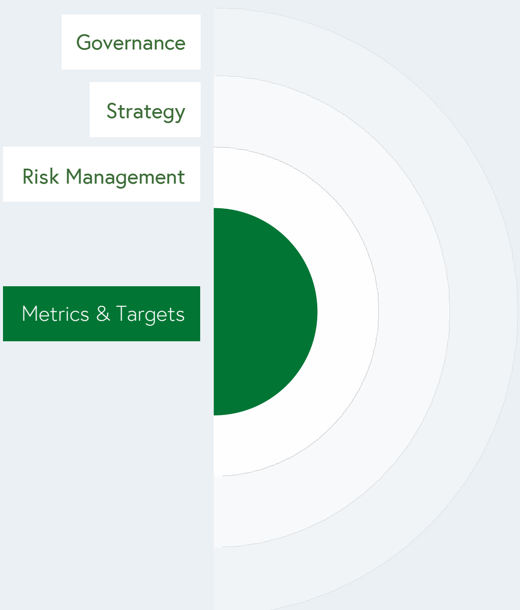
Climate- related disclosures for FBD

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

About TCFD

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

Core Elements of Recommended Climate-Related Financial Disclosures



GOVERNANCE

- The organisation's governance around climate-related risks and opportunities.

STRATEGY

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

RISK MANAGEMENT

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

METRICS AND TARGETS

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

Under these four headings are a further eleven supporting recommended disclosures. FBD has summarised its climate-related disclosures under these eleven supporting disclosures in the paragraphs below.

13 CLIMATE ACTION

Governance

TCFD Recommendation:

Describe the board's oversight of climate-related risks and opportunities.

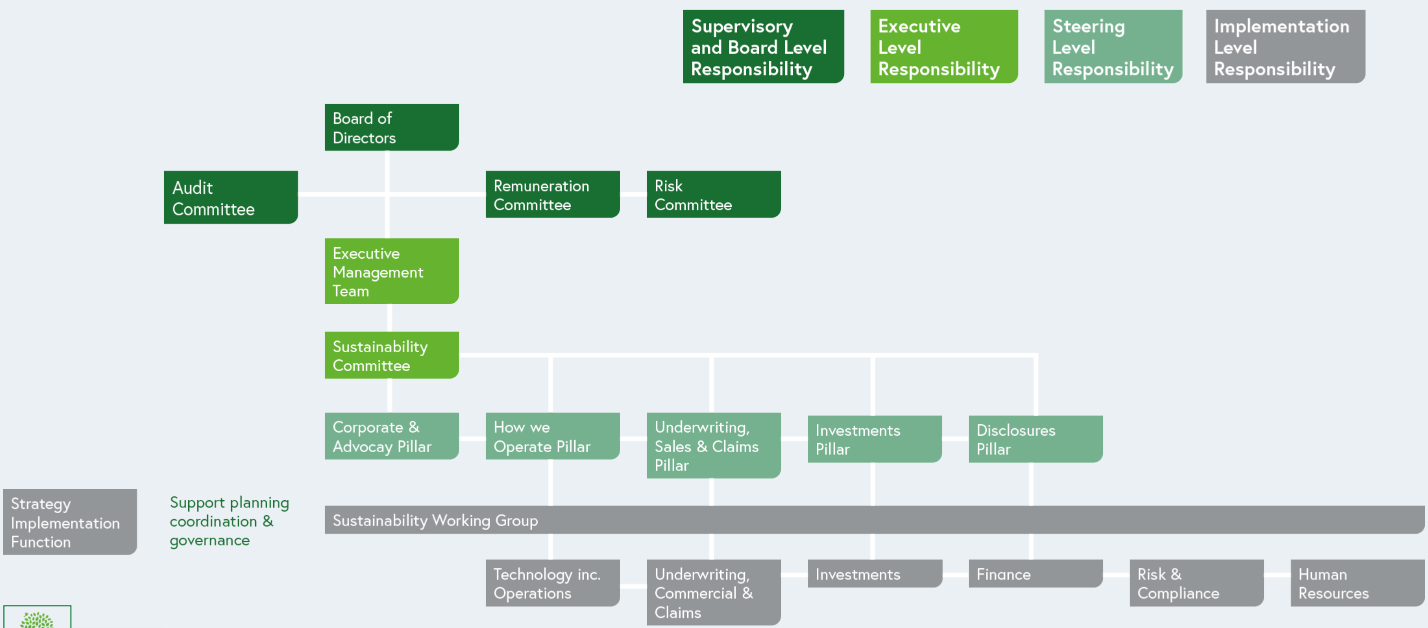
The Board of FBD is ultimately responsible for decision making within the Group including the oversight of climate-related risks and opportunities. The Board has responsibility for oversight of climate-related risk and for monitoring and mitigating this risk. It is responsible for the Group's climate strategy. The FBD Sustainability Committee (see next section) is responsible for implementing the ESG Strategy and reports to the Board through the Group Chief Executive Officer.

Since 2022, following a strategic review, ESG (including climate related issues) has been included as a dedicated work-stream within FBD's overall Group Strategy. An update on the progression of the ESG Strategy is an integral part of the annual strategy process. The Board members participated in a dedicated session to review FBD's signature climate-related initiative – the funding for the development of a new Centre for Sustainable Animal and Grassland Research at Teagasc Food and Research Centre in Moorepark.

There is a climate update at all regular Board meetings through the CEO report, where Directors are kept informed of all developments in this area. In addition, all Board agenda items require an assessment of the climate-related impact for consideration. The quarterly Chief Risk Officer Report to the Board includes a section that updates the Board on climate-related risks and developments in internal processes. In addition:

- The Board Risk Committee has additional oversight of climate-related risks as the management of climate risk is a core part of FBD's Risk Management Framework and climate risk has been integrated into capital planning as part of the Own Risk and Solvency Assessment (ORSA) process. The ORSA includes qualitative and quantitative assessments of the risks and impacts of climate change on FBD.
- The Board Audit Committee has oversight of FBD's climate-related disclosures. In addition to approval of current year disclosures, the Committee participated in an education session on the ongoing Corporate Sustainability Reporting Directive (CSRD) project.
- The Board Remuneration Committee sets Performance Objectives for the CEO and CFO which includes specific ESG objectives related to implementation of the ESG Strategy.

FBD SUSTAINABILITY ORGANISATION



SUPPORT. IT'S WHAT WE DO.

The Board receives quarterly updates on the ESG limits and targets (see metrics section) within the investment portfolio via the quarterly Financial Performance Report. The other metrics and targets under development are dependent on the outcome of the CSRD project.

FBD seeks to ensure that Board members have the requisite experience and qualifications across all areas material to the business, including climate-related issues. The Board receive annual ESG training; the focus of the 2023 training was on CSRD, EU Taxonomy (EUT), Climate Scenario Analysis and Greenwashing. In addition:

- A Board member holds a qualification in Responsible and Sustainable Finance.
- A number of Board members have direct experience of climate issues impacting the agricultural sector through their past and current roles in organisations in this sector.
- A board member is the Chair of the ESG Committee of a leading Irish global nutrition company.
- A number of Board members participated in the stakeholder engagement process as part of the CSRD Double Materiality Assessment.

TCFD Recommendation:

Describe management's role in assessing and managing climate-related risks and opportunities.

FBD has established a Sustainability Committee comprised of its Executive Management Team (EMT) and chaired by the Group Chief Executive Officer. The Committee is tasked with implementing the Board approved ESG Strategy (including climate-related risk mitigation and identification of opportunities) and reviews and approves all ESG related activity across the Company. In 2022 the Committee commissioned a strategic review to conduct a current state analysis of FBD's ESG credentials (including climate-related risks and opportunities) and to determine the Group's long-term strategy in this area. The formulation of the Strategy has provided the foundation for an increase in ESG related activity throughout the business as it becomes embedded in the core work of each department. The Committee is supported by the Sustainability Working Group which reviews the work undertaken by each Pillar and is a forum for knowledge and idea sharing and receives advice from external experts when required.

The Committee met on eight occasions in 2023 and is scheduled to meet monthly in 2024. In addition to regular reviews of the various initiatives being undertaken by each Pillar, the Sustainability Committee activity during 2023 included:

a. Review and approval of FBD's signature climate-related initiative: funding for the development of a new Centre for Sustainable Animal and Grassland Research at Teagasc Food and Research Centre in Moorepark

b. A review of the process for making an SBTi Commitment

c. Training on Network for Greening the Financial System (NGFS) Climate Scenarios and considerations for selection of a Climate Scenario Baseline

d. Review of the CSRD Double Materiality Assessment and approval to progress to the CSRD Gap Analysis phase of the project

e. Review of Underwriting's redesign of products to incorporate property damage cover for solar panels as a standard feature to support Farmers, Homeowners and Businesses

The Risk function is represented on the Sustainability Committee and is the second line function which ensures that each Business Area has appropriately captured the risks related to ESG and has supporting mitigating controls in place .

The output of the strategic review included development of a structure for assessing and managing ESG issues (including climate-related issues). It determined five Pillars and assigned Executive Officers as owners of each Pillar:

- Corporate & Advocacy – Company Secretary
- How We Operate – Chief Technology & Operations Officer
- Underwriting, Claims & Sales – Chief Underwriting Officer, Chief Claims Officer & Chief Commercial Office
- Investments – Group Chief Financial Officer
- Disclosures – Group Chief Financial Officer

The Sustainability Working Group is comprised of key personnel from across the business. During 2023 membership of the Sustainability Working Group expanded to ensure the Group included a representative from each business area. The Group is scheduled to meet monthly in 2024. The Strategy Implementation Function has oversight of the project management of the Sustainability Working Group. The Finance Department appointed a dedicated resource to project manage the Disclosures Pillar and expects to continue to build out the team further in 2024.

In preparation for CSRD reporting for 2024, FBD with the assistance of an external sustainability consultant conducted a Double Materiality Assessment to determine which of the European Sustainability Reporting Standards (ESRS's) are material for FBD. This process required extensive input from both the EMT and Senior Management Team (SMT) in the form of surveys, interviews and Impact, Risk and Opportunities ("IRO") workshops. In December 2023 the Double Materiality

Assessment was formally presented to the Sustainability Committee for their review and challenge. Identification of Material Topics and the subsequent Gap Analysis will form a key part of FBD's Sustainability Strategy and the metrics used to monitor performance.

In addition, members of both the EMT and SMT participated in the EU Taxonomy project. The project involved conducting and documenting the Taxonomy-Eligibility and Taxonomy-Alignment screening process, including identification of Relevant Business Activities which are Taxonomy-Eligible and assessment of the Taxonomy-Alignment of those activities with reference to specific technical screening criteria prescribed within the EU Taxonomy Delegated Act (Climate DA), namely, Substantial Contribution (SC), Do No Significant Harm (DNSH) and Minimum Safeguards (MS). FBD were guided through this process with the assistance of an external sustainability consultant.

During 2023 the Sustainability Committee and the SMT received ESG training from external consultants. The training focused on best approaches to sustainability, strategy actions, targets, and an overview of ESG disclosures applicable for FBD. The SMT also participated in a follow-up session which focused on the overall ESG Strategy and the work being undertaken by each Pillar. It is the intention to roll out ESG training to all staff as we further embed awareness and management of climate-related issues throughout the organisation. During 2023 FBD supported a number of staff who completed various sustainability courses and this will continue in 2024.

Strategy

TCFD Recommendation:

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

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

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

We define climate-related time horizons as:

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

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

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

Physical Risk	Increased costs of reinsurance or unavailability of reinsurance cover
Description	Our reinsurance costs and availability is dependent on recent weather experience in Ireland but also depends on global weather events as we purchase cover from global reinsurers. If weather events become more frequent and severe, this may adversely impact cost and availability of reinsurance. Increased frequency and severity of weather events could increase our reinsurance costs and/or reduce our level of Reinsurance cover leading to an increase in our net claims costs.
Materiality	In general, there has not been an increase in extreme weather events in Ireland in recent years (particularly from a reinsured loss perspective) however we have experienced smaller insured storm weather events in Ireland in 2023. In addition, increased weather activity in other parts of the world may have a knock-on effect on our reinsurance costs and programme structure. FBD has benefitted from a geography that provides for exposure that is uncorrelated with high-risk areas. These factors suggest that an increase in cost of reinsurance and increase in retention is a risk for FBD in the short-term and could become more material in the medium/long-term. An increase in severe weather events have been observed globally, and reinsurers have reduced appetite for catastrophe risk. Generally, there is no shortage of capacity but there could be shortage of capacity available at a preferred price point. The risk of shortage of capacity of reinsurance is viewed as being a potential material risk in the medium/long-term.

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

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

Transition Risk	The risk of a shrinking insurance market due to policy and societal changes
Description	This is the risk that policy changes aimed at reducing carbon emissions and societal changes have the impact of reducing insurable activity for example; • Emissions reduction target of 25% for agriculture in Ireland reducing farm activity and potential for further reductions beyond 2030. • Increased carbon costs alongside better public transport and cycling infrastructure, autonomous vehicles and the sharing economy which lowers reliance on the car in Ireland, reducing the size of the motor insurance market.
Materiality	There are no obvious signals that this is a material risk over the short term. Emission reduction targets have been set for agriculture and a detailed roadmap designed by key stakeholders. CAP 2023 and Government funding is designed to support the environment such as Acres & organic schemes, along with a forestry plan to encourage sustainability. In our view, this is not expected to significantly reduce insurable activity. Production practices may change more materially over the medium/long term but would still likely be replaced with a need for insurance products to support customers as they develop and grow business models which enhance biodiversity and reduce carbon footprint. Public transport in Ireland requires years of development before we might see a significant reduction in society's reliance on the car and/or the development of alternative car use practices. Therefore this represents a medium/long-term risk for FBD.

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

Transition Opportunity	Assisting customers on their climate transition journey
Description	There may be opportunities for FBD to enhance its relationships among farmers by understanding their needs and aiding them in any transition.
Materiality	FBD has a strong track record in supporting the Agri-community and stakeholder groups. Substantial funding is provided, primarily via FBD Trust, to support farm research, education, farm knowledge transfer and health and safety. The overall objective is to support farmers and farm families into the future with a focus on education, training and assisting in developments in technology and science for a wider range of Agri-stakeholder organisations. Recognising this objective FBD committed to contributing €2.5m to the construction of the Padraig Walsh Centre for Sustainable Animal and Grassland research based at Teagasc Moorepark. The new facility will support farmers in meeting their emission reduction targets into the future .As stakeholder focus moves to science based emission reduction targets, enhanced biodiversity and farm efficiency, FBD can be at the forefront of the insurance sector to continue our longstanding support. FBD's presence in the community and at farm level can continue to be seen by our customers and wider stakeholder group as we engage positively and proactively to support customers on their ever-changing farming journey and this can ultimately deepen our relationships with these communities. This represents a short and medium/long-term opportunity for FBD.

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

TCFD Recommendation:

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

Investments

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

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

- FBD incorporates climate-related exclusions into its investment portfolio.
- FBD has set targets for reducing the carbon intensity of the corporate bond portfolio (see metrics section below) and has actively sold bonds to achieve this.

- FBD has set transition risk limits in the corporate bond portfolio based on the investment manager's Transition Risk Rating system.
- The carbon intensity of a number of the funds in our risk asset portfolio is significantly below the carbon intensity of the relevant funds benchmark and we continue to work with our manager to further reduce the carbon intensity of the individual funds.

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

ASSET MANAGER SELECTION INCLUDING STEWARDSHIP

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

INTEGRATION OF ESG FACTORS INTO INVESTMENT PORTFOLIO

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

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

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

Insurance

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

FBD has undertaken a redesign of products to incorporate standard features to support farmers, homeowners and businesses specifically around solar panels and domestic wind-turbines used for own energy production. Sales staff have received technical training around these products.

FBD also provide insurance cover for farmers investing in forestry. This cover provides farmers with the peace of mind that their investment will not be lost due to fire or storm.

FBD is constantly seeking to innovate in its product features. As part of our Product Oversight and Governance processes we are continuously reviewing our products to ensure they meet the needs of our customers in an ever-changing external environment.

Facilities

The Facilities department in FBD manage the Group's buildings and infrastructure. A key objective for the department is energy management with priority for usage reduction and consequent emissions reduction. In 2023, the FBD Sustainability Committee asked Facilities to consider setting a near-term science-based target for energy reduction. This work is on going with a decision expected in early 2024 on an SBTi near-term science-based commitment for FBD.

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

- FBD purchases all its electrical energy from renewable sources.
- In 2023, FBD continued to review mechanical and electrical technology upgrade opportunities, focusing on controls.
- In 2023, FBD embedded the management of end-of-life ICT (Information & Communications Technology) equipment to maximise recycling potential.
- In 2023, FBD increased Electric Vehicle charging facilities at our Head Office.
- FBD has an ongoing process to transition customers from paper-based printing to digital document management and to move to recycled paper for our own use.

Procurement

FBD expect our suppliers to measure, manage and reduce their carbon footprint, to prevent environmental damage and at all times comply with legislative and regulatory requirements. The Head of Procurement in FBD has introduced an ESG assessment tool on all large and strategic tenders as part of its selection criteria for providers. The FBD Supplier Charter outlines our climate-related expectations: FBD aims to prevent environmental damage and at all times comply with legislative and regulatory requirements. FBD has also commenced a Supplier ESG project which is currently focused on knowledge sharing and engagement with suppliers. The Business Change Board which approves Capital Expenditure requires an assessment of the climate-related impact for consideration.

TCFD Recommendation:

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

FBD has undertaken stress testing in relation to its investment portfolio for transition risk (a scenario where the increase in average global temperatures is limited to 2°C or lower). The stress testing involved FBD obtaining stresses for its corporate bonds based on the 'transition risk rating' of the underlying securities. These stresses were obtained from the Group's corporate bond portfolio manager and derived by expert judgement. FBD's Investment department extrapolated the stresses to the rest of the Group's investment portfolio adopting a prudent approach and calculated an overall stress of €11m on the Group's €1.2bn investment portfolio (or c. 1% of the overall portfolio).

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

- FBD actively integrates ESG considerations into its investment processes across its book of €1.2bn in assets and is continually seeking to enhance both its understanding of the ESG investment landscape and the actions it can take to invest in a more sustainable future.
- FBD has applied exclusions to companies with > 1 % of revenue received from Arctic Drilling, Oil Sands Mining, Thermal Coal Extraction across the entire portfolio and have also excluded High Polluters (3,000 tonnes CO_2e/$USDm revenue) from the fixed income portfolios.
- FBD has built quantitative limits based on 'transition risk ratings' of the corporate bond portfolio into its Investment Mandate. This seeks to limit the exposure of the portfolio to securities with high transition risk.
- The average duration of the corporate bond portfolio is less than four years and FBD will have time to reinvest maturities into companies with less transition risk.
- Transition risk is more applicable to equities and is less likely to result in the inability of companies to repay their corporate debt over such a short timeframe to maturity.
- Equity allocation is achieved through highly diversified global equity funds (including an actively managed sustainable equity fund) and the assumptions used in this stress test are likely to be prudent.
- Politically and economically it may take years to implement legislation that would significantly increase costs for companies.

Many of the companies that currently rate poorly are also investing in "Green" solutions so their ratings are likely to improve.

Concurrently, stress and scenario tests have been carried out on the Company's underwriting portfolio to understand the potential impact of physical risks on the company's financial and capital including;

a. Multiple Catastrophe (CAT) events over a period, including secondary impacts such as increased reinsurance premium rates, increased reinsurance retention, increased claims inflation (due to cost inflation and increased weather-related claims)

b. Multiple CAT events occurring during an economic downturn, including secondary impacts such as increased reinsurance premium rates, increased reinsurance retention, increased claims inflation (e.g. due to building cost inflation), increased attritional reserves due to delay in settlement (as claims personnel are busy with CAT claims)

c. The impact of a 1 in 200 year weather event and default of largest reinsurer on the current capital position.

d. Qualitative assessment of impact of a 1 in 200 event occurring in Ireland, including assessment of secondary impacts

e. The impact of a €100m CAT event at varying levels of CAT Excess of Loss (XL) retention

f. The impact of a 1 in 200 year weather event on the current capital position using a number of capital positions .

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

There has not been an increase in extreme weather events in Ireland in recent years (particularly from a reinsured loss perspective). However, we have experienced smaller insured storm weather events in Ireland in 2023. In addition, increased weather activity in other parts of the world may have a knock-on effect on our reinsurance costs and programme structure. FBD has benefitted from a geography that provides for exposure that is uncorrelated with high-risk areas. Recent weather (e.g., Storm Babet) and climate trends in Ireland as well as the 2024 reinsurance renewal suggest that an increase in cost of reinsurance and increase in retention is a risk for FBD in the short-term and could become more material in the medium/long-term. Mitigants against this risk are:

- We re-price our policies frequently as risks change and any increased reinsurance cost could be shared with policyholders, which is likely an action our competitors may also need to implement in the face of increasing reinsurance cost.
- We have a policy of "Build Back Better" to ensure that a property becomes less susceptible to damage from further weather events.
- Storm modelling is performed to understand areas of high risk. FBD use specialist flood risk modelling services from JBA to help determine future vulnerability of certain locations to climate-related flooding.
- We could become more selective in relation to policy acceptance to avoid insuring high risk policyholders, with the aim to lower reinsurance costs.
- Deductibles could be increased to share more of the risk with policyholders.
- Products could be designed to encourage policyholders to put in place risk measures that protect property from weather damage.

Risk Management

TCFD Recommendation:

Describe the organisation's processes for identifying and assessing climate-related risks.

FBD has adopted an enterprise risk management approach to identify, measure, monitor, manage and report on risk. Risks are identified through a combination of top-down and bottom-up forward looking risk assessment processes, outlined in a documented Risk Management Framework, which is approved by the Board and subject to annual update and review.

Operationally a 'three lines of defence' framework is deployed to support the mitigation of each risk identified. This framework ensures appropriate oversight of identified risks through ongoing review and challenge from independent Risk, Compliance and Internal Audit functions. Each quarter, Risk Owners, Risk Champions, and Business Risk Partners complete Risk and Control Self-Assessments ("RCSA") and return them to the Risk Function for review and challenge. The RCSA includes a section on proposing new climate risks and/or changes to existing climate risks. FBD has an annual emerging risk review which involves information gathering from each EMT member, analysis by the Risk Function and reporting to the Executive Risk Committee. The Executive Risk Committee assesses whether any action should be taken in respect of all emerging risks identified which includes any climate-related emerging risks.

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

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

FBD has also engaged the support of an external consultant to assist with CSRD requirements. As part of this project, the external consultant provided support to FBD with determining a climate scenario baseline and its double materiality assessment. The review of risks and opportunities related to climate change is ongoing.

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

Climate risk forms a core part of the 2024 Risk Function plan with the integration of Risk and ESG reporting continuing over the course of the year.

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

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

TCFD Recommendation:

Describe the organisation's processes for managing climate-related risks.

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

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

FBD will manage climate risk operationally through the quarterly RCSA process. This process involves reviewing the appropriateness of the risks and controls related to Climate Risk, including potential risks (both physical and transition risks), time horizon and double materiality impact and ensuring that these risks are understood and integrated into the wider Risk Management system for ongoing mitigation and reporting. On an overarching basis environmental considerations will continue to influence the evolution of our overall Risk Appetite Statement.

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

FBD use specialist flood risk modelling services from JBA Flood Risk Consulting to determine future vulnerability of certain locations to climate-related flooding. JBA model at 5m resolution for coastal, river and surface water flooding using JBA's market-leading 5m Flood Maps. Using a tiered JBA BRAG (Black, Red, Amber, Green) flood rating system enables FBD to rank potential flood zones. The JBA flood risk models are regularly updated to reflect adaptation measures to the built environment or risk reduction measures such as flood defences. These measures are in turn incorporated into FBD's acceptance criteria and pricing models.

The Risk Management Solutions (RMS) HD curve received from our Reinsurance Broker assists FBD in managing climate-related risks by providing an independent 1 in 200 year loss for Windstorm Risk. As part of the annual ORSA update, FBD compared the results from the RMS HD windstorm model to that of the Standard Formula. In addition, the ORSA includes climate-related stresses and scenarios to ensure FBD understands the impact of a potential increase in frequency and severity of such events.

In addition, FBD's Reinsurance Team used the RMS HD data as part of the annual reinsurance placement to ensure the purchase of adequate reinsurance cover. During the ORSA process, FBD's exposure to physical CAT risk is projected by use of the Standard Formula and this is fed back into Strategy and provides input into the annual reinsurance placement by informing level of coverage required by the CAT XL (in line with FBD's Risk Appetite).

TCFD Recommendation:

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

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

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

Risks associated with physical risks including stresses on CAT claims and Reinsurance cost assumptions have been modelled as part of the 2023 ORSA. In terms of transition risk, FBD has worked with Investment Managers to establish exposures to assets with high or excessive transition risk ratings. Stress tests were calibrated and performed on asset values to help determine the financial risk associated with these exposures.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Metrics

TCFD Recommendation:

Disclose the metrics used by the organisation to assess climate-related risks and

opportunities in line with its strategy and risk management process.

Green House Gas (GHG) Emissions

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

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

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

Carbon neutrality

FBD has purchased carbon offsets from an Irish overseas development agency called Vita. The carbon offsets purchased offset the total Scope 1 and Scope 2 emissions as well as reported Scope 3 emissions (ex-Investment Portfolio) in 2023. This is the fourth year that FBD is carbon neutral in respect of these GHG emissions.

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

Carbon Disclosure Project (CDP)

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

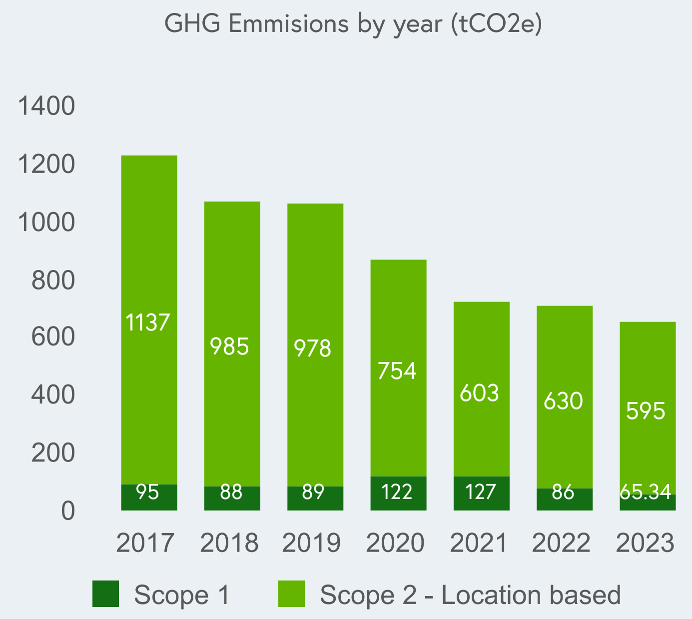
FBD's rating in respect of 2022 (CDP submission for 2023 will not be done until September 2024) is a 'B' which is in the Management category and is defined by CDP as "Taking coordinated action on climate issues". The European Regional and the Financial Services sector averages are both B. This rating remains unchanged from the previous year.

TCFD Recommendation:

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

Scope 1 and 2 emissions

The following graph illustrates the GHG emissions by year from 2017 to 2023. We can see from the graph that total Scope 1 and 2 emissions continue on a downward trajectory.



Progress made on emissions in 2023:

Scope 1	(24)%	Scope 1 emissions were down 21 tCO2e on the previous year. The decrease in CO2e arises from better controls at FBD's Sales Centre in Mullingar.
Scope 2 – Location Based	(6)%	Scope 2 location-based emissions decreased by 35 tCO2e on the previous year. The decrease in CO2e arises from a change in the calculation of emissions as recommended by our verification partner. In real terms, the use of Scope 2 fuels increased by 4%. This real increase was primarily from an increase in property occupancy in 2023.
Scope 2 – Market Based	0%	Scope 2 market-based emissions continue to be zero in line with 2022 as FBD only purchase energy from renewable sources

Scope 3 emissions

Scope 3 emissions are indirect emissions generated as a result of doing business from FBD's upstream and downstream activities. Due to the lack of reliable data, it can be difficult to quantify the emissions from some of these activities. In 2023, FBD progressed the screening of the main contributors to its Scope 3 emissions in conjunction with an external climate consultant. Progress has been made in quantifying the emissions from some of these sources - the following table lists the activities identified as well as the methodology used in estimating the amount of Scope 3 emissions. We expect to refine the calculations of the emissions from these sources over time as better-quality data becomes available. Due to the estimated nature of some of these numbers they should be considered indicative rather than the true level of FBD's emissions.

Source of Scope 3 emissions	Methodology used to estimate	tCO2 equivalent
Investments – Corporate Bond Portfolio	The emissions are estimated from the Scope 1 and Scope 2 carbon footprint metrics provided by our portfolio manager as at 31 Dec 2023	**27,061**
Investments – Risk Asset Portfolio	Scope 1 and Scope 2 emissions data provided by our portfolio manager as of 31 Dec 2023. Sovereign bond exposure is not included in the analysis by convention	**11,028**
Business Travel	Industry emissions factor applied to claimed mileage in 2023 for employees who travel as part of their job.	**372**
Waste	Industry emissions factor applied to waste generated during the year	**13**
Purchased Goods and Services - Water	Industry emissions factor applied to water generated during the year	**2***
Employee Commuting	Industry emission factor applied to employee travel to work	**400****
Other Fuel and Energy	Emissions that are not produced by the company itself, but by those that it's indirectly responsible for up and down its value chain.	**69**
Total	**Total Scope 3 emissions**	**38,945**

*Only includes emissions from water
** Only includes travel to work. GHG Protocol and SBTi do not allow the inclusion of working from home emissions

TCFD Recommendation:

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Carbon Intensity of Corporate Bond portfolio

The carbon intensity of a bond portfolio expresses the carbon emissions of the companies in relation to their revenue, weighted according to the respective share of a security in the overall portfolio. In the case of FBD's corporate bond portfolio, which accounts for just under 50% of its overall assets, FBD set a target to reduce the carbon intensity of the portfolio by 60% over 9 years starting from baseline date of 1st January 2021. FBD has written this target into the portfolio guidelines with its investment manager. It monitors the metrics and reports progress against the target on a quarterly basis to the Investment Committee and Board. The reduction versus the baseline stands at 72% as of 31 December 2023.

Corporate Bond Portfolio ESG Ratings and Transition Risk Ratings

FBD has rating limits based on our corporate bond manager's ESG Rating and Transition Risk Rating system and these have been incorporated into the Investment Policy and are reported to the Investment Committee and Board on a quarterly basis. During 2023 FBD sold bonds that experienced ESG downgrades in order to comply with these targets.

Future Developments

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

Governance

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

Strategy

- Increasing the level of detail disclosed regarding impacts and providing more quantitative analysis.
- Providing additional scenario analysis in respect of the resilience of the underwriting portfolio and increasing the number of scenarios modelled including those specified in the TCFD guidelines. FBD expects to formally select a Climate Scenario Baseline and progress Scenario Modelling based on the Network for Greening the Financial System (NGFS) Scenarios.
- FBD has been approved as a signatory of the UN Principles of Sustainable Insurance (PSI) and will continue to embed these principles throughout the business and report on progress against these.

Risk Management

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

Metrics and Targets

- Increasing the metrics and targets that FBD uses to measure and manage climate-related risks and opportunities. These will be primarily based on the metrics required under CSRD.
- FBD is continuing to progress towards an application for the Science Based Targets initiative (SBTi) in order to set science-based emissions reduction targets.
- Continue to increase the measurement and understanding of Scope 3 emissions and how these will be mitigated.

EU Taxonomy Regulation (EUT)

The EUT is a classification system for environmentally sustainable economic activities to help market participants navigate the transition to a low-carbon, resilient and resource-efficient economy. The EUT is a key component of the European Commission's Sustainable Finance Action Plan to redirect capital flows towards a more sustainable economy and is centred around six environmental objectives, namely, climate change mitigation, climate change adaptation, the sustainable use of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals.

Legislation underpinning the EUT, referred to as the EU Taxonomy Delegated Acts (Delegated Acts), sets out technical criteria against which activities are to be assessed, along with methodologies to support disclosure of relevant KPIs. The EUT is a nascent reporting regime which is rooted in complex scientific principles and is continually evolving in line with scientific developments. We have made some adjustments to our calculations of KPIs compared to the previous year due to evolving interpretations of the requirements observed in the market and a continually improving data basis.

Functional Logic of the EUT

Activities that are listed in the Delegated Acts are referred to as "Taxonomy-Eligible" and represent potentially environmentally sustainable activities. The Delegated Acts also set out specific Technical Screening Criteria (TSC) which must be met in order to determine if those listed activities are in fact environmentally sustainable, referred to as "Taxonomy-Aligned". Organisations are also required to meet certain minimum governance standards and not to violate social norms, including human rights and labour rights – referred to as minimum safeguards. In-scope insurance organisations must report KPIs relating to their underwriting and investment activities, noting that screening criteria within the Delegated Acts are continually evolving[1], triggering concurrent updates to disclosure requirements[2].

The Delegated Acts mandate that all market participants report Taxonomy-Eligible and Taxonomy-Aligned KPIs for their relevant business activities. Financial undertakings are required to use the KPIs disclosed by their counterparties when they calculate their own KPIs. Financial and non-financial undertakings started reporting their Taxonomy-Eligible KPIs as of 1 January 2022 and financial undertakings will start reporting their Taxonomy-Aligned KPIs as of 1 January 2024, based on financial year 2023. In addition, the Sustainable Finance Disclosure Regulation (SFDR) represents an interdependent disclosure regime underpinning the Sustainable Finance Action Plan, with a shared objective to reorient capital towards sustainable investments. SFDR requires financial market participants to use the EU Taxonomy KPIs disclosed by investee companies when assessing the level of environmental performance of financial products.

The European Commission has indicated in its draft notice as of December 2023 that on the basis that the computation of the KPIs of financial undertakings depends on the flow of information and data from the financial and non-financial counterparties that they finance, it expects the robustness and accuracy of those KPIs to improve gradually with the uptake of EUT reporting by the relevant undertakings as well as the increased data flow from non-financial undertakings towards financial undertakings.

---

[1] Evolving screening criteria:
- In June 2021, the Commission adopted the EU Taxonomy Climate Delegated Act ('Climate Delegated Act') (Commission Delegated Regulation (EU) 2021/2139) to implement the EU Taxonomy Regulation (Commission Delegated Regulation (EU) 2020/852) with respect to economic activities contributing substantially to climate change mitigation and adaptation objectives.
- In March 2022, the Commission amended the Climate Delegated Act by adding criteria for certain new energy activities (Commission Delegated Regulation (EU) 2022/1214).
- In June 2023, the Commission adopted the EU Taxonomy Environmental Delegated Act ('Environmental Delegated Act') (Commission Delegated Regulation (EU) 2023/2486) for the remaining environmental objectives and amended the

Climate Delegated Act by adding criteria for new activities in the manufacturing and transport sectors.

[2] Evolving disclosure criteria:
- In July 2021, the Commission adopted a Delegated Act that specifies the disclosure obligations of undertakings under Article 8 of the Taxonomy Regulation as regards those of their activities that are Taxonomy-Eligible and Taxonomy Aligned – the Disclosures Delegated Act, ("DDA"). That Delegated Act was amended in March 2022 to accommodate energy sector updates and in June 2023 by the EDA to ensure that the disclosure requirements are consistent.

EU Taxonomy for Underwriting Activities

Taxonomy Eligibility

The proportion of Taxonomy-Eligible underwriting activities for insurance undertakings represent services classified within eight of the non-life insurance and reinsurance Solvency II lines of business, where they relate to climate-related perils. These lines of business include medical expense insurance, income protection insurance, workers' compensation insurance, motor vehicle liability insurance, other motor insurance, marine, aviation and transport insurance, fire and other damage to property insurance and assistance, and are deemed to enable the climate change adaptation environmental objective.

In line with all insurance market participants, financial year 2023 is the first year that FBD is expected to report on Taxonomy-Aligned underwriting activities.

For technical screening criteria our principal lines of business have been defined as Property, Farm and Motor insurance. We offer policies that are based on a general protection approach, thus covering all risks, including (yet, not explicitly referring to) climate-related perils. Equally, we offer lines of business where protection against certain climate-related perils is explicitly included or excluded within policy terms and conditions. The extent to which individual contracts include protection against climate-related perils depends on demand and customer risk exposure. We consider climate-related perils to be covered within a line of business when such perils could potentially trigger claims i.e. products that explicitly price climate-related perils or cover such perils in the policy terms and conditions.

Draft Commission Notice issued by the European Commission in December 2023 mandates that insurers provide a 'premium split', isolating premiums pertaining to the coverage of climate-related perils only for the purpose of computing Taxonomy-Alignment. Further, where insurance undertakings are unable to obtain the data on written premiums related to climate-related perils for a given insurance contract, they should report those premiums as Taxonomy-Non-Eligible and enter a 'zero' value when calculating the numerator of the KPI.

Due to the variability in our product offering set out above, our systems and data do not directly allocate premiums to climate-related perils at present. For the purpose of this allocation, to avoid future re-statements, we have adopted a conservative approach and avoided use of estimated figures. On that basis, Taxonomy-Eligible KPIs for financial year 2023 are reported as 0% and we are working to address these evolving data requirements through 2024.

Taxonomy Alignment

In line with all insurance market participants, financial year 2023 represents the first year that FBD is expected to report its Taxonomy-Aligned underwriting activities.

Although we have adopted a conservative approach to assessment of Taxonomy-Eligibility for this financial year, in order to determine our future pathway to Taxonomy Alignment, FBD's potentially Taxonomy-Eligible lines of business have been assessed against the specific TSC of the Delegated Acts for underwriting, including Substantial Contribution, Do No Significant Harm (DNSH) and Minimum Safeguards Tests.

Substantial Contribution criteria include a) leadership in modelling and pricing of climate risks, b) product design, c) innovative insurance coverage solutions, d) data sharing and e) a high level of service in post-disaster situation; whilst DNSH criteria preclude insurance of extraction, storage, transport or manufacture of fossil fuels. Minimum safeguards serve to protect social norms including human rights and labour rights at both an entity and counterparty level.

Our assessment found that our potentially Taxonomy-Eligible lines of business partially meet TSC within the Delegated Acts and we are working to fully meet criteria.

	Substantial contribution to climate change adaptation				DNSH (Do No Significant Harm)					
	Economic activities	Absolute premiums, year t	Proportion of premiums, year t	Proportion of premiums, year t-1	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	1	2	3	4	5	6	7	8	9	10
		Currency	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1.	Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	0	0%	0%						
A.1.1.	Of which reinsured	0	0%	0%						
A.1.2.	Of which stemming from reinsurance activity	0	0%	0%						
A.1.2.1.	Of which reinsured (retrocession)	0	0%	0%						
A.2.	Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	0	0%	0%						
B.	Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	413,593	100%	100%*						
Total (A.1 + A.2 +B)		**413,593**	**100 %**	**100 %**						

* Following release of the draft Commission Notice issued by the European Commission in December 2023, FBD restated its 2022 "Taxonomy non-eligible" premiums from 69% to 100%. The restatement ensures that both calculations are based on the same methodology

EU Taxonomy for Investment Activities

Investment Class Description	€m	%
Total Investments	1,181	100 %
Exposures to central governments, central banks and supranational issuers	282	24 %
Total Covered Assets	**899**	**76 %**
The proportion of derivatives is calculated according to the following formula: (Total derivatives / (Total Assets – Sovereign Bonds)) * 100		
Taxonomy Non-Eligible exposures		
Cash	145	16 %
Exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU	192	21 %
Exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU	215	24 %
Exposures to financial and non-financial undertakings which are subject to Articles 19a and 29a of Directive 2013/34/EU: Reporting Non-Eligible	300	34 %
Total Taxonomy Non-Eligible exposures	**852**	**95 %**
Taxonomy-Eligible exposures		
Exposures to financial and non-financial undertakings which are subject to Articles 19a and 29a of Directive 2013/34/EU: Reporting Eligible	35	4 %
Real Estate Investments	12	1 %
Total Taxonomy-Eligible exposures	**47**	**5 %**

Taxonomy-Aligned exposures	Turnover €m	Capex €m	Turnover	Capex
Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	6	14	1 %	2 %
Total Taxonomy-Aligned exposures	**6**		**1 %**	

Covered Assets

The proportion of exposures to Taxonomy-Eligible and Taxonomy-Aligned activities represent the weighted average value of invested assets directed at funding, or associated with such activities, relative to the value of total invested assets included for the purpose of the calculation of the KPI ("Covered Assets")

The Covered Assets correspond to all assets invested on the balance sheet (including cash), excluding exposures to central governments, central banks and supranational issuers in accordance with Article 7(1) of the Commission Delegated Regulation (EU) 2021/2178.

In 2023, the Covered Assets represent 76% of the total investments and 66% of total assets in the Consolidated Balance Sheet.

Taxonomy Eligibility

As a financial undertaking, we mostly rely on EU Taxonomy information published by the counterparties that we are invested in. Taxonomy-Eligibility and Taxonomy-Alignment KPIs are only considered from companies which have an obligation to report non-financial information under Articles 19a and 29a of Directive 2013/34/EU.

Due to lack of data availability, the extension of scope of Taxonomy-Eligible activities to include certain nuclear and gas activities under Commission Delegated Regulation (EU) 2021/2139 has not been assessed for FBD's counterparties in the current year. As the obligation to report on the remaining four environmental objectives under Commission Delegated Regulation (EU) 2023/2486 commences from 1 Jan 2024, we expect this data to be available for financial year 2024.

Exposure to Taxonomy-Non-Eligible activities include 95% of Covered Assets, representing cash, exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU and exposures to undertakings reporting Taxonomy-Non-Eligible KPIs.

Exposures to Taxonomy-Eligible activities include 5% of Covered Assets, representing exposures to undertakings reporting Taxonomy-Eligible KPIs and real estate investments.

Taxonomy Alignment

In line with other market participants, financial year 2023 represents FBD's inaugural reporting cycle for Taxonomy-Aligned investment activities.

Exposure to Taxonomy-Aligned activities include 1% and 2% of Covered Assets based on Turnover and CapEx KPIs respectively. These ratios represent exposures to undertakings reporting Taxonomy-Aligned KPIs. Our real estate investments do not currently meet the energy-efficiency TSC within the Delegated Acts.

We anticipate that the progressive increase in scope of companies required to publish non-financial statements from 1 Jan 2024 onwards will trigger analogous improvement in our share of Taxonomy-Eligible and Taxonomy-Aligned investments over time.

DELIVER ON OUR ESG JOURNEY
SOCIAL

8 DECENT WORK AND ECONOMIC GROWTH

FBD supporting our People

Our Culture and Our Values

In FBD we are committed to developing and sustaining a positive and inclusive culture. Our culture defines the values and behaviours that we will champion and promote as a Group. FBD believes that real sustainable culture is developed and shaped by the behaviour of individuals at all levels across the organisation. In FBD we have 6 Core Values.

Our Values

RESPECT

BELIEF

INNOVATION

COMMUNITY

OWNERSHIP

COMMUNICATION

OUR BEHAVIOURAL COMPETENCIES

→ **Customer Focus Problem Solving**

→ **Cultivating Relationships Communicating Effectively**

→ **Building Integrity & Trust**

→ **Continuously Seeking to Improve**

→ **Leading Self Leading Others**

These values define our culture and the character of the Group, guiding how we behave and make decisions.

FBD has a very clearly defined Strategy that is aligned to our culture and is actively considered and set by the Board and EMT. The Board and EMT take a leading role in communicating the desired culture to the organisation. This is achieved through a number of ways including;

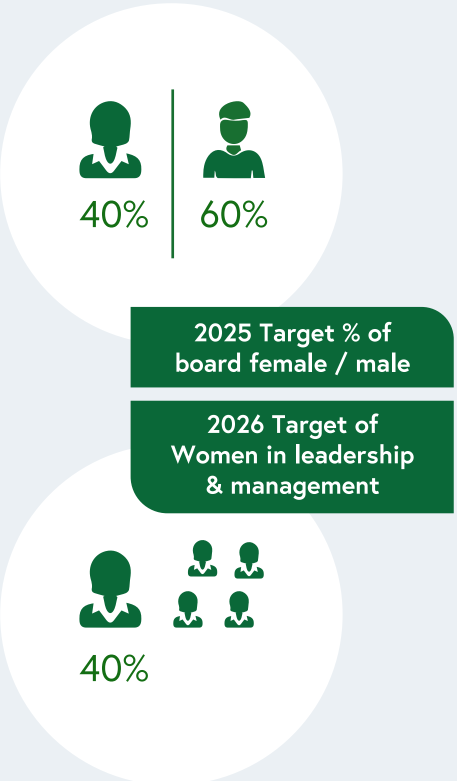
- Investment in various activities to align all our employees, our culture and our strategy.
- Ongoing EMT communication to all employees, relating to our Values and their importance to the delivery of our Strategy
- Investment in Leadership development to build competence and embed the desired leadership culture.
- Holding our people to account for how their behaviour aligns to FBD's values, including embedding a consideration into employee objectives and reward structures.

5 GENDER EQUALITY

Gender Pay Gap

At FBD, we believe that an inclusive, diverse, and equitable workforce is critical for the success of our company. On the 15th of December 2023, FBD produced our second Gender Pay Gap Report.

Like many peers within the insurance sector, FBD has a gender pay gap. Within our organisation we have a Mean gender pay gap of 28% and a Median pay gap of 29%. Our gender pay gap's primary driver continues to be female under representation in senior roles and revenue generating roles within our organisation.



In addressing this gap we believe taking an holistic approach is critical. Last year we identified several sustainable and measurable goals to address gender representation at senior levels. We continue to review our internal structures, policies and processes that encourage and empower female representation in the workforce.

We have also formed productive partnerships with Industry Initiatives and subject matter experts such as VOiCE for insurance and The Irish Centre for Diversity to assist us benchmark and develop our approach.

We know that we are on a journey and are determined to reduce our gender pay gap and to lead programmes and initiatives to increase female representation across all areas and levels of FBD. Not all the initiatives will have an immediate impact on our gender pay gap, but they will help us achieve better gender balance across all levels of the organisation.

Women in Finance Charter

At FBD, we remain committed to furthering gender equality in Finance and are a committed signatory of the Women in Finance Charter.

Led by industry and supported by the Government of Ireland, the Women in Finance Charter underpins the financial services industry's ambition to see increased participation of women at all levels, including junior, middle and senior management, leadership and Board roles within financial services organisations based in Ireland.

In FBD our current levels of female representation at senior management level is the key driver of our gender pay gap. By signing the Charter, we are confirming our commitment to advancing women through various management and board levels, creating stretch targets and delivering a greater gender balance in the organisation.

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

Our Representation Progress

	2023	2022		Interim Targets	Headline Targets
	% of Females	% of Females	Progress	% of Females Target date	% of Females Target date
Board	**27 %**	27 %	— %	30% 31/12/2022	40% - 31/12/2025
Executive / C-Suite	**30 %**	30 %	— %	30% 30/06/2022	40% - 31/12/2026
Senior Management	**48 %**	39 %	+9%	35% 31/12/2025	40% - 31/12/2026
Middle Management	**52 %**	26 %	+26%	30% 31/12/2024	35% - 31/12/2026
Junior Management	**44 %**	49 %	(5)%	50% 31/12/2024	55% - 31/12/2026

Please note the following internal definitions used when collating the above data:
Senior Management: All Head of Function and Strategic Leadership roles
Middle Management: All Team Manager Leadership Roles
Junior Management: All Supervisory Leadership roles

4 QUALITY EDUCATION

Investing in Training and Development for Our People

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

We provide our employees with targetted access to a development mix which includes professional qualification attainment, technical training, further third level education, exposure to projects, secondments, mentoring programmes, professional coaching and line manager support.

Our Mindful Leadership Programme continued to be the bedrock of our leadership capability development empowering our leaders, at all levels, to develop, support and enable their teams to deliver.

We will continue to keep capability building as a key enabler of our strategy delivery into 2024.

Staff Policies

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

These policies are communicated to all employees joining FBD as part of the on-boarding process. They provide information, guidelines and rules where appropriate in relation to every stage of employment including recruitment and selection; equality and diversity; probation; learning and development; all types of leave; benefits; remuneration; disciplinary and grievance. Refresher modules are provided via e-learning for certain policies to refresh the knowledge of employees on an ongoing basis.

Policies and procedures are reviewed on an annual basis to ensure they accurately reflect employee entitlements and continue to support FBD's business objectives while remaining fit for purpose and compliant and these updates are notified to employees.

3 GOOD HEALTH AND WELL-BEING

Our People Giving Back

FBD employees are active in supporting local and national charity based organisations. In 2023 our chosen charities were Ronald McDonald House, who enable families to stay close to their child for as long as they are undergoing treatment in CHI at Crumlin, DePaul, who provide assistance to the homeless and C.A.S.A. a support service for people with disability.

Throughout the year employees in FBD Bluebell contributed both creatively through volunteering in Ronald McDonald House, facilitating fundraising events and or directly through salary sacrifice and food donation.

Health and Safety

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

Supporting our Colleagues Wellbeing

FBD has an active and comprehensive Health and Wellbeing strategy in place for our colleagues.

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

The programme also includes "MyWellfest" a week of engaging panel discussions, motivational speakers and fun activities promoting positive health and wellbeing.

These programmes received significant engagement internally by our colleagues with employee feedback through our annual employee listening survey seeing our positive sentiment score expressed by our employees being 3% above the Irish Norm.

We are also delighted to have doubled the number of Mental Health First Aiders in the organisation in 2023.

8 DECENT WORK AND ECONOMIC GROWTH

Anti-Bribery and Anti-Corruption

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

This is further underpinned by our:

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

Respect for Human Rights

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

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

FBD supporting the Agricultural Community

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

2022 Teagasc Student of the Year, Ellen Vaughan, pictured with Liam Herlihy (FBD), Charlie McConalogue (Minister for Agriculture, Food and the Marine) and Michael Berkery (FBD Trust)

4 QUALITY EDUCATION

The FBD Trust

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

FBD Trust was established almost 50 years ago with an ambition to give back to local communities in a way which would support and promote their sustainable growth. FBD Trust achieves this through supporting research and educational scholarships for training and development, while also supporting community groups, organisations and bodies who advocate for Irish agriculture. Currently, FBD Trust contributes approximately €2 million annually to projects which include:

Teagasc / FBD Student of the Year Awards

Teagasc / FBD Student of the Year awards are presented to the highest achieving graduates from Teagasc agricultural colleges across the country. Nominees for these awards are the next generation of farm leaders and innovators. FBD has supported the Student of the Year Awards since their inception by providing a bursary to the winner, category winners and finalists.

Nuffield Scholarships

Nuffield Ireland is part of Nuffield International, a global network which includes organisations in eight countries. The Nuffield Farming Scholarship is a leadership development programme, in which scholars are given a bursary to travel, research and present a report on their chosen topic. Nuffield Ireland identifies future leaders in the Irish agricultural sector and supports them to reach their full potential through scholarships, international travel, and global connections. Nuffield Ireland's Annual Conference features panel discussions from industry experts along with presentations from graduating scholars. FBD supports both the Nuffield scholarship fund and the Nuffield conference to promote excellence by developing and supporting these individuals.

ASA Conference Partner & ASA Fellowship

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

The FBD Young Farmer of the Year Awards

The FBD 'Young Farmer of the Year' is a national competition held in conjunction with Macra. The purpose of these awards is to identify and recognise young farmer excellence and to inspire and empower the next generation of young farmers in Ireland. The award rewards top-performing young farmers. It promotes knowledge-sharing, networking, a platform to showcase and highlight Irish agriculture and the fantastic work being done by young farmers. Adjudication is based on several criteria including business initiative, sustainability and innovation on the farm alongside enterprise quality, farm safety, environmental protection awareness, agricultural knowledge and community involvement. The 2023 FBD Young Farmer of the Year is Dwayne Shiels from Letterkenny in Co Donegal.

FBD Young Farmer of the Year, Dwayne Shiels, pictured at the awards ceremony with Liam Herlihy (FBD), Tim Cullinane (IFA), Elaine Houlihan (Macra President), Tomas Ó'Midheach (FBD), Michael Berkery (FBD Trust).

Women & Agriculture

FBD is the main sponsor of the annual 'Women & Agriculture Conference'. This conference celebrates the role of women in agriculture while highlighting gender issues in farming and the agri-food sector. It acknowledges the essential role that women play on farms across the country and more widely in the Agri sector as a whole. The theme of this year's conference was "finding the balance."

Carolyn O Hara (Chief HR Officer) speaking at the Women & Agriculture conference 2023

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Burren Winterage Weekend

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

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

Patron Member of Agri Aware

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

Grass10 – Grassland Excellence for Irish Livestock

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

AHI CellCheck Awards

The annual Animal Health Ireland CellCheck Milking for Quality awards have been sponsored by FBD since they were established in 2014. The purpose of cell check dairy awards is to recognise and reward farmers who have demonstrated excellence in the field of dairy herd health management. Awards recognise farmers who have implemented best practices in herd health management, such as cell counting, and achieved excellent herd health and milk production results.

The CellCheck Award is given to the 500 milk suppliers nationally with the lowest weighted annual average Somatic Cell Count (SCC) for the previous year's supply. The winners were honoured at the awards ceremony which was held in Killashee Hotel in November 2023. In addition to the individual awards, there were 14 farmers honoured this year for having received the award every year since the awards began.

Speaking at the presentation of awards, Minister for Agriculture, Food and the Marine Charlie McConalogue acknowledged the importance of the awards, saying:

"These awards recognise the dairy farmers that achieve this excellence on their farms, the benefits of which not only contribute to their bottom line through productivity, but also underpins the high-quality characteristics of our dairy products that sees them exported to 130 markets globally."

Young Stockperson Competition

This competition provides young people aged 8-25 the opportunity to practice their animal showing skills, in addition to training and educating the next generation about animal showing and stockmanship. FBD sponsored this competition in its inaugural year in 2021 and continued to support this initiative in 2022 and 2023 with the National finals taking place at the Cappamore Show.

Make the Moove / UCD Agri Mental Health Group

Make the Moove is a charity founded by Macra members in North Tipperary in 2018 to address the rise in the levels of self-harm and suicide amongst farmers and other rural dwellers. This initiative has been bolstered by support from UCD Agri Mental Health Group whose empirical research released in October 2022 found that almost 25% of farmers surveyed were in danger of suicide.

Both Make the Moove and UCD are at common purpose in this area, this was recognised by FBD. FBD supports the work of both of these groups and in 2023 brought them together to further the work of both organisations through knowledge and resource sharing.

University Research & Support - At home and abroad

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

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

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

FBD Better Farming Awards

These awards were held for the first time in 2023 with FBD as the title sponsorship. The awards aim to identify the highest levels of achievement made in the industry's move towards a more sustainable sector and to reward initiatives, research and practices that are helping Irish agriculture meet its economic, social and environmental challenges. The award categories included a mix from across the Agri industry, food producers and farmers. Nick Cotter was named the FBD Insurance Overall Better Farming Champion at the awards ceremony.

3 GOOD HEALTH AND WELL-BEING

Farm Safety

Farming is a high-risk industry, which presents many challenges due to several factors such as its unique workplace setting, the aging profile of farmers and the fact farmers are potentially exposed to more dangers than workers in other sectors, such as tractors, ATVs, heavy machinery, large animals, slurry gases and construction work. Even though there has been a decline in the number of fatal accidents in Agriculture over the last 3 years, there is no room for complacency. There is often very little between a near miss and a fatality and it continues to be the sector with the most fatal accidents in the workplace.

FBD's objective is to support initiatives which will make the farm a safer place for all. FBD's Farm Safety campaigns aim to encourage farmers to make small but meaningful changes to their working behaviour. While farmers' attitudes to health and safety are generally positive, simple changes can make a big difference. We focus on promoting awareness of the critical behavioural changes required through press, online adverts, social media safety messages and farm safety signs through our network of branches and via the farm safety campaigns and events. In addition, we have a dedicated risk management team who work directly with farms, marts, and agricultural businesses to help improve safety standards and awareness in the workplace.

Stewart Gavin, FBD Underwriting Product Manager represents FBD on the National Farm Safety Partnership Advisory Committee (FSPAC) to the Health and Safety Authority. The FSPAC is currently working on the delivery of the actions highlighted in the Farm Safety Action Plan 2021-2024, which aims to reduce the level of fatalities, serious injuries, and ill health in the agriculture sector.

Pictured at the launch of the FSPAC - Electrical Safety Video (L to R): Michael Murray ESB, Ciaran Roche, Health & Safety Authority FSPAC Chair, Martina Gormley, Health & Safety Authority; Neale Richmond T.D., Minister of State at the Department of Enterprise, Trade and Employment, Martin Heydon T.D., Minister of State at the Department of Agriculture, Food & the Marine with special responsibility for Farm Safety; John Canny, Dept. of Agriculture and Stewart Gavin, FBD.

Farm Safety Videos

In 2023, FBD partnered with Teagasc and the Farm Safety Partnership to produce the 'Managing Farm Safety and Health Video Series', in total 20 videos were produced in this series between 2022 and 2023. FBD believe that this video series can help make a real difference in improving safety culture and behaviour on Irish farms. Most accidents are very preventable by ensuring vehicles, machinery, facilities, and equipment are maintained in safe operational condition and by ensuring safe working practices are followed at all times. By showing farmers best practices this will allow farmers to implement these safety standards on their own farm and in doing so making Irish farms a safer place for everyone.

Pictured at the launch of the 'Work Organisation for Farmer Health & Safety' video at the Moorepark Dairy Open Day in Teagasc Moorepark, Fermoy, Co Cork were (L to R): Jimmy & Ann Cotter, Coachford, Co Cork; Pat Griffin, Health & Safety Authority; Martin Heydon T.D., Minister of State at the Department of Agriculture, Food & the Marine with special responsibility for Farm Safety; Liam Herlihy, Teagasc Chairman; Professor Frank O'Mara, Teagasc Director and Ciaran Roche, FBD. Picture O'Gorman Photography.

National Marts Farm Safety Awareness and Remembrance Campaign 2022/2023

The FBD National Marts Farm Safety Awareness and Remembrance Campaign was launched in November 2022 and ran for much of 2023. This campaign was a partnership with ICOS, ALM, HSA, FSP and Embrace Farm. The aim of the campaign was to start the farm safety conversation in marts, improve farm safety awareness and help prevent accidents from occurring on the farm. The focus of the campaign was on Livestock, Quad Bike Safety, Safety of the Elderly and Farm Buildings. On the day of each event, a minute silence was observed in remembrance of people who have lost their lives in farming accidents. On the day of each event FBD representatives set up a stall to promote farm safety and engage with farmers on the topic of farm safety.

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

Farm Safety Signs

8,000 farm safety signs were produced and distributed through our FBD branch network in 2023. These signs are designed to improve safety awareness on the farm on a daily basis and to help keep farmers, farm workers, family members and visitors focused on safety when they enter the farm.

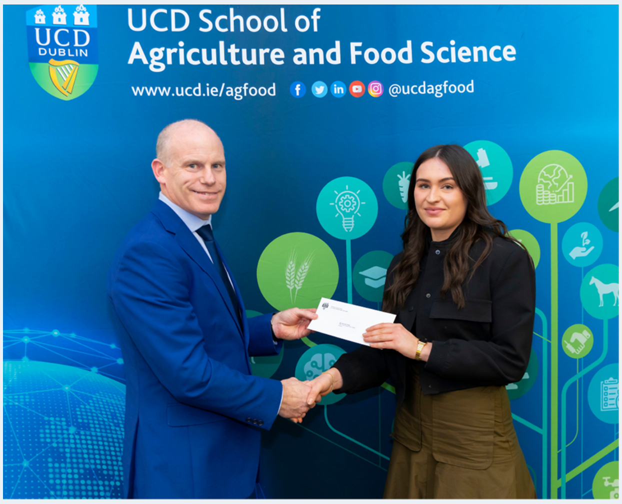
The sign has four clear messages focusing on key health and safety concerns. The first message signals that no unauthorised persons are allowed to enter the farmyard. This will ensure that a farmer can control who enters the farm and therefore help the farmer manage the safety of all persons who enter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

Champions for Safety

Over the last decade, FBD has led "Champions for Safety" seminars and events across all Agricultural Colleges around the country. This initiative encourages farming students to become champions for safety and it encourages them to stop taking risks. Speakers include staff from FBD, Teagasc, the Health and Safety Authority, ESB Networks and farm accident survivors who share the details of their accidents and the life changing effects it has had on their lives. Due to the value of these seminars many colleges have made this a compulsory part of the curriculum for their students before they embark on work experience on farms. The seminars have been extended to include UCD Agricultural Science students.

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

FBD sponsored the annual FBD Health and Safety Awards at the UCD School of Agriculture and Food Science Awards Ceremony. This awards ceremony is one of the highlights of the UCD academic year and it celebrates and acknowledges the excellent achievements of students during the academic session 2022/2023. Three students won awards and a number of students were awarded certificates for their achievements in the Health Welfare and Safety module.



Pictured Receiving their 'FBD Trust Health and Safety Awards' at the UCD Agriculture and Food Science Award Ceremony 2023 (Left to Right): Ciaran Roche (FBD) and Hannah Foley.

Moorepark Open Day 2023 Sponsorship and Farm Safety Exhibits

FBD worked with Teagasc in developing and delivering farm safety exhibits at the Moorepark open day 2023 to promote farm safety. The topics covered by the exhibits included tractors, machinery, livestock, work at height and farm buildings.

Farm Safety Live at the Tullamore Show 2023

Farm Safety Live is delivered by FRS Training, HSA and FBD in conjunction with the Tullamore Show. It is an interactive exhibition of farm safety demonstrations, developed to get people thinking more about safety on the farm, giving them practical tips and actions to take home. Engagement and interaction were created through a series of quad bike, tractor, and livestock demonstrations throughout the day.

Pictured at the launch of "Farm Safety Live" (Left to Right): Pat Griffin, HSA, Ciaran Roche, FBD, Joe Molloy, Chair Tullamore Show and Peter Slattery, FRS.

Tractor Training Skills

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

Farm Safety Communication

FBD runs regular farm safety communications in the media. During 2023, FBD ran monthly farm safety adverts in the Irish Farmers Journal and in the Irish Farmers Monthly. These articles were supported by social media safety campaigns using video clips from the "Managing Farm Health and Safety" video series. These focused on timely, seasonal hazards, their associated risks and appropriate safety controls and messages.

Farm Family CPD Training European Innovation Partnership (EIP) Initiative

FBD, Teagasc, FRS Training, the Health & Safety Authority, IFA, FRS Network, and a number of Irish farm families have developed five innovative free online farm safety courses for Irish farm families. This initiative called Farm Family CPD provides a new cost effective and sustainable training-led approach to foster farm safety and wellbeing within each generation of the family. The training aims to affect attitudes and behaviours to reduce the level of on-farm fatal and non-fatal incidents. This Farm Family CPD training is a European Innovation Partnership (EIP) Initiative that is being funded by the Department of Agriculture.

There are 5 courses to choose from:

a. Running a Safer Farm for Farm Principals

b. Keeping Yourself Safe for 12–16 year olds

c. Keeping Yourself Safe for Over 65s

d. Keeping Yourself Safe for Employees and Non-Paid Farm Workers

e. Managing Dangers – Livestock, Machinery & Buildings – Essential Safety for everyone living and working on the farm

3 GOOD HEALTH AND WELL-BEING

Farm Safety Week 2023

FBD and IFA worked together to promote Farm Safety Week 2023. The theme of the week was 'Make farm safety a way of life'. During this week farmers were encouraged to review working practices to ensure their farm is safe. The IFA and FBD promoted the initiative through videos, leaflets and a targeted media campaign incorporating both traditional and digital media.

Farm Safety Week 2023 - Ella's Story

FBD Supporting the Wider Community

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

3 GOOD HEALTH AND WELL-BEING

Age Friendly Ireland

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

8 DECENT WORK AND ECONOMIC GROWTH

FBD's Supplier Charter

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

17 PARTNERSHIPS FOR THE GOALS

Guaranteed Irish

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

Chambers of Commerce

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

Using Language that everyone understands

We continue to update the wordings across our suite of policy booklets to ensure that they use plain language and are more readily understood by our customers. We complete annual reviews of our wordings, utilising a range of inputs including customer feedback and complaints.

Protecting Information

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

DIVERSITY REPORT

Diversity and Inclusion in FBD

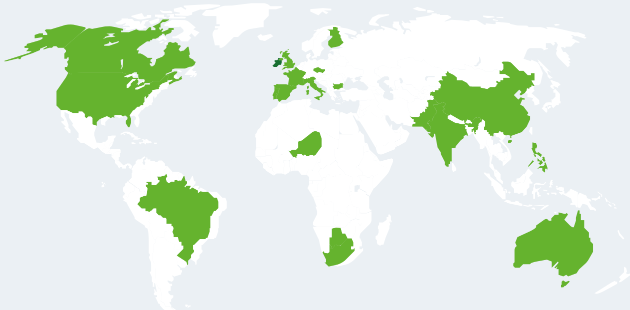
AT FBD OUR DIVERSITY AND INCLUSION AMBITION IS TO:

→ **Foster and promote an inclusive and equal employment work environment for our employees and the customers we serve,**

→ **Promote a harassment and discrimination free workplace,**

→ **Investigate equal employment opportunity complaints**

→ **Provide guidance, training and resources.**



WE HAVE **24 NATIONALITIES** WORKING ACROSS OUR ORGANISATION

Our shared commitment to working towards a consciously inclusive workplace is key to creating an environment where our people can maximise their talents, introduce new ways of thinking, increase levels of employee engagement and further develop FBD as the insurance employer and supplier of choice.

In 2023 we continued our journey working with D&I specialist Partners and industry Employee Diversity and Inclusion allies as we continue to embed and promote inclusive practices within our business and our Industry.

Measuring our Progress to date

In 2023, we asked our employees for feedback on our culture through our Annual employee listening survey. The survey asks our employee's to respond to statements relating to FBD with a positive or negative sentiment score. The survey was carried out on Willis Towers Watson's Engage Platform as it provided an opportunity to benchmark FBD's responses against the Ireland Norms.

Our employees expressed a positive sentiment 9% above the Irish norm for the statements "I can be myself at this organisation without worrying about how I will be accepted" and 2% positive sentiment above the Irish Norm for the statement "This organisation provides a working environment free of discrimination and harassment".

Although the results were positive overall, we acknowledge that we are still on a journey and will be using 2023's survey as another baseline by which we can measure our development going forward.

We have also continued our partnership with Inclusio to benchmark our employee sentiment relating to widely recognised key drivers of an inclusive work culture, such as Belonging, Trust, Wellbeing, Psychological Safety and Job Support. We have seen an average of 11% increase on our sentiment scores over the past 2 years. We are also currently tracking an average of 4% ahead of Global Benchmarks.

We have seen a 26% increase in the number of self identified nationalities represented in FBD compared to 2021 (Source: Inclusio results 2023).

Meeting the Standard

In 2023, FBD maintained its Silver accreditation for being Investors in Diversity through the Irish Centre for Diversity and have passed phase 1 of our Gold accreditation application, with the final application being submitted in 2024.

In 2023, FBD were honoured to attend and partake in the Irish Centre for Diversity Annual National D&I awards having been shortlisted for two awards Outstanding Diversity Initiative Award, and the LGBTQ+ inclusion award.

FBD were also nominated and shortlisted for the Diversity and Inclusion Award at the Irish Financial Services awards.

Investors in Diversity SILVER

Industry Employee Diversity & Inclusion Allyship

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

VOiCE for Insurance
Valuing Openness, inclusive Culture & Equity

Board Diversity

For details on the diversity of FBD at a Board level please refer to pages 105 to 110.

Governance

Board of Directors

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

LIAM HERLIHY

Group Chair

Date of Appointment:
1 September 2015

Nationality: Irish

Committee Membership:
- Risk Committee
- Nomination and Governance Committee (Chair)
- Remuneration Committee

Skills and experience:
Liam Herlihy is a farmer and was appointed Chair of FBD Holdings plc in May 2017. He was appointed Chair of Teagasc, the Agriculture and Food Development Authority in September 2018 and was, until May of 2015, Group Chair of Glanbia plc, a leading Irish based performance nutrition and ingredients group, having served in that role for 7 years during which he presided over a period of significant structural change and unprecedented growth for Glanbia plc. Mr Herlihy completed the Institute of Directors Development Programme and holds a certificate of merit in Corporate Governance from University College Dublin. He brings to the Board a wealth of commercial experience and some deep insights into the farming and general agricultural industries in Ireland which, together, comprise the FBD Group's core customer base.

External Directorships:
- Teagasc the Agriculture and Food Development Authority
- Knockskeagh Farms Limited

TOMÁS Ó MIDHEACH

Group Chief Executive Officer

Date of Appointment:
4 January 2021

Nationality: Irish

Committee Membership:
- None

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

External Directorships:
- Insurance Ireland (Member Association) Company Limited by Guarantee

MARY BRENNAN

Independent Non-Executive Director

Date of Appointment:
31 August 2016

Nationality: Irish

Committee Membership:
- Audit Committee
- Risk Committee (Chair)

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

External Directorships:
- MMS Multi Euro Services DAC
- MMS Multi Market Services Ireland DAC
- Inchario Life DAC
- ENI Insurance DAC
- HRTEU Limited
- St Laurence O'Toole Catholic Social Care Company Limited By Guarantee (Operating as Crosscare)
- Western Union Payment Services Ireland Limited

TIM CULLINAN

Independent Non-Executive Director

Date of Appointment:
31 December 2020

Nationality:
Irish

Committee Membership:
- None

Skills and experience:
Tim Cullinan is a farmer and runs a pig enterprise alongside a feed mill operation. Mr Cullinan was elected the 16th President of the Irish Farmers' Association in December 2019. He has been heavily involved in the Irish Farmers' Association over the past 15 years, holding various positions including National Pigs Committee Chair and County Chair and most recently the position of National Treasurer. Mr Cullinan is Vice President of the Committee of Professional Agricultural Organisations ("COPA") and represents Irish farmers at European Union level on COPA, which is the official umbrella representative body for European farmers. Mr Cullinan established the world's first DNA traceability for Irish pig meat and previously held the position Pig Expert to the Copa Cogeca.

External Directorships:
- Tipperary Milling Co Unlimited Company
- Woodville Pig Farms Unlimited Company

SYLVIA CRONIN

Independent Non-Executive Director

Date of Appointment:
28 November 2019

Nationality:
Irish

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

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

External Directorships:
- Canada Life Group:
  - Canada Life Assurance Europe plc
  - Canada Life International Assurance (Ireland) DAC
  - Canada Life Limited
  - Canada Life Irish Holding Company Limited
  - Saol Assurance DAC (trading as AIB Life)
  - Saol Assurance Holdings Limited
- Mercer Global Investments Europe Limited
- Mediolanum International Life DAC

DAVID O'CONNOR

Independent Non-Executive Director

Date of Appointment:
5 July 2016

Nationality:
Irish

Committee Membership:
- Nomination and Governance Committee
- Remuneration Committee (Chair)

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

External Directorships:
- Acromas Insurance Company Limited
- David O'Connor Consulting Actuary Limited
- Ballisodare Fishing Club

JOHN O'DWYER

Independent Non-Executive Director

Date of Appointment:
31 August 2021

Nationality:
Irish

Committee Membership:
- Audit Committee
- Remuneration Committee

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

External Directorships:
- Google Payments Ireland Limited

RICHARD PIKE

Senior Independent Non-Executive Director

Date of Appointment:
18 September 2019

Nationality:
Irish

Committee Membership:
- Risk Committee

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

External Directorships:
- Citadel Securities GCS (Ireland) Limited
- Citadel Securities GCS (Europe) Limited
- Tuath Housing Association CLG

JEAN SHARP

Independent Non-Executive Director

Date of Appointment:
16 August 2021

Nationality:
Irish

Committee Membership:
- Audit Committee (Chair)
- Nomination and Governance Committee

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

External Directorships:
- Flood Re Limited
- Personal Assets Trust plc

PATRICK MURPHY

Non-Executive Director

Date of Appointment:
1 September 2023

Nationality:
Irish

Committee Membership:
- None

Skills and experience:
Patrick Murphy is from Kilkenny where he owns and has been managing Smithstown Dairy Farm, Kilkenny for the past forty-eight years. Mr Murphy has extensive knowledge of the global food and beverage industry and has vast experience in the governance and strategic management of global and Irish businesses.
Mr Murphy is a highly experienced Non-Executive Director and currently holds the position of Chair of Farmer Business Developments plc and is Non-Executive Director of Glanbia plc and Vice Chair of Tirlán Co-operative Society Limited.
Mr Murphy previously served on the Board of Irish Farm Accounts Co-Operative Society Limited (IFAC) and was Vice President of Macra Na Feirme.

External Directorships:
- Farmnom Limited
- Farmer Business Developments plc
- Farmer Business Developments Assets Limited
- Farmer Business Developments Investments Limited
- Bulberry Properties Limited
- Hawridge Properties Limited
- PLL Property & Leisure Limited
- Tirlan Limited
- Glanbia plc
- Pat and Sarah Murphy Limited

KATE TOBIN

Group Chief Financial Officer

Date of Appointment:
1 January 2024

Nationality:
Irish

Committee Membership:
- None

Skills and experience:
Kate Tobin is a Fellow of the Society of Actuaries in Ireland, holds a Masters in Business Administration and is an experienced insurance executive. She joined FBD from Zurich Insurance where she worked between 2007 and 2017, holding various roles at both local and Group levels, including Chief Underwriting Officer for the Irish General Insurance business.
Prior to her appointment as Group Chief Financial Officer, Ms Tobin most recently held the position of Chief Underwriting Officer of FBD, a position held since 2018.

External Directorships:
- Johnstown Sportsfield Company Limited By Guarantee

Corporate Information

Registered Office and Head Office	Bankers
FBD House	Allied Irish Banks plc
Bluebell	Barclays Bank plc
Dublin 12	Close Brothers International
D12 Y0HE	Deutsche Bank AG
Ireland	The Goldman Group, Inc.
	KBC Bank NV

Stockbrokers	Solicitors
Davy Stockbrokers	Dillon Eustace
49 Dawson Street	33 Sir John Rogerson's Quay
Dublin 2	Dublin 2
D02 PY05	D02 XK09
Ireland	Ireland

Independent Auditors	Registrar
PricewaterhouseCoopers (PwC)	Computershare Investor Services (Ireland) Limited
Chartered Accountants and Statutory Audit Firm	3100 Lake Drive
One Spencer Dock	Citywest Business Campus
North Wall Quay	Dublin 24
D01 X9R7	D24 AK82
Ireland	Ireland

Report of the Directors

The Directors present their report and the audited financial statements for the financial year 2023.

Principal Activities

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

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

Business Review

The review of the performance of the Group, including an analysis of financial information and the outlook for its future development, is contained in the Chairman's Statement on pages 6 to 8 and in the Group Chief Executive's Review of Operations on pages 9 to 13. Information in respect of events since the financial year end and a review of the key performance indicators are also included in these sections. The key performance indicators include insurance revenue, gross written premium, earnings per share, loss ratio, expense ratio, combined operating ratio, underwriting result, profit before tax, net asset value per share and return on equity.

Results

The results for the year are shown in the Consolidated Income Statement on page 143.

Financial Instruments

The Group makes routine use of financial instruments in its activities. The use of financial instruments is material to an assessment of the financial statements. Detail on the Group's financial risk management objectives and policies are included in the Risks and Uncertainties Report on pages 20 to 28. The Group's exposure to liquidity, market, foreign currency, credit and concentration risk are included in note 38 of the financial statements.

Dividends

Please refer to note 32 for further details.

Subsequent Events

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

Principal Risk and Uncertainties

A description of the principal risks and uncertainties facing the Group are set out in the Risks and Uncertainties Report on pages 20 to 28.

Subsidiaries

The Company's principal subsidiaries, as at 31 December 2023, are listed in note 33.

Directors

The present Directors of the Company, together with a biography on each, are set out on pages 67 to 70. The Board has decided that all Directors continuing in office will submit themselves for re-election at each Annual General Meeting (AGM).

The Directors who served at any time during 2023 were as follows:

Liam Herlihy	Chair
Mary Brennan	Independent Non-Executive Director
Sylvia Cronin	Independent Non-Executive Director
Tim Cullinan	Independent Non-Executive Director
Patrick Murphy	Non-Executive Director (Appointed 1 September 2023)
David O'Connor	Independent Non-Executive Director
John O'Dwyer	Independent Non-Executive Director
John O'Grady	Executive Director and Group Chief Financial Officer (Retired on 31 December 2023)
Tomás Ó Midheach	Executive Director and Group Chief Executive Officer
Richard Pike	Senior Independent Non-Executive Director
Jean Sharp	Independent Non-Executive Director
Padraig Walshe	Non-Executive Director (Passed away 1 February 2023)

Kate Tobin was appointed as Executive Director and Group Chief Financial Officer on 1 January 2024.

Annual General Meeting

The Annual General Meeting (AGM) is scheduled to be held on Thursday, 9 May 2024. The notice of the AGM of the Company will be sent to shareholders giving 21 clear days' notice.

Articles of Association

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

Directors' and Company Secretary's interests

The interests of the Directors and Company Secretary (together with their respective family interests) in the share capital of the Company, at 31 December 2023 and 1 January 2023 were as follows:

Beneficial	Number of ordinary shares of €0.60 each	
	31 December 2023	1 January 2023
Liam Herlihy	8,000	8,000
Mary Brennan	—	—
Sylvia Cronin	—	—
Tim Cullinan	—	—
Patrick Murphy[1]	—	—
David O'Connor	1,500	1,500
John O'Dwyer	—	—
John O'Grady[2]	49,768	32,139
Tomás Ó Midheach	21,337	1,212
Richard Pike	7,200	7,200
Jean Sharp	—	—
Padraig Walshe[3]	1,100	1,100
Company Secretary		
Nadine Conlon	—	—

[1]Date of appointment of Patrick Murphy 1 September 2023

[2]Date of retirement of John O'Grady 31 December 2023

[3]Date of death of Padraig Walshe 1 February 2023

There has been no change in the interests of the Directors and Company Secretary (together with their respective family interests) in the share capital of the Company from 31 December 2023 up to the date of this report.

The interests of the Directors and the Company Secretary in conditional awards over the share capital of the Company under the shareholder approved Performance Share Plans are detailed in the Report on Directors' Remuneration on pages 111 to 131.

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

For the purposes of Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, the information on the Board of Directors on pages 67 to 70, the Performance Share Plans in note 36 and the Report on Directors' Remuneration on pages 111 to 131 are deemed to be incorporated in this part of the Report of the Directors.

On an annual basis the Directors seek shareholder approval for certain powers relating to the Company's shares. Pursuant to shareholder resolutions passed at the Annual General Meeting held on 11 May 2023, the Directors have the authority to allot shares up to an aggregate nominal value of €7,046,281 representing approximately 33% of the issued ordinary share capital as at 3 April 2023.

The Directors have authority to issue shares for cash other than strictly pro-rata to existing shareholdings in certain circumstances as approved at the AGM held on 11 May 2023. The Directors also have authority to make market purchases of the Company's ordinary shares up to 10% of the aggregate nominal value of the Company's issued share capital with voting rights. These authorities are due to expire on the earlier of the date of the next Annual General Meeting of the Company or 11 August 2024. These authorities are sought annually at the AGM.

Substantial Shareholdings

As at 31 December 2023 the Company has been notified of the following interests of 3% or more in its share capital:

Ordinary shares of €0.60 each	No.	% of Class	% of Total Voting Rights
Farmer Business Developments Plc	8,531,948	23.79%	20.95%
FBD Trust Company Limited	3,732,019	10.41%	9.16%
Sretaw Private Equity Unlimited Company	3,683,671	10.27%	9.04%
M & G Investment Management Ltd.	1,876,620	5.23%	4.61%
Protector Forsikring ASA	1,524,434	4.25%	3.74%
Black Creek Investment Management	1,166,429	3.25%	2.86 %

Preference Share Capital			
14% Non-cumulative preference shares of €0.60 each	**No.**	**% of Class**	**% of Total Voting Rights**
Farmer Business Developments plc	1,340,000	100%	3.29%

8% Non-cumulative preference shares of €0.60 each	No.	% of Class	% of Total Voting Rights
FBD Trust Company Limited	2,062,000	58.38%	5.06%
Farmer Business Developments plc	1,470,292	41.62%	3.61%

As at 29 February 2024, FBD has not been notified of any changes in substantial shareholdings.

Share Capital

The Group had four classes of shares in issue at the end of the year. Outlined in the table below are the voting classes and the percentage of the total issued share capital with voting rights represented by each are as follows:

Voting shares	Number in issue	% of Total
Ordinary shares of €0.60 each[1]	35,856,967	88.0%
14% Non-cumulative preference shares of €0.60 each	1,340,000	3.3%
8% Non-cumulative preference shares of €0.60 each	3,532,292	8.7%
Total Voting shares	**40,729,259**	**100.0%**

[1]excluding 164,005 shares held in treasury

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

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

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

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

Dematerialisation

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

Article 3(1) of CSDR sets a deadline of 1 January 2025 whereby all existing issuances of shares in the Company must be held in book-entry form by 1 January 2025. Your certificates will be replaced by the book-entry balances on the records of our share registrar, Computershare Investor Services (Ireland) Limited.

Please note your current share balance and the number of shares which you hold as of 1 January 2025 will remain the same following dematerialisation. Further updates regarding the switch to book-entry form will be provided in due course.

Non-Financial Statement

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

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

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

Environmental matters	Social and employee matters
FBD related policies/statements: a. Investment Policy b. TCFD Disclosures c. Speak-Up Policy d. Underwriting Policy Refer to pages 34 to 52 for further description and detail related to Environmental Matters.	FBD related policies/statements: a. Health and Safety Statement b. Remuneration Policy c. Learning and Development Policy d. Equal Opportunities, Diversity and Inclusion Policy e. Data Protection Policy f. Vulnerable Customer Policy g. Physical Security Policy h. Outsourcing Policy (GDPR) i. Speak-Up Policy j. Fertility Treatment Policy Refer to pages 53 to 56 for further description and detail related to Social and Employee Matters.

Respect for human rights	Anti-corruption and anti-bribery matters
FBD related policies/statements: a. Equal Opportunities, Diversity and Inclusion Policy b. Dignity at Work Policy c. Supplier Charter Refer to page 56 for further description and detail related to Respect for Human Rights.	FBD related policies/statements: a. Code of Conduct Policy b. Anti-Fraud Policy c. Speak-Up Policy d. Conflicts of Interests Policy e. .Anti-Money Laundering Policy. f. Suspicious Transaction/Activity Reporting Policy g. Outsourcing Policy Procurement Policy Refer to page 56 for further description and detail related to Anti-Corruption and Anti-Bribery matters.

FBD Business Model	Non-financial Key Performance Indicators (KPI)
Keeping our customers and communities at the heart of who we are and what we do. We offer clear solutions to customer's insurance needs through our 34 branches nationwide, on the phone, online or through our partner and broker networks. Our business model is focused on delivering for all our stakeholders FBD's business model is outlined on pages 15 to 16.	For non-financial KPI's see the following sections of the annual report: Environment and climate: See metrics section of TCFD and EU Taxonomy disclosures on pages 45 to 52. Risk Appetite Framework: See the Risk and Uncertainties report on pages 20 to 28 for Risk related key risk indicators. Social and Employee matters: See gender diversity metrics on page 55 and Gender pay metrics on page 54.

Risk Management
Any risk relating to the above matters are identified, assessed, managed and reported in line with the Risk Management Framework. Due diligence is implemented for the above policies in line with the Internal Control, Risk and Compliance Frameworks and its three lines of defence risk model. FBD's Risk Management Framework, including the three lines of defence, is described in more detail in the Risk and Uncertainties report on pages 20 to 28.

Independent Auditors

PwC, Chartered Accountants and Statutory Audit Firm, were appointed by the Directors in 2016 to audit the financial statements for the financial year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the financial years ended 31 December 2016 to 31 December 2023. PwC has signified their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

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

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

Accounting Records

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

Directors' Compliance Statement

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

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

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

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

Corporate Governance

The Corporate Governance Report on pages 80 to 102 forms part of this report. In the Corporate Governance Report, the Board has set out how it has applied the principles set out in the UK Corporate Governance Code 2018, which was adopted by both Euronext Dublin and the UK Listing Authority, the Irish Corporate Governance Annex, and the Central Bank of Ireland Corporate Governance Code requirements for Insurance Undertakings 2015.

Board Committees

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

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

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

Political Donations

The Group did not make any political donations during 2023.

Viability Statement

The Directors have assessed the prospects of the Group and its ability to meet its liabilities as they fall due in the medium term. The Directors selected a five-year timeframe which they consider appropriate as this corresponds with the Board's strategic planning process. The objectives of the strategic planning process are to consider the key strategic choices facing the Group and to incorporate these into a financial model with various scenarios. This assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the principal risks and uncertainties facing the Group, as outlined in the Risks and Uncertainties Report on pages 20 to 28.

In 2023 the Board carried out an in-depth strategic review and focus had been given to macro-economic outlook, and other factors potentially impacting FBD's trading environment over the strategic horizon. Strategic risk is considered within the Board's Risk Management Framework. As part of the strategy review, the Board were presented with a risk opinion on the Strategy Evolution 2024 to 2028. The Board was satisfied that the Strategy Evolution is aligned to the Risk Appetite Framework and does not introduce or promote excessive levels of risk taking. The Board approved the Group's five-year strategy 2024 to 2028 in October 2023 and this is reviewed on an annual basis to determine continuing relevance.

The Group performs an Own Risk and Solvency Assessment ('ORSA') annually which subjects FBD's solvency capital levels to a number of extreme stress scenarios. Climate Change Risk had been considered as part of the ORSA which was approved in December 2023. The main purpose of the ORSA process is to assess, in a continuous and prospective way, the overall solvency needs related to the specific risk profile of the insurance company. The outputs from the ORSA assist the Board by outlining the implications that strategic decisions have on the risk profile, regulatory capital and overall solvency needs of the Company. As part of the 2023 ORSA process, work was carried out to consider the financial assumptions underpinning the Strategy. Based on the results of these tests, the Directors confirm that they have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, its future performance and solvency and that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Chair's Statement and the Review of Operations, as is the financial position of the Group. In addition, the Risks and Uncertainties Report on pages 20 to 28 and note 38 of the financial statements include the Group's policies and processes for financial risk management.

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

In making this assessment the Directors considered the Group's Budget for 2024 and projections for 2024 to 2028, which take into account foreseeable changes in the trading performance of the business, key risks facing the business and the medium term plans approved by the Board. In addition, the ORSA process monitors current and future solvency needs. A number of scenarios were projected as part of the ORSA process as well as a number of more extreme stress events. In all scenarios the Group's capital ratio remained in excess of the Solvency Capital Requirement.

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

Approval of Financial Statements

The financial statements were approved by the Board on 7 March 2024.

Signed on behalf of the Board

Liam Herlihy | Tomás Ó Midheach

Liam Herlihy
Chair

Tomás Ó Midheach
Group Chief Executive Officer

7 March 2024

Corporate Governance

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

UK Corporate Governance Code and the Irish Corporate Governance Annex

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

Throughout 2023 and to the date of this report, FBD applied the principles of the Code and, save as set out on page 117 in relation to director pension contribution rates not being aligned with the rate in operation majority of the workforce, complied with the provisions of both the Code and the Annex.

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

Location of information required pursuant to Euronext Dublin Listing Rule 6.1.80

Listing Rule	Information to be included:
6.1.77 (4)	Refer to Report on Director's Remuneration on pages 111 to 131.

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

The Board of Directors and its Role

The Group is managed by the Board of Directors.

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

The Board has approved a Corporate Governance Framework setting out its role and responsibilities. This is reviewed annually as part of the Board's evaluation of its performance and governance arrangements. The Framework includes a formal schedule of matters reserved to the Board for its consideration and decision, which includes but is not limited to:

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

This schedule ensures that the skills, expertise and experience of the Directors are harnessed to best effect and ensures that any major opportunities or challenges for the Group come before the Board for consideration and decision. The schedule was last reviewed in April 2023.

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

Board Composition and Independence

At 31 December 2023 the Board comprised two Executive Directors and nine Non-Executive Directors, including the Chair. This structure was deemed appropriate by the Board.

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

Seven of the Non-Executive Directors in office at the end of 2023 were considered to meet all of the criteria indicating independence set out in the Code.

	Date first elected by shareholders	Years from first election to 2024 AGM	Considered to be independent
Liam Herlihy	29 April 2016	8 years 0 months	Yes on appointment
Mary Brennan	31 Aug 2016	7 years 8 months	Yes
Sylvia Cronin	31 July 2020	3 years 9 months	Yes
Tim Cullinan	12 May 2021	2 years 11 months	Yes
David O'Connor	31 Aug 2016	7 years 8 months	Yes
John O'Dwyer	12 May 2022	2 years 0 months	Yes
Richard Pike	31 July 2020	3 years 9 months	Yes
Jean Sharp	12 May 2022	2 years 0 months	Yes

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

Key Roles and Responsibilities

Chair

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

- Setting the Board's agendas and ensuring that they cover the key strategic issues confronting the business;
- Lead the Board, encourage discussions, challenge the Board's mindsets and to facilitate the appropriate level of debate, promoting a culture of openness and debate at Board meetings and ensuring that the Directors apply sufficient challenge to management proposals;
- Nurture relationships founded on mutual respect and open communication inside and outside the Boardroom, between the Non-Executive Directors and Senior Executives;
- Facilitate the effective contribution of Non-Executive Directors in particular and ensure constructive relations between Executive and Non-Executive Directors are maintained;
- Ensure that the Directors receive accurate, timely and clear information;
- Ensure the Board receive adequate training about the operations and performance of the Company to ensure Non-Executive Directors make informed decisions;
- Ensure that the performance of individual Directors and the Board as a whole and its committees is evaluated on an annual basis;
- Leading the Board appointment process in line with the Board Recruitment and Diversity Policy;
- Chair the Annual General Meeting and deal with questions from shareholders; and
- Ensure that there is effective communication with shareholders.

Group Chief Executive Officer

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

- Developing a clear strategy for FBD with the Board and providing a formal process for review of strategy;
- Developing clear objectives and plans along with a suitable organisational structure to implement strategy;
- Establishing Key Performance Indicators quantifying individual and organisational goals for the business and the senior management team and evaluating performance accordingly;
- Ensuring that the organisation remains flexible to the changing business environment;
- Growing and motivating a top class management team to meet the challenges of the business;
- Maximising the efficient and effective use of resources;
- Articulating, disseminating and providing leadership in relation to the vision, mission, objectives and values of FBD and maximising morale and efficiency within the organisation;
- Identifying and managing change within FBD and in the market and driving a process of continuous improvement;
- Providing career development and succession throughout the organisation, particularly at management level; and
- Representing FBD externally with shareholders, customers, regulators, media, providers and the public.

Senior Independent Director

The Senior Independent Director is responsible for:

- Being available to shareholders if they have any concerns which contact through the normal channels of Chair, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate;
- Leading the annual appraisal of the performance of the Chair;
- Acting as a sounding board for the Chair; and
- Serving as an intermediary for the other Non-Executive Directors where necessary.

Company Secretary

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

- Advise the Board, through the Chair, on all governance matters;
- Ensure good information flows within the Board and its Committees and between Senior Management and Non-Executive Directors;
- Facilitate induction and assist with professional development as required; and
- Have responsibility for ensuring that Board procedures are complied with.

Board effectiveness and performance evaluation

Board effectiveness is reviewed annually as part of the Board's performance evaluation process. The Chair is responsible for ensuring that each Director receives an induction on joining the Board and that they receive any additional training they require. The induction itself is organised and delivered by the Company Secretary, other members of the Executive Management Team and by external providers where appropriate. More information on Induction and Board Training can be found on page 103.

Board Evaluation

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

The last external Board Evaluation was carried out in respect of the year ended 31 December 2022. Following a tender process, Board Excellence were selected to conduct the external board evaluation process. The output of this external review provided an overall summary assessment of the Board and its Committees utilising 6 rankings: High-performing, Strong, Effective, Average, Mediocre and Dysfunctional. Board Excellence assessed the FBD Holdings plc and FBD Insurance plc Boards and Committees to be Strong. FBD Boards were found to have strong board dynamics with a healthy balance of intelligent robust oversight by the Non-Executive Directors, a progressive approach to collaboration on strategy between the Executive Team and the Board and deep commitment to the highest standards of corporate governance, engagement with shareholders and stakeholders, and ethics. Recommendations from this external review were progressed and implemented over the course of 2023.

FBD remains committed to ensuring that it has a high-performing Board, which is equipped to anticipate, meet and overcome future challenges and risks and to ensure alignment with the Group's long-term strategy.

Further details of the 2023 Board Effectiveness and Performance Evaluation are set out in the Nomination and Governance Report on pages 103 to 110.

Re-election of Directors

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

Access to advice

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

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

Attendance at Board and Board Committee Meetings during 2023

	Board	Audit	Nomination and Governance	Remuneration	Risk
M Brennan	12/12	9/9			5/5
T Cullinan	9/12				
S Cronin	12/12		8/8	7/7	5/5
L Herlihy	12/12		8/8	7/7	5/5
P Murphy	2/4				
D O'Connor	11/12		8/8	7/7	
J O'Dwyer	10/12	5/9		5/7	
J O'Grady	11/12				
T Ó Midheach	12/12				
R Pike	12/12				5/5
J Sharp	12/12	9/9	8/8		
P Walshe	1/1				

Padraig Walshe passed away on 1 February 2023.

Patrick Murphy was appointed to the Board on 1 September 2023.

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

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

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

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

Report of the Audit Committee

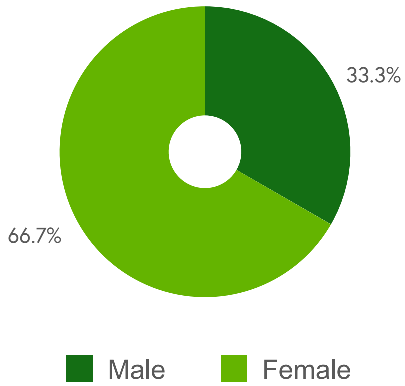
JEAN SHARP

Committee Chair

Membership during the year

Length of time served on committee at date of report		
J Sharp	Committee Chair, Independent Non-Executive Director	2 year 4 months
M Brennan	Independent Non-Executive Director	7 years 6 months
J O'Dwyer	Independent Non-Executive Director	2 years 0 months

Committee Composition



Committee Membership and Experience

The Committee Members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities. The Board is satisfied that all Members are considered to have recent and relevant financial experience and qualifications.

In accordance with the UK Code, all Members of the Committee are Independent Non-Executive Directors.

Ms Jean Sharp is a Fellow of the Institute of Chartered Accountants Ireland and is a former partner in EY Accounting firm. She also holds another position of Chair of the Audit Committee in her portfolio of directorships. Ms Sharp has significant experience of the Irish and UK market and internationally having worked in Papua New Guinea.

Ms Brennan is a Fellow of the Institute of Chartered Accountants Ireland. She has gained international experience working in audit for KPMG and in a number of publicly listed companies including Elan plc and Occidental Petroleum Corp. Ms Brennan holds the position of Chair of the Audit Committee of FBD Insurance plc.

Mr O'Dwyer has extensive insurance and financial services experience in previous senior executive roles. He had gained European experience working in Interamerican, the second biggest insurer in Greece.

The Board recognises the benefits of cross membership among its Board Committees. Ms Sharp is a member of both the Audit and Nomination and Governance Committee. Ms Brennan is a member of both the Audit and Risk Committee. Mr O'Dwyer is a member of both the Audit and Remuneration Committee.

The Committee as a whole has the competence relevant to the General Insurance sector.

Objective of Committee

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

Key responsibilities delegated to the Committee include:

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

Meetings

The Committee met on nine occasions during 2023. Attendance at the scheduled meetings held during 2023 is outlined on page 83. Meetings are attended by Committee Members. The Group Chief Financial Officer and the Group Head of Internal Audit are regular attendees at meetings. The Statutory Auditor is also invited to attend meetings on a regular basis. Additionally, the Head of Actuarial Function and the Chief Risk Officer are invited to attend all scheduled meetings at the request of the Committee. The Chair of the Board and the Group Chief Executive Officer are not members of the Committee and do not attend meetings of the Committee unless invited. The Chair of the Board and the Group Chief Executive Officer did not attend any Committee meetings in 2023. The Committee regularly meets separately with the Statutory Auditor and with the Group Head of Internal Audit, without members of management present.

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

Activities of the Committee during 2023

The principal activities undertaken by the Committee during 2023 include:

- Reviewing and approving Committee Minutes;
- Considering and reviewing the Key Methodologies, Judgements and Uncertainties and Going Concern Assessment;
- Reviewing the reserving adequacy including the financial impact of Business Interruption claims;
- Reviewing the recognition of the Reinsurance Asset with the Best Estimate of Business Interruption Claims as at 31 December 2022 and at 30 June 2023;
- Reviewing drafts of the Annual Report, Preliminary Results Announcement and the IFRS 17 Half Yearly Report prior to their consideration by the Board;
- Reviewing the progress towards implementation and the impact of the new Accounting Standard IFRS 17 Insurance Contracts;
- Reviewing Pro-forma IFRS 17 and IFRS 9 Disclosures;
- Reviewing Letters of Representation prior to their consideration by the Board;
- Reviewing all aspects of the relationship with the external auditors, including the statutory audit plan, audit findings and recommendations and consideration of the independence of the external

auditors and the arrangement in place to safeguard this, including partner rotation, prohibition on share ownership and levels of fees payable to the statutory auditor for non-audit assignments;

- Reviewing the Internal IT Update and External Audit IT General Control Report;
- Reviewing the performance of the External Auditor;
- Reviewing the Solvency and Financial Condition Report, Regular Supervisory Report, Quantitative Reporting Templates and Solvency II Reporting Policy and Director Accuracy Statement;
- Appraising the Internal Audit Function, it's independence, Annual Plan, work, reports and issues arising and monitoring the scope and effectiveness of the function;
- Reviewing the adequacy and effectiveness of controls operated by management to identify, mitigate regulatory, operational and financial risk;
- Receiving updates on the Corporate Sustainability Reporting Directive;
- Considering management's review of the annual IAASA publication on "Observations on Selected Financial Reporting Issues – Years ending on or after 31 December 2023";
- Reviewing certain policies including the Internal Control Policy, Anti-Fraud Policy, Non-Audit Services Policy and Speak Up Policy;
- Reviewed the Committee Terms of Reference; and
- Reporting to the Board on its activities and confirmed the degree to which the Committee's delegated responsibilities had been discharged through verbal reports to the Board after each meeting and a formal written report presented annually.

A significant area of focus for the Committee throughout 2023 was the introduction of Accounting Standard IFRS 17 Insurance Contracts, which came into effect for reporting periods beginning on or after 1 January 2023. IFRS 17 sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17.

During 2023, the Committee received regular updates on the progress of the IFRS 17 implementation project at each of its meetings. In addition, the Committee held additional meetings during the year, where a deep dive review on the impact of IFRS 17 was presented to the Committee. A summary of disclosure requirements under both IFRS 17 and IFRS 9 was presented to the Committee, in addition to the review of the restated 2022 Financial Statements under IFRS 17 for comparatives and review of the Half Year Results Announcement. The Committee considered stakeholder, risk appetite, and environmental, social and governance considerations of the Company in view of the implementation of IFRS 17. FBD successfully reported under IFRS 17 for the first time for its interim Financial Statements for the six-month period ending 30 June 2023.

Auditor Independence

In 2023 the Committee considered the independence of the Auditors and acknowledged the independence and quality control safeguards operated within PwC. Annually the Committee review and approve a Non-Audit Services Policy which is in place to mitigate any risks threatening, or appearing to threaten, the external audit firm's independence and objectivity arising through the provision of other assurance services. The review of this policy was last carried out in July 2023. No other assurance services were provided by PwC other than the audit of those elements of the Solvency and Financial Condition Report that PwC are required to audit, the provision of certificates of premium amounts to the Motor Insurers Bureau of Ireland, the audit of the defined contribution pension scheme and the interim review. The Committee was satisifed that the Auditors were deemed to be independent.

The Committee reviewed and approved the Auditor fees and agreed that these were reasonable in light of the workload associated with IFRS 17 and the current inflationary environment.

As part of its responsibilities the Committee reviews the External Audit Plan, the audit approach and objectives and Audit Findings and has concluded that the external audit process has remained effective.

PwC was reappointed as Auditors of the Group in respect of the financial year ended 31 December 2023. The audit was last put out to tender in 2015 and PwC was appointed as Auditors from 2016. PwC have been auditors to the Group for eight years.

An area of focus for the Committee over 2024 and into 2025 will be the succession process for the current Auditors. It is intended that the provision of audit services will be put out for competitive tender during 2024.

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

Key Issue	Committee conclusion
Valuation of the liability for incurred claims	The Committee reviewed the best estimate of the ultimate cost of claims incurred, the adjustment to best estimate for future cash flows to reflect the time value of money and the financial risks related to those cash flows, the risk adjustment for non-financial risk, as well as the actuarial methodologies and key assumptions. The Committee separately reviewed the Business Interruption claims provisions given the complexity and judgements involved in the calculations. The Committee was satisfied with the measurement and valuation of the liability for incurred claims.
Going concern	The Committee reviewed management's documentation of the going concern assessment. The Committee was satisfied that there were no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of this report.

Fair, balanced and understandable

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

Evaluation

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

Jean Sharp

On behalf of the Audit Committee

7 March 2024

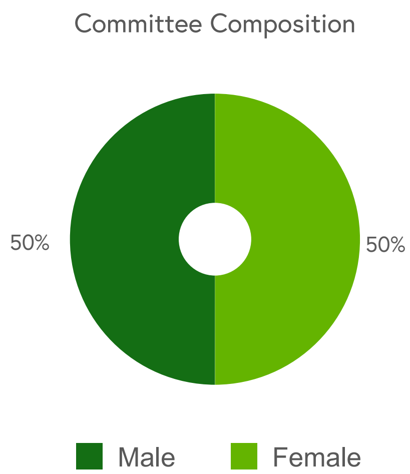
Report of the Risk Committee

MARY BRENNAN

Committee Chair

Membership during the year

Length of time served on committee at date of report		
M Brennan	Committee Chair, Independent Non-Executive Director	2 years 4 months
S Cronin	Independent Non-Executive Director	4 years 0 months
L Herlihy	Board Chair	6 years 10 months
R Pike	Senior Independent Non-Executive Director	4 years 0 months



Committee Membership and Experience

The Committee Members have been selected to ensure that the Committee has the relevant risk experience and the range of skills and experience necessary to discharge its responsibilities. The Board is satisfied that all Members are considered to have recent and relevant experience.

Ms Mary Brennan has notable experience in Risk and Internal Audit and she has held the position of Chair of the Risk Committee in her portfolio of financially regulated directorships. She has gained international experience working in audit for KPMG and in a number of publicly listed companies including Elan plc and Occidental Petroleum Corp.

Prior to joining the Board, Ms Sylvia Cronin was previously the Director of Insurance Supervision at the Central Bank of Ireland and currently holds the role of Chair of a Risk Committee within her portfolio of directorships. She has gained key European experience through her membership of the European Insurance and Occupational Pensions Authority (EIOPA) Board of supervisors from 2014 to 2019. Ms Cronin also has experience of the UK market through her portfolio of directorships.

Mr Liam Herlihy has appropriate experience having been a long standing member of the Risk Committee. Mr Herlihy has gained international experience in his former role as Chair of Glanbia plc, a global food and nutritional business.

Mr Richard Pike's expertise is in the areas of Strategy, Technology, Finance, Innovation and Risk Management. Mr Pike also lectures on Risk Management and Governance. Mr Pike has regulated board experience in Ireland and the UK and extensive experience working across Europe and the US in the areas of Information Technology and Financial Services.

The Board recognises the benefits of cross membership among its Board Committees. Ms Brennan is a member of both the Risk Committee and Audit Committee and Mr Herlihy and Ms Cronin are members of the Risk Committee, Nomination and Governance Committee and Remuneration Committee.

Objective of Committee

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

Key responsibilities delegated to the Committee include:

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

Meetings

The Committee met on five occasions during 2023. Meetings are attended by Committee Members. The Chief Risk Officer is an attendee at all Committee meetings. The Group Chief Executive Officer, the Group Chief Financial Officer and the Chief Underwriting Officer are regular attendees at Committee meetings along with the Head of Compliance, the Risk Actuary and the Group Head of Internal Audit.

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

Activities of the Committee during 2023

The principal activities undertaken by the Committee during 2023 include:

- Reviewing and approving Committee Minutes;
- Assisting the Board in the review, update and approval of Risk policies, including frameworks, Risk Appetite, Risk Indicators and Risk Tolerance;
- Recommending the Risk Plan and Compliance Plan for 2024 to be presented to the Board for approval;
- Reviewing the Solvency Capital Requirement throughout the year;
- Reviewing and approved Internal Reserve Peer Review Process;
- Reviewing the ORSA Update which included the 2023 Stress and Scenario Tests, and 2023 Own Solvency Needs Assessment. Recommended the ORSA Plan to the Board for approval;
- Reviewing the Privacy and Maturity Assessment and the Data Protection Officer Half Yearly Report and recommended the Data Protection Policy and Plan 2024 to the Board for approval;

- Reviewing the Anti-Money Laundering Policy Annual Risk Assessment and recommended to the Board for approval;
- Reviewing the Actuarial Reserve Analysis, for Q4, 2022 and the Head of Actuarial Function Report;
- Reviewing the Deep Dives undertaken in respect of Underwriting Operational Risk; Credit Risk, Sales Operational and Sales Consumer Risk;
- Reviewing the Report of the CRO, and the Report of the Head of Compliance,
- Assessing the effectiveness of the Business Risk Partners and recommending the Report from the Business Risk Partners Review to the Board for approval;
- Reviewing the UK Listing Considerations and ESG Disclosures;
- Reviewing the Risk Culture Update; subsidiary Governance and Emerging Risks;
- Reviewing the GDPR Update including the Privacy and Maturity Assessment, Mitigation Plan for the data Pseudonymisation Project, and summary of data access requests;
- Reviewing and recommending the 2024 Reinsurance Programme Placement to the Board;
- Reviewing the update on Investor Relations and RNS Announcements;
- Reviewing and discussed CBI Correspondence and shareholder communications received throughout the year;
- Reviewing the Market Abuse Policy and Procedures and recommending to the Board for approval;
- Reviewing the ESG Disclosures;
- Reviewing and recommending a number of risk related policies to the Board; and
- Reviewing and recommending the Operational Resilience Self-Assessment to the Board for approval.

Evaluation

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

Mary Brennan

On behalf of the Risk Committee

7 March 2024

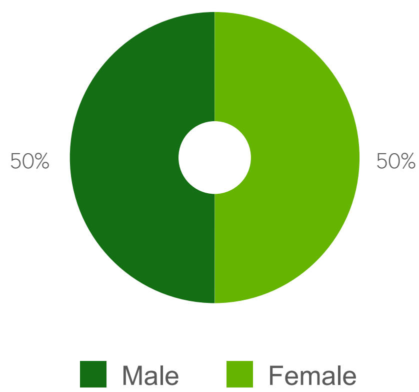
Report of the Nomination and Governance Committee

LIAM HERLIHY
Committee Chair

Membership during the year

Length of time served on committee at date of report		
L Herlihy	Committee Chair, Board Chair	7 years 9 months
S Cronin	Independent Non-Executive Director	4 years 0 months
D O'Connor	Independent Non-Executive Director	2 years 4 months
J Sharp	Independent Non-Executive Director	1 years 8 months

Committee Composition



Committee Membership and Experience

The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities. The Board is satisfied that all Members are considered to have recent and relevant experience.

Prior to joining the Board of FBD, Mr Herlihy was Chair of the Nomination and Governance Committee and Group Chair of the Board of Glanbia plc. Liam has gained international experience in this role. He also holds a certificate of merit in Corporate Governance from University College Dublin.

Prior to joining the Board of FBD, Ms Cronin was previously the Director of Insurance Supervision at the Central Bank of Ireland and currently holds the role of Chair of a Risk Committee within her portfolio of directorships. She has gained key European experience through her membership of the European Insurance and Occupational Pensions Authority (EIOPA) Board of supervisors from 2014 to 2019. Ms Cronin also has experience of the UK market through her portfolio of directorships.

Ms Jean Sharp has experience as a member of a Nomination Committee in her portfolio of Non-Executive directorships. Ms Sharp has significant experience of the Irish and UK market and internationally having worked in Papua New Guinea.

Mr David O'Connor is a financial services actuary and has considerable experience working across Irish, UK and overseas markets.

The Board recognises the benefits of cross membership among its Board Committees. Mr Herlihy and Ms Cronin are both members of the Nomination and Governance Committee, Remuneration Committee and Risk Committee. Ms Sharp is a member of the Nomination and Governance Committee and the Audit Committee. Mr O'Connor is a member of the Nomination and Governance Committee and the Remuneration Committee.

Objective of Committee

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

Key responsibilities delegated to the Committee include:

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

Meetings

The Committee met eight times during 2023. The Group Chief Executive Officer may attend meetings of the Committee but only by invitation and not at a time when their succession arrangements are discussed.

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

Activities of the Committee during 2023

The principal activities undertaken by the Committee during 2023 include:

- Reviewing and approving Committee Minutes;
- Reviewing the Succession Plan for the Board;
- Reviewing and recommending to the Board the approval of the Talent Management Strategy and Policy.
- Reviewing and recommending to the Board the approval of the appointment of the Head of Investments;
- Reviewing the Board Skills matrix, the independence and time commitment of the Non-Executive Directors;
- Reviewing and recommending to the Board the approval of the appointment of the Chief Underwriting Officer;
- Reviewing and recommending to the Board the appointment of the Group Chief Financial Officer;
- Reviewing and recommending to the Board additional directorships for Non-Executive Directors;
- Reviewing the updates from the Chief Human Resource Officer on engagement with employees, culture and values;
- Reviewing and recommending to the Board the approval of appointment of a Non-Executive Director;
- Reviewing and recommending to the Board the approval of appointment of the Head of Internal Audit;
- Reviewing and recommending to the Board the approval of the Individual Accountability Framework Conduct Standards and Reasonable Steps Guidance; and
- Reviewing and recommending to the Board the approval of a number of policies including the Fitness and Probity Policy, Conflicts of Interest Policy, Code of Conduct Policy, Disciplinary Policy, Equal

Opportunities, Diversity and Inclusion Policy, and the Board Recruitment, Succession and Diversity Policy.

Chair Succession Planning

Liam Herlihy joined the Board in September 2015 and was appointed Chair in May 2017. Mr Herlihy was independent on appointment as Chair of the Company. Including his time as a Non-Executive Director, Mr Herlihy will complete nine years on the Board in September 2024. Conscious of the provisions of the Code regarding chair tenure, the Board is committed to ensuring that an orderly succession and transition of the Chair is conducted.

The Nomination and Governance Committee, in line with its Terms of Reference, the Company's Board Recruitment, Succession and Diversity policy and the Code, are responsible for reviewing and recommending the appointments to the Board. Progressing the matter of Chair succession is a key area of focus for the Nomination and Governance Committee during the course of 2023 and 2024. The succession planning process is considering candidates from diverse backgrounds, experiences, and perspectives. The Chair succession process is led by the Senior Independent Director with no involvement from the current Chair.

During the course of 2023 and early 2024, a detailed specification of the role has been prepared and an independent external recruitment firm has been appointed to commence the search process for an appropriate successor for the Chair. The Company has no connection with the appointed recruitment firm, Odgers Berndtson. The Board will keep shareholders informed on the matter of the Chair's succession through direct engagement, as appropriate.

As detailed on page 104, the Board has carefully considered the Chair's independence, performance and tenure as well as the status of the succession process. The Board believes that it is in the best interests of the Company and stakeholders that Mr Herlihy remain as Chair up to the 2025 AGM in order to ensure an orderly and effective transition of roles and responsibilities at which time Mr Herlihy will have extended the Code's recommended nine year term by just eight months. The Board is therefore recommending to shareholders the re-election of Mr Herlihy as Chair at the forthcoming AGM in May 2024.

Individual Accountability Framework (IAF)

In 2023 FBD saw the introduction of IAF and this development is welcomed by FBD. In 2023 and into 2024, FBD is working to implement the three aspects of the framework namely the Senior Executive Accountability Framework (SEAR), the Conduct Standards and certain aspects of the enhancements to the Fitness & Probity regime.

Time Commitment

During 2023 the Nomination and Governance Committee reviewed the time commitment of each Director. Following this review the Committee is satisifed that each Director has sufficient time available to fulfil their role as Director.

Further details of their activities are laid out in the Nomination and Governance report on pages 103 to 110.

Evaluation

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

Liam Herlihy

On behalf of the Nomination and Governance Committee

7 March 2024

Report of the Remuneration Committee

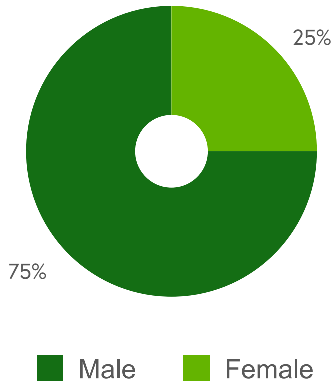
DAVID O'CONNOR

Committee Chair

Membership during year

Length of time served on committee at date of report		
D O'Connor	Committee Chair, Independent Non-Executive Director	6 years and 10 months
S Cronin	Independent Non-Executive Director	4 years 0 months
L Herlihy	Board Chair	2 years 4 months
J O'Dwyer	Independent Non-Executive Director	1 years 3 months

Committee Composition



Committee Membership and Experience

The Committee Members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities. The Board is satisfied that all Members are considered to have recent and relevant experience.

Mr David O'Connor, Chair of the Remuneration Committee was a Member of the Committee twelve months prior to his appointment as Chair. Mr O'Connor is a financial services actuary and has considerable experience working across Irish, UK and overseas markets.

Mr Liam Herlihy was appointed as a Member of the Committee in October 2021, and in accordance the UK Code, he was independent on appointment as Chair of FBD Holdings plc. Mr Herlihy was an attendee at Committee meetings, prior to becoming a Member. He was previously Group Chair and a member of the Remuneration Committee of Glanbia plc and has gained international experience in his role as former Chair of Glanbia plc.

Ms Sylvia Cronin was previously the Chief Executive Officer of both MGM International and Augura Life Ireland Limited and has remuneration experience in these roles. She has been a member of the Remuneration Committee since 2020 and currently holds the role of Chair of the Remuneration Committee within her portfolio of directorships. Ms Cronin has gained key European experience through her membership of the European Insurance and Occupational Pensions Authority (EIOPA) Board of supervisors from 2014 to 2019. Ms Cronin also has experience of the UK market through her portfolio of directorships.

Mr O'Dwyer has extensive insurance and financial services experience in previous senior executive roles. He had gained European experience working in Interamerican, the second biggest insurer in Greece.

In accordance with the Code, the Remuneration Committee and the Risk Committee shall have at least one shared member. Mr Herlihy and Ms Cronin are members of both Committees.

Objective of Committee

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

Key responsibilities delegated to the Committee include:

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

Meetings

The Committee met seven times during 2023. The Group Chief Executive Officer may attend meetings of the Committee but only by invitation and not at a time when individual remuneration arrangements are discussed.

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

Activities of the Committee during 2023

The principal activities undertaken by the Committee during 2023 include:

- Reviewing and approving Committee Minutes;
- Reviewing and approving the grant and release of the Long Term Incentive Plan award;
- Reviewing and recommending the approval of the Remuneration Policy and the Directors Remuneration Policy to the Board;
- Approving the application for admission of shares to Euronext and London Stock Exchange;
- Reviewing and approving Bonus Conditions for Executive Directors and other Senior Executives;
- Reviewing and approving the performance remuneration arrangements including performance conditions;
- Reviewing and approving the 2023 Bonus Pool;
- Reviewing and recommending the approval of Non-Executive Director Fees to the Board;
- Approving the deferred bonus mechanism for Executive Directors;
- Reviewing and recommending the appointment of Remuneration Consultants to the Board; and
- Receiving updates on Gender Pay.

Full details of Directors' Remuneration are set in the Report on Directors Remuneration on pages 111 to 131.

Evaluation

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

David O'Connor

On behalf of the Remuneration Committee

7 March 2024

Engagement with Stakeholders

FBD has identified the following as its key stakeholders;

- Investors
- Employees
- Customers
- Regulators
- Wider Society

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

The Board is regularly updated on stakeholder engagement and their views. The interests of all FBD's stakeholders are outlined and considered in Board decision making.

Engagement with Investors

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

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

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

The Annual General Meeting is the main platform for shareholders to share their views with management and to ask questions. Further information on the Annual General Meeting can be found on pages 99 to 100. Should a significant proportion of votes be cast against a resolution at any general meeting, the Board will endeavour to identify the shareholders concerned and will initiate contact with them with the view to understanding the reasons for the adverse vote. In 2023 no resolution had 20% or more votes cast against it.

Engagement with Employees

FBD recognises the importance and value of engaging with its workforce. Throughout 2023 all employees were invited to attend regular interactive Town Halls where updates on a number of business areas and initiatives was provided.

2023 saw the relaunch of FBD's Annual Employee Listening Survey, designed to establish employee sentiment and feedback on important topics such as Culture, Engagement, Strategy, Reward, Career Development and Leadership.

This year saw strong positive sentiment expressed towards all areas, in particular Culture, Engagement and Strategy.

We have used the results to reflect on the effectiveness of exiting initiatives, identify possible employee pain points and feed into initiative development for 2024 and 2025.

Director Appointed for Engagement with the Workforce

Sylvia Cronin as Director of Engagement had a strong focus on FBD's Diversity and Inclusion (D&I) strategy in 2023 and engaged with the Diversity and Inclusion Committee. In February 2023, she attended the National Diversity and Inclusion awards with some of the Executive Management Team and Diversity and Inclusion Committee members. She met with the Diversity and Inclusion Committee twice during the year and hosted a Christmas Lunch for them to celebrate the year end which was a big success.

Sylvia visited a number of Branch Offices throughout the year to gather feedback and held listening sessions with employees to gain insights into what was important and gather ideas on what FBD could improve. In September 2023, Sylvia brought the listening session to Head Office and met with groups of employees on site to engage with and gather insights. She welcomed questions from employees about her own career and experiences. The feedback from these sessions was positive and employees gained an understanding to the role of our Board and their connection to FBD.

As Director of Engagement Sylvia updated the Board and the Nomination and Governance Committee throughout the year which supported the Board in making key decisions to support employees.

Engagement with Customers

FBD values its customers and engages to support them with their needs. During 2023 FBD continued to campaign to highlight and create awareness with customers in relation to inflation and underinsurance. FBD also engaged to support customers in the process of changing banking arrangements following the withdrawal of a number of banks from the Irish market.

In 2023, Members of our Board and Executive Management Team took to the road for two customer site visits. By spending time with our customers, we understand their needs better and that allows us to offer market leading services and innovative products.

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

Engagement with Regulators

Through regular meetings with Board Members and senior management, the Group has an engaging relationship with the Central Bank of Ireland, its regulator.

Engagement with Wider Society

When requested, FBD attends Oireachtas meetings on insurance related matters. Through these meetings and engagement with the Department of Finance, FBD engages with Government bodies. Through attendance at Oireachtas meetings on insurance related matters the Group engages with Government bodies.

Tomás Ó Midheach is a member of the Board of Insurance Ireland. Insurance Ireland represents the Irish general insurance market and through this FBD engages with the wider insurance industry.

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

The Corporate Governance Code 2018 makes reference to Section 172 of the UK Companies Act 2006. As FBD is incorporated in Ireland it is subject to the Companies Act 2014. The success of FBD is a fundamental part of our Business Model and Strategy and success against our Strategy is continually reviewed and monitored by the Board and Executive Management. Details of how FBD promotes the success of the Company for the benefit of its members as a whole and initiatives undertaken in respect of the environment, the community and FBD's business relationships are outlined in the Strategy Section on pages 17 to 19, the Environmental Section on pages 34 to 52 and the Social Section of this Annual Report on pages 53 to 64.

Annual General Meeting (AGM)

The Company's AGM is held each year in Dublin. The 2024 meeting will be held on 9 May 2024.

Who attends?

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

What business takes place at the meeting?

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

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

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

Internal Control

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

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

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

- skilled and experienced management and staff in line with fit and proper requirements;
- roles and responsibilities including reporting lines clearly defined with performance linked to Group objectives;
- an organisation structure with clearly defined lines of responsibility and authority;
- the maintenance of proper accounting records;
- a comprehensive system of financial control incorporating budgeting, periodic financial reporting and variance analysis;
- a Risk Committee of the Board and a Risk Management Framework comprising a Risk Function headed by a Chief Risk Officer, a clearly stated Risk Appetite and Risk Strategy supported by approved risk management policies and processes;
- an Executive Risk Committee comprising senior management whose main role includes reviewing and challenging key risk information and to assist the Board Risk Committee, described earlier, in the discharge of its duties between meetings;
- IT Risk and Operational Resilience Risk Committee that reports to the Executive Risk Committee. This Committee is comprised of Executive and Senior Management with responsibility for the oversight of IT risks and Operational Resilience risk and the control environment in place to manage these risks;
- IT and Operations Management Committee reporting to the Executive Management Team;
- the Risk Strategy, Framework and Appetite are articulated in a suite of policies covering all risk types and supported by detailed procedural documents. Each of these documents is subject to annual review and approval by the Board;
- performance of an ORSA linking to risk management, strategy and capital management;
- a Group Internal Audit function;
- a Group Compliance function;
- a Data Protection Officer;

- a Board Audit Committee whose formal terms of reference include responsibility for reviewing the adequacy and effectiveness of controls operated by Management to mitigate regulatory, operational and financial risk;
- a Disaster Recovery Framework is in place and is regularly tested;
- a Business Continuity Framework is in place and is regularly tested;
- an IT Risk Management Framework; and
- a number of key Group policies in place include a Corporate Governance Framework, Fitness and Probity Policy, Speak Up Policy and Code of Conduct.

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

The risk management, internal control, reporting and forecasting processes are important to the Board in the exercise of its Governance and Oversight role. The Board constantly strives to further improve their quality. The Group has established a Speak Up Policy for Workers*, the purpose of which is to ensure that:

- Workers* are aware of the arrangements and protection in place for raising concerns in respect of wrongdoing in the Group.
- Workers* are aware that it is safe and appropriate for all employees to raise a concern.
- FBD takes appropriate measures to ensure concerns are appropriately investigated and to safeguard workers* who:
  - Raise genuine concerns; or
  - Are the subject to an investigation; or
  - Were the subject to an investigation and where no evidence of wrongdoing was discovered.

The Policy and supporting procedures are reviewed annually and were reviewed in December 2023. The Policy is available on the FBD Group website and all employees receive annual mandatory training.

*Workers as defined by the Protected Disclosures (Amendment) Act 2022.

Features of Internal Control in relation to the Financial Reporting Process

The main features of the Internal Control Framework which supports the preparation of the consolidated financial statements are as follows:

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

- The Audit Committee has a number of responsibilities delegated to it under its Terms of Reference. On an annual basis an assessment is carried out of the Committee's compliance with its Terms of Reference.

The Board confirms that it has reviewed the effectiveness of the Group's Systems of Internal Control for the year ended 31 December 2023. The 2023 internal control assessment provides reasonable assurance that the Group's controls are effective, and that where control weaknesses are identified, they are subject to management oversight and action plans.

Nomination and Governance Report

Dear Shareholder,

On behalf of the Nomination and Governance Committee, I am pleased to outline a summary of activities during 2023.

Board Changes during 2023

In December 2022, John O'Grady informed the Board of his intention to retire at the end of 2023 as Group Chief Financial Officer and Executive Director. A recruitment process commenced in line with the executive succession plan with the assistance of an independent external professional executive search and recruitment firm, Odgers Berndtson, to oversee this process. Following the conclusion of this process, Ms Kate Tobin was appointed as the permanent successor and took up the role of Group Chief Financial Officer and Executive Director on 1 January 2024. Kate was previously the Chief Underwriting Officer at FBD and she is a member of the Executive Management Team. Kate is a Fellow of the Society of Actuaries and has an impressive track record in the insurance sector, having previously held a number of senior management roles with Zurich Insurance Group. On behalf of the Board we thank John for his significant contribution to FBD and wish him well in his retirement. We welcome Kate to the Board and look forward to working with her into the future.

In February 2023, our fellow Director Padraig Walshe sadly passed away. Following Padraig's passing the Nomination and Governance Committee commenced a process to appoint Mr Walshe's successor. Mr Walshe was a Non-Executive Director and was former Chair of Farmer Business Developments plc, a shareholder of FBD Holdings plc. Following conclusion of this process we welcomed Patrick to our Board in September 2023. Patrick is the current Chair of Farmer Business Developments plc. Patrick has extensive knowledge of the dairy and agribusiness industry and significant experience in the strategic management and governance of Irish and global companies. We look forward to working alongside Patrick in the coming years.

During 2023 the Nomination and Governance Committee regularly kept board skills under review and, where needed, a search was initiated to fulfil any skill set required by the Board. The Group extensively use an independent external executive search specialist firm to assist it in the search for new independent Non-Executive Directors in line with the Board requirements.

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

Board Induction, Training and Development

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

During 2023 the Board regularly reviewed its programme of training which has been developed having given consideration to the business needs and requirements, current and emerging risks and forthcoming changes in law and regulation.

Training was provided to the Board on the following areas in 2023:

- The new Accounting Standards IFRS 17 and IFRS 9;
- The Central Bank (Individual Accountability Framework) Act 2023;
- Competition Law;
- Operational Resilience;
- Strategy and the current Trading Environment;
- Market Abuse Regulations;
- Cyber Security; and

- Environmental, Social and Governance.

Additionally the Risk Committee received deep dive briefings on a number of key risk areas and the Audit Committee held numerous sessions on IFRS 17. The Board and/or its Committees Directors may request training as they may deem appropriate.

Board Succession

In 2023 the Committee and the Board reviewed the Board Succession Plan. The Committee, on behalf of the Board, regularly consider the Board composition and tenure, its diversity and that of its Committees along with the Board skill set. This assists the Committee in reviewing succession from a short, medium and long term perspective and in identifying any skills and diversity requirements that would be of benefit to the Board.

The Committee extensively uses an external executive recruitment firm when addressing new Board appointment. In 2023, independent executive search firm Odgers Berndston was engaged to assist the Committee in its search for candidates.

The Committee is acknowledges that a number of directors are approaching their nine year tenure on the Board. Succession to replace these independent Non-Executive Directors will be progressed in line with the Board Succession Plan.

Board succession is supported by the Board Recruitment, Succession and Diversity Policy and Board Conflicts of Interest Policy.

Chair Tenure and Succession

Chair

Liam Herlihy joined the Board in September 2015 and was appointed Chair in May 2017. Mr Herlihy was independent on appointment as Chair of the Company in accordance with the Code.

The Board is conscious of the requirements of the Code in respect of chair tenure and acknowledges that in September 2024 Mr Herlihy will have completed nine years on the Board since his first appointment to the Board. However, he was not appointed to the role of Chair until May 2017. The Board believe it is in the best interests of the Company and the FBD Group to align Mr Herlihy's retirement from the Board with his retirement from the boards of other companies of the Group, namely FBD Insurance plc. The Board is also cognisant of the recent appointment of the new Chief Financial Officer of FBD Holdings plc in January 2024 and considers it most desirable that Mr Herlihy be available to support the Chief Financial Officer in her integration to the role. In that regard and in order to conduct an orderly and effective succession process which results in a suitable successor, the Company proposes Mr Herlihy continue in his role as Chair until the Annual General Meeting in 2025 which will be held in May 2025. At that time, Mr Herlihy will have been in his role for nine years and eight months.

Independence, Performance, Tenure and Succession Review

During the course of 2023 and early in 2024, the Board has continued to engage in a robust and detailed review of the performance, tenure and succession of the Chair. Richard Pike, the Senior Independent Director led the independence, performance and tenure review in close collaboration with the Board. The Nomination and Governance Committee is in the course of the succession planning process seeking a suitable replacement for the Chair. This process is also being led by the Senior Independent Director with no involvement from Mr Herlihy.

Independence, Performance and Tenure Review

With respect to independence, performance and tenure these topics were discussed in a specific sessions with the Non-Executive Directors of the Company (without the Chair being present). These meetings took place in February and March 2024. Having further considered the views of the Executive Directors, the meetings determined that the Board continue to highly value the Chair's skills, experience, support and leadership and that he demonstrates independence, constructive challenge and engagement in the Board, as well as valuable guidance to senior management including to the newly appointed Chief Financial Officer. Moreover, they looked at the governance checks and balances, which are, in its opinion, strong and effective. In addition to these internal evaluations, an externally facilitated evaluation of the Board including the Chair was conducted by Board Excellence, an independent consultancy firm which has no other connections with the Group, during 2022 and into 2023. The feedback was highly positive with recognition of Mr Herlihy's significant contribution to the Board as well as his contribution to the Company's success over his tenure.

Succession Planning

The Board has instructed the Nomination and Governance Committee, led by the Senior Independent Director to engage in an extensive succession planning process which is further detailed in the Nomination and Governance Committee Report on page 94. A key objective for the Board is ensuring an orderly succession and transition of the Chair.

The Board will ensure that a process to identify a suitable candidate will be completed in sufficient time to allow for an orderly transition prior to Mr Herlihy stepping down from the role.

Considerations

While Mr Herlihy's tenure on the Board will exceed nine years in September 2024, he was not appointed to the position of Chair until May 2017. There have been internal Board evaluations conducted by the Senior Independent Director including a robust evaluation of the Chair. The performance of Mr Herlihy has been strong and the Board is very satisfied with his support, leadership and independence as Chair. The Board recognise Mr Herlihy's deep understanding of the Group, including its key stakeholders, and the Board believe that his continued and effective leadership remain critical to the successful leadership of the Group.

The Board is cognisant of Provision 19 of the Code which states that 'the chair should not remain in post beyond nine years from the date of their first appointment to the board'. However, the Board also note the flexibility within the Code to extend the Chair tenure for a limited time to facilitate effective succession planning and the development of a diverse board, particularly in those cases where the Chair was an existing non-executive director on appointment. The Code states that a 'clear explanation should be provided' where this is the case.

The Board believe a clear explanation has been provided and that there is a well-founded and justifiable rationale for the Board's recommendation that Mr Herlihy remain in his role as Chair until the 2025 AGM to be held in May 2025, at which time Mr Herlihy will have extended the Code's recommended nine year term by just eight months. The Board is satisfied that the Chair continues to show the independence of character and judgement necessary to chair the Board effectively in this, his final year as Chair. In its decision to define a time period for the extension, the Board believes it will facilitate an effective and orderly succession process as well as providing clarity and certainty for all stakeholders.

Conclusion

In conclusion, the Board has carefully considered the Chair's tenure and believes that Mr Herlihy should remain as Chair up to the AGM to be held in May 2025. The Board therefore recommends to shareholders the re-election of Mr Herlihy as Chair at the 2024 AGM.

Board Diversity Report

The Board believe that diversity and inclusion are key to creating an environment that fosters innovation, employee engagement, creativity and the collaboration required to support and drive the Board agreed strategy 2024 to 2028.

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

Board Recruitment and Diversity Policy

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

Board Diversity Targets

The Financial Conduct Authority has introduced new requirements for listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their Boards and Executive Management. This is on a comply or explain basis and is effective for financial accounting periods starting from 1 April 2022.

As at 31 December 2023, being the chosen reference date within FBD's accounting period, the Board was comprised of 27% female members and this did not meet the target of 40% female membership set under Listing Rule 9.8.6 (9)(a)(i). On 1 January 2024, this increased to 36% following the appointment of Ms Kate Tobin as an Executive Director.

Whilst FBD does not yet comply with this target, FBD is consciously working towards a target of 40% female Board membership on or before 31 December 2025 as vacancies arise. Following the recent appointment of Kate Tobin to the Board, FBD continues to progress toward this target and is committed to having a diverse Board, to achieving the target set in this regard and to ensuring an open and fair recruitment process.

As at 31 December 2023, FBD did not comply with Listing Rule 9.8.6 (9)(a)(ii) during its accounting period where there is a requirement that one of the following positions is held by a woman i) chair, ii) chief executive officer, iii) chief financial officer or iv) senior independent director. Upon the retirement of the former Group Chief Financial Officer, Kate Tobin was appointed to the position of Group Chief Financial Officer effective from 1 January 2024 and FBD is now in compliance with this rule.

FBD does not meet the requirement to have at least one individual on its Board of Directors from a minority ethnic background as required under Listing Rule 9.8.6 (9)(a)(iii). FBD recognises and supports the benefits of having a diverse Board of Directors which can provide the range of perspective for insight and challenge which enhances collective decision-making.

FBD is an Irish insurer serving the Irish market. The Nomination and Governance Committee is aware of the 2022 Irish Census results for Migration and Diversity and notes that there is a limited diverse pool of ethnic minorities available to it in the Irish market in terms of succession targets and the necessary skills required by the Board at any one time.

The Board is mindful that diversity is not limited to gender. For Board appointments, FBD works in partnership with external professional executive search consultancy firms who are aware of FBD's diversity ambitions. A selection of candidates is made on an unconscious bias basis and a shortlist of a diverse balanced pool of candidates is gathered within the ability of the executive search firm and the requirements of the Board at that time. Consideration will be given to age, ethnicity, and other demographics of FBD's customer and colleague base together with relevant composition benchmarking data to inform the design of the role profile while taking into account the specific needs of the Board at that time. In doing so the Nomination and Governance Committee will have regard to the requirements under the Financial Conduct Authority Listing rules and the Parker review in respect of ethnic minority.

The breakdown of Gender Diversity, Skills and Experience, both locally and internationally, of FBD's Board Committee can be found on page 85 for the Audit Committee, page 89 for the Risk Committee, page 92 for the Nomination and Governance Committee and page 95 for the Remuneration Committee.

While the long term aim is to increase the diversity of our Board, Board Committees and Executive Management Team, over the short to medium term the Board has not set targets in relation to ethnicity. In its role, the Nomination and Governance Committee will keep this under continual review as Board, Board Committees and Executive Management vacancies arise. The Board is committed to progressing its diversity and while all appointments to the Board and Executive Management will have due regard to diversity, they will be made on merit, ensuring that the skills, experience and traits noted by the Board as being of particular relevance at any time are present on the Board and included in any planned refreshment. The Board is mindful that it maintains the necessary skills and experience to deliver on the Board agreed strategy in the interests of the shareholders and FBD's wider stakeholders.

The following tables set out the information required to be disclosed under Listing Rule 9.8.6R(10) as set out in Annex 2 to UK Listing Rule 9, as at 31 December 2023. For the purposes of the Table, Executive Management refers to FBD's Executive Management Team, being the most senior level of management and the Company Secretary, excluding administrative and support staff, as defined by the Listing Rule. As per the Listing Rules, senior positions on the Board refer to the Board Chair, Group Chief Executive Officer, Group Chief Financial Officer and the Senior Independent Director.

Board and members of Executive Management were asked to complete a diversity disclosure questionnaire to confirm which of the categories set out in the table below they identify with. The questions were aligned to the tables reporting on gender identity, sex and ethnicity.

1. REPORTING ON GENDER IDENTITY AND SEX 31 DECEMBER 2023

	Number of Board Members	Percentage of Board Members	Number of Senior Positions on the Board	Number in Executive Management	Percentage in Executive Management
Men	8	73%	4	7	70 %
Women	3	27%	—	3	30 %
Other Categories	—	—	—	—	—
Not specified / Prefer not to say	—	—	—	—	

On 1 January 2024 Kate Tobin was appointed as Executive Director and the Board is now comprised of 36% women.

2. REPORTING ON ETHNIC BACKGROUND 31 DECEMBER 2023

	Number of Board Members	Percentage of Board Members	Number of Senior Positions on the Board	Number in Executive Management	Percentage in Executive Management
White British or other White (including minority white groups)	11	100%	4	10	100 %
Mixed / Multiple Ethnic Groups	—	— %	—	—	— %
Asian / Asian British	—	— %	—	—	— %
Black / African / Caribbean / Black British	—	— %	—	—	— %
Other ethnic group, including Arab	—	— %	—	—	— %
Not specified / Prefer not to say	—	— %	—	—	— %

Please see pages 65 to 66 for further information on Diversity at FBD.

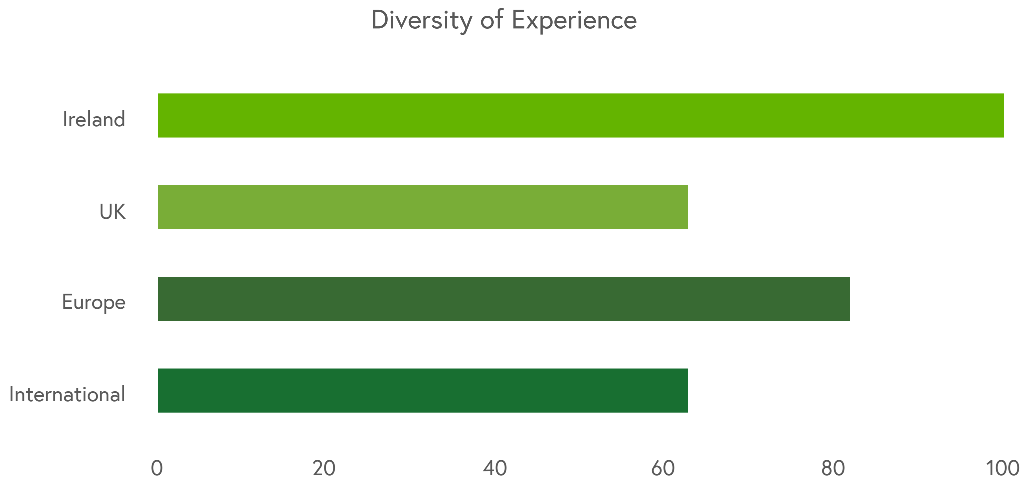
Board Diversity, Experience and Skills

The skills and experience identified by the Board as critical to its composition and that of its Committees at this time are outlined below. This was reviewed in December 2023 and the Nomination and Governance Committee deemed the listed diverse range of skills as of sufficient breath for the

Board to carry out its role in promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society.

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

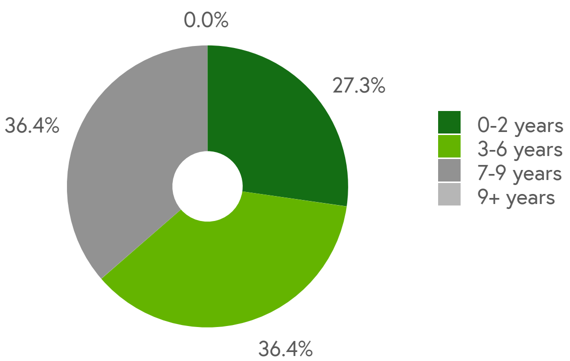
Accounting and Audit	36 %
General Insurance Industry Experience	73 %
Actuarial	18 %
Corporate Finance	18 %
Strategic Planning	64 %
Farming and Agri-Industry	27 %
Financial Services	64 %
Operations / Change Management	36 %
Distribution / Commercial	45 %
Governance, ESG, and Subsidiary Governance	73 %
Risk Management	82 %
Regulatory and Compliance	64 %
Information Technology	36 %



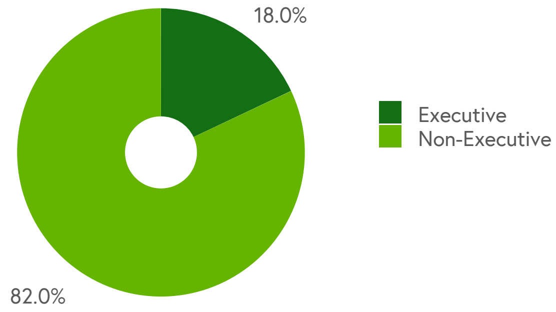
The Board values the major contribution which a mix of backgrounds, skills and experience brings to the Group and sees merit in increasing diversity at Board level in achieving the Group's strategic objectives. Differences in background, skills, experience and other qualities, including gender and ethnicity,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

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

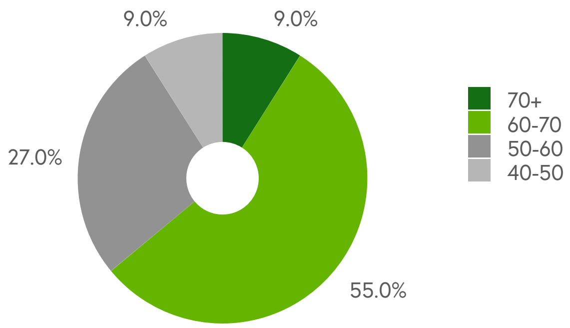
Tenure of Director



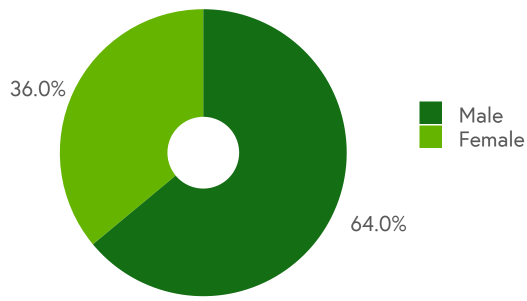
Executive / Non-Executive



Diversity of Age



Board Gender Balance



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

	Gender Female	Gender Male
Executive Management Team	30 %	70 %
Direct Reports	48 %	52 %

FBD is a proud member and supporter of the '30% Club'. This International organisation was established with a goal of achieving a better gender balance on Boards and in Executive Leadership. As at the date of this report, 36% of the Board of Directors of FBD Holdings plc is female. 30% of Executive level and 45% of manager/specialists level in FBD are female. 61% of FBD's overall employees are female.

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

Board Evaluation

In line with the Code, on an annual basis, the Board evaluates its performance, the performance of its Committees, the Chair and individual directors. The Board Evaluation for 2022 was externally carried out by Board Excellence and the recommendations were actioned over 2023. The Board is committed to its continual improvement and development and the Board Evaluation for 2023 was internally carried out.

The Internal Board Evaluation reflected the provisions of the UK Corporate Governance Code and the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings 2015.

The Board Evaluation process was led by the Board Chair with the support of the Senior Independent Director and the Company Secretary. The format of the evaluation included the following:

Individual Director Evaluation

- Each Director completed a Director Self-Evaluation Questionnaire.
- The Board Chair met individually with each Director to review and discuss performance and this was aided by the Director Self-Evaluation Questionnaire.
- Feedback was provided by the Chair to each Director.

Board Chair Evaluation

- The Non-Executive Directors are responsible for the performance evaluation of the Board Chair. The evaluation of the performance of the Board Chair was led by the Senior Independent Director.
- The Senior Independent Director met with the Board Chair to discuss their performance and this was support by a number of performance related questions.
- The Senior Independent Director reported to the Board in the absence of the Board Chair and the Board evaluated the overall performance of the Chair.
- Feedback was provided to the Chair through the Senior Independent Director.

Board Committee Evaluation

- Each Committee Member completed a Committee Evaluation Questionnaire which rated the Committee in a number of areas.
- A formal report was compiled based on the feedback from the Committee Members and was reviewed in the first instance by the Committee Chair.
- The report was presented to the Committee and formed part of its annual reporting obligation to the Board.

Board Evaluation

Each Director completed a Board Evaluation questionnaire which rated the Board in a number of areas.

The results were compiled into a report, which included areas identified for improvement, and this was reviewed in the first instance by the Board Chair.

The report was presented to the Board for review and discussion along with proposed actions that addressed feedback from Directors.

An action plan was developed and will be implemented over the remainder of 2024.

Overall the 2023 Board evaluation assessment noted that the Board continued to operate as a strong Board with positive dynamics between the Board and the Executive Management. There remained good healthy debate amongst Board members and respectful challenge of management.

A number of recommendations have been made to build on this strong foundation and these will be addressed over the remainder of 2024.

Liam Herlihy

On behalf of the Nomination and Governance Committee

7 March 2024

Report on Directors' Remuneration

Introductory Letter from the Remuneration Committee Chair

Dear Shareholder,

On behalf of the Remuneration Committee and the Board, I am pleased to present the Directors Remuneration Committee Report for the year ended 31 December 2023.

The Directors Remuneration Committee report sets out the operation of the Directors Remuneration Policy in 2023. The Remuneration Committee ensures that as a Group, we comply with all relevant remuneration and legislative requirements.

We are now in year three of our strategy which we launched in 2022 and continue to focus on profitable increase in our policy count as well as increasing our gross written premium. Our focus on our People as well as our focus on being a digitally enabled data driven organisation has enabled us to deliver on our strategic goals.

Changes to Board

As announced in December 2022, John O'Grady has retired effective from 31st December 2023 as Group Chief Financial Officer and Executive Director. Kate Tobin has been appointed Group Chief Financial Officer and Executive Director with effect from 1st January 2024. The detail provided in this report relates to John O'Grady as he was Chief Financial Officer in the financial year being reported on. Our fellow Director Padraig Walshe sadly passed away in February 2023 and Patrick Murphy joined the Board of Directors with effect from 1st September, 2023.

Remuneration in context

In making decisions in relation to executive directors' remuneration outcomes in 2023, the Committee took into account key measures of the Group's performance as well as the experience of wider stakeholders as outlined below.

Strategic Priorities

In 2023, we progressed our strategy towards being a digitally enabled data enriched organisation which delivers excellent customer and employee experience.

- Development of our data to enable us to sharpen our focus on value and growth opportunities;
- Maximise our operating model to deliver;
- Execute each of our Farmer/Business/Retail strategies with a particular focus on Business and the target operating model changes (People/Process/Data & Technology);
- People – Mobilise innovation, fostering individual and organisational effectiveness; and
- ESG – Deliver on our sustainability commitments & support our customers in theirs.

Financial Performance

- €414 million Gross Written Premium achieved
- 2.6% Growth in Policy Count in 2023
- 80.9% Combined Operating Ratio

We continue to maintain our underwriting discipline delivering a healthy underwriting profit. Our focus has been on driving value for our stakeholders, and we have made positive progress against this. Our ongoing focus and commitment to meeting the needs of our customers and the provision of a personalised service continue to play a significant role in the performance of the business. As a consequence, it is most encouraging to see strong retention of existing customer and policy count numbers.

The continued support of the Board and the commitment and hard work by all the team in FBD has been key to the delivery of our financial performance. We have demonstrated that our relationship focus strategy is delivering and our evolving strategy to firmly position FBD for the future to become digitally enabled, data enriched organisation delivering an excellent customer and employee experience, is positively on track.

Our Employees

Improved employee experience in FBD is delivered through our People Strategy as we strive to be a great place to work for all our employees. By focusing on improving various aspects of their journey within the company, such as workplace culture, development opportunities, benefits and work life balance we create a more engaging and fulfilling environment for our employees and a company of choice when recruiting key talent. FBD continues to focus on the connection between our purpose, culture and values. We deliver consistent communication throughout the year directly with our colleagues, providing comprehensive updates on our performance, changes in the economic and regulatory environment and updates on our key strategic initiatives. We have a continued focus on culture in FBD by delivering initiatives that reinforce our values and behaviours and foster an environment where our values are lived and upheld by everyone within the company.

We are committed to our ongoing ambition to establish a diverse and inclusive workspace at FBD. We have a culture that celebrates the unique differences among our colleagues. We recognise the importance and richness that diversity brings to our organisation as with this comes creativity, innovation and diversity of thought. We promote a nurturing environment where everyone feels valued, respected and empowered. Promotion and recruitment at FBD is fair and objective and all our people are rewarded appropriately for their contribution to our business. We have achieved Silver Accreditation with the Irish Centre for Diversity in respect of our Diversity and Inclusion programme and are currently in the process of attaining Gold Accreditation which will be further recognition that FBD is leading out as a diverse and inclusive organisation.

We continue to offer Hybrid Working with all employees working two days a week in the office and will review this arrangement on an annual basis. We enhanced our wellness wallet in 2023 and increased it to €200 as well as continuing to enhance our wellbeing programme with a focus on employee wellbeing, nutrition and mental health. We continue to focus on Gender Pay. A key part of our strategy for 2024 is "My Career" and we have a comprehensive programme to support our employees with their personal development plans as well as improving our gender balance in senior roles in the organisation.

A pay pot of 4.5% of base salary was awarded in April 2023 for our employees and took into account performance, current position on salary range and pay grade. We also awarded a €1000 voucher to all employees to recognise their contribution to our achievements in 2022.

A bonus pot of 125% of 'on target' bonus was awarded to our employees taking into account individual performance in April 2023 following achievement of business performance conditions for 2022.

Paying for Performance

The Committee ensures alignment with the long-term interests of the Group's key stakeholders by aligning remuneration metrics with the Group's business model and strategic objectives and by ensuring sufficient stretch in the performance targets.

The Remuneration Committee have reviewed performance against the 2023 Annual Bonus Plan targets and approved the 2023 Bonus payments.

Following Combined Operating Ratio Performance of 80.9%, 1.9% growth in Farmer policy count and achieving goal to Lead Culture Change measure, this resulted in a 2023 bonus €544k for the CEO and €174k for the out going CFO. 30% of the bonus will be deferred into FBD shares for three years.

We reviewed the LTIP award granted in 2021 against the applicable performance conditions and approved the vesting outcome of 83.25%.

The Remuneration Committee considered the annual bonus and LTIP formulaic outcomes to ensure that they were both fair and appropriate given the wider stakeholder experience. The committee did not adjust the outcomes as it was comfortable that this was the case.

2023 Remuneration Policy and Implementation

The updated Remuneration Policy was approved by shareholders at the 2023 AGM and received 99.97% support for the votes cast. We will continue to operate under this Policy for 2024.

We have also reviewed and approved the 2024 Annual Bonus structure to ensure it is aligned to our strategy, our shareholder and all stakeholder requirements. We also reviewed and approved the metrics and targets for LTIP to be granted in 2024. Further detail on the implementation of the Policy for 2024 is set out later in this report.

In approving the remuneration framework and performance conditions for 2024 the Committee considered the following principles;

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

Shareholder Dialogue and Support

Section 1110N of Companies Act 2014 (EU Shareholder Rights Directive), requires a vote on the Report on Directors' Remuneration at the AGM on an advisory basis. At the 2023 AGM, this report received 98.84% support from shareholders.

The Committee requests shareholders to consider and approve the annual remuneration report set out on the pages following at the 2024 AGM.

David O'Connor

Chair of the Remuneration Committee

7 March 2024

Role of Remuneration Committee

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

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

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

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

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

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

External Advice

During the year a competitive tender process was undertaken and Deloitte Ireland LLP have been appointed as the independent advisor to the Committee going forward.

Deloitte is a founding member of and signatory to the Code of Conduct for Remuneration Consultants. No fees were paid to Deloitte in respect of these services in 2023. Willis Towers Watson (WTW) continued to provide advice to the Remuneration Committee in 2023 and the total fees paid were €13,029.

Remuneration Policy

The current Remuneration Policy was approved by shareholders at the 2023 AGM and received 99.97% support of the votes cast. This section sets out the main components of the Policy. The full Policy as approved by shareholders can be found in the 2022 Annual Report which is on the Company's website.

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

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

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

The Committee has aimed to build simplicity and transparency into the design and delivery of our Remuneration Policy, which was approved by shareholders at the 2023 AGM. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business. We aim for our disclosures to clearly explain the design of our arrangements and the way that they have been operated so that they can be fully understood by all stakeholders.

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

- Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.
- Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.
- Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.
- Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.
- Proportionality - a significant part of an executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value.
- Alignment to culture - the incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy.

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

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

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

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

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

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

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

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

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

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

As part of our regular interaction with investors we answer questions that they may have on remuneration arrangements and take into consideration views expressed in the formulation of policy and setting appropriate performance conditions. In addition, we engage with investor advisory services about any concerns they may have. We have listened to our Investors and their feedback in respect of the importance of balance between growth and profitability. The Remuneration Committee have taken this feedback into account when setting appropriate performance conditions for 2024.

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

In December 2023 we published our Gender Pay Gap Report for the second year and communicated with all employees using a number of different forums. This outlined to all employees how we are closing the gap, understanding our results and how at FBD we believe an inclusive, diverse and equitable workforce is critical for the success of the company.

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

FBD also has a programme of investor relations activities where we engage with shareholders in order to enhance bi-lateral communication by fostering objective orientated dialogue with shareholders.

The Committee considers remuneration for all employees and is satisfied that pay arrangements are appropriate.

The following table sets out the key elements of the Remuneration Policy for Executive Directors, their purpose and how they link to strategic rationale for 2023.

Element and link to strategy	Policy and operation 2023	Change from 2021 Remuneration Policy*
Base Salary (fixed remuneration)		
To help recruit and retain senior experienced Executives	Base salaries are reviewed annually with effect typically from 1 April taking the following factors into account: • The individual's role and experience • Group performance • Personal performance • Market practice and benchmarking Although salaries are reviewed annually there is no automatic right of any Executive to receive a salary increase.	No change

*Policy last approved at 2021 AGM

Element and link to strategy	Policy and operation 2023	Change from 2021 Remuneration Policy*
Benefits (fixed remuneration)		
To provide market competitive benefits	Benefits provided include motor allowance and an agreed percentage contribution to health and other insurance costs.	No change

Element and link to strategy	Policy and operation 2023	Change from 2021 Remuneration Policy*
Pension Provision (fixed remuneration)		
To provide market competitive benefits and reward performance over a long period, enabling Executives to save for retirement	Since 2020, the Remuneration Policy ensures that all newly appointed Executive Directors receive defined contribution pension benefits (or equivalent cash in lieu), in line with existing scheme arrangements available to the wider workforce. One Executive Director's defined contribution pension rate was not aligned with the rate in operation for the majority of the workforce, due to existing contractual arrangements. He has now retired as indicated in last years report and from 1st January 2024, all Executive Director's pensions are in line with the wider workforce.	

*Policy last approved at 2021 AGM

Element and link to strategy	Policy and operation 2023	Change from 2021 Remuneration Policy*
Annual Performance Bonuses (variable remuneration)		
To reward achievement of Group targets, personal performance and contribution	Annual bonus is based on stretching performance conditions set by the Remuneration Committee at the start of the year. The maximum opportunity level under the Policy for the Group Chief Executive Officer is 120% of base salary and 100% of base salary for other Executive Directors. In a given year, the Committee may determine that a maximum opportunity level below the above Policy levels will be operated. Annual bonus outcomes will be determined based on performance against Group financial targets and the achievement of defined individual strategic objectives. The Remuneration Committee will determine the performance measures, their weightings and the calibration of targets each year and will clearly disclose these in the Remuneration Report. Financial targets will determine the majority of the bonus. Financial targets will be set in a manner which will encourage enhanced performance in the best interests of the Group and its shareholders and will be approved by the Remuneration Committee. In addition, if annual Group profit before tax does not reach a minimum level, to be determined annually by the Remuneration Committee after the budget has been approved, then the bonus may be revised downwards potentially to zero, the ultimate discretion over which rests with the Remuneration Committee following consultation with the Chief Executive Officer. Individual performance will be assessed against agreed performance objectives, which will include a risk objective to ensure that all employees identify, evaluate and mitigate and control risks as part of our overall objectives to meet the organisation's strategic goals. The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so. Any such discretion would be fully disclosed in the relevant annual report. Any bonus payments are subject to the potential for the Remuneration Committee to apply provisions to withhold, reduce or require the repayment of awards for up to two years after payment if there is found to have been (a) material misstatement of the Group's financial results or (b) gross misconduct on the part of the individual. 30% of any executive bonus will be deferred into FBD shares for a period of three years. This practice will allow the committee to have flexibility to apply clawback if circumstances warranted.	No change other than the level of deferral has been amended to 30% of any bonus payment.

*Policy last approved at 2021 AGM

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

*Policy last approved at 2021 AGM

Share Ownership Policy

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

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

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

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

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

Recruitment Policy

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

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

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

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

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

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

Service Contracts

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

Executive	From Company	From CEO/ CFO
Tomás Ó Midheach CEO	12 Months	6 Months
Kate Tobin CFO	6 Months	6 Months

Termination Payments

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

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

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

Non-Executive Director Remuneration

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

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

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

Derogation from Remuneration Policy

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

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

Remuneration Report

The information on pages 111 to 131 of the Report on Directors' Remuneration identified as audited forms an integral part of the audited financial statements as described in the basis of preparation on page 152. All other information in the report on Directors Remuneration is additional information and does not form part of the audited financial statements.

In respect of the below table, the percentage difference between fixed and variable pay (excluding LTIP) is as outlined below:

Executive and Non-Executive Directors' Remuneration details

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

Executive Directors Remuneration for the year ended 31 December 2023 and 31 December 2022 (Audited)

Executive Directors:	Tomás Ó Midheach		John O'Grady	
	2023	2022	**2023**	2022
	€000s	€000s	€000s	€000s
Salary[1,2]	530	500	342	328
Benefits[3]	40	40	18	18
Pension Contribution[4]	42	40	51	49
Total fixed remuneration	**612**	**580**	**411**	**395**
% Fixed versus Total	**53 %**	**54 %**	**48 %**	**51 %**
Other Payments[5]	544	500	174	178
Vested LTIP 2023	—	—	277	205
Total Variable remuneration	**544**	**500**	**451**	**383**
% Variable versus Total	**47 %**	**46 %**	**52 %**	**49 %**
Total remuneration[6]	**1,156**	**1,080**	**862**	**778**

Notes

1. Salaries were paid to Executive Directors and the salary numbers in the table reflect what was actually paid in the financial year (Pay increases each year were effective from 1st April)
2. 2023: A pay increase was awarded to Mr O'Grady in line with the wider workforce. Mr. Ó Midheach was awarded 8% to recognise his strong contribution since his appointment in 2021 and no increase had been given since appointment. The annual increase therefore is 3.9% in respect of CEO and 4.5% in respect of CFO. 2022: A pay increase was awarded to Mr O'Grady in line with the wider workforce.
3. Benefits relate exclusively to a motor allowance and contribution towards health insurance costs.
4. Pension contributions relate to contributions to a defined contribution pension scheme or a payment in lieu.
5. 2023: Bonuses of €544k and €174k were awarded to Mr Ó Midheach and Mr O'Grady under the bonus scheme in 2023. The bonuses were calculated in accordance with the Annual Performance Arrangements described earlier and both Mr Ó Midheach's and Mr O'Grady's bonuses were approved by the Remuneration Committee. 2022: Bonuses of €500,000 and €178,020 were awarded to Mr Ó Midheach and Mr O'Grady under the bonus scheme in 2022. The Bonuses were calculated in accordance with the Annual Performance Arrangements described earlier and both Mr Ó Midheach's and Mr O'Grady's bonuses were approved by the Remuneration Committee.
6. The total remuneration for Executive Directors was €2,018,000 (2022: €1,858,000)

Non Executive Directors Remuneration for the year ended 31 December 2023 and 31 December 2022 (Audited)

Non Executive Directors:	Fees[1] €000s		Number of ordinary shares of €0.60 each	
	2023	2022	**31 December 2023**	31 December 2022
Liam Herlihy (Chair)	166	149	8,000	8,000
David O'Connor	160	144	1,500	1,500
Patrick Murphy[2]	24	—	—	—
Walter Bogaerts[3]	—	35	—	—
Mary Brennan	103	87	—	—
Sylvia Cronin	83	73	—	—
Tim Cullinan	66	60	—	—
Richard Pike	103	88	7,200	7,200
Padraig Walshe[4]	15	60	1,100	1,100
Jean Sharp	89	76	—	—
John O'Dwyer	75	64	—	—
	884	**836**		

1. Fees were paid to Non-Executive Directors.
2. Patrick Murphy joined the FBD Board on 1st September 2023.
3. Walter Bogaerts stepped down as a Non-Executive Director on 12th May 2022.
4. Padraig Walshe sadly passed away on the 1st February 2023.

Base Salary

The base salaries effective from 1st April 2023 were €540,000 for the CEO and €346,104 for the CFO. Further detail was provided in the 2022 Directors' Remuneration Report.

Determination of Annual Performance Bonus for the year ended 31 December 2023

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

In 2023 the Remuneration Committee included a profit threshold that had to be reached in order to qualify for bonus.

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

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

The following objectives were set for the Executive Directors for 2023:

Executive Director	Objective	Measure of Success	Result
Tomás Ó Midheach	Operational Excellence	Achieve our key operational metrics delivering retention and service and our day to day goals throughout the year.	Achieved
	Technology & Innovation	Continue to deliver transformational targets in terms of core replacement and digital delivery.	Achieved
	Strategy	Deliver key strategy in respect of our five key stakeholders, Our Investors, The Regulator, Our People, Wider Society and Our Customer. Meaningful progress made following the launch of FBD's purpose, strategy and values.	Achieved
	ESG	Continue to enhance ESG strategy and ensure key deliverables are aligned across the business with appropriate communication and engagement plan for investors, customers and employees.	Achieved
	People & Culture	Focus on key values innovation, engagement and accountability to build a high performing engaged workforce. Progression of career development and succession plans for senior leaders.	Achieved
John O'Grady	Financial Strategy	Strong balance sheet management and management of overall group profitability. Effectively and proactively manage investor relations.	Achieved
	ESG	Continue to enhance ESG strategy and key deliverables are aligned across the business with appropriate communication and engagement plan for investors, customers and employees.	Achieved
	People and Culture	Support the incoming CFO - transition/handover. Positive internal and external communications creating strong relationships with key stakeholders and regulatory bodies.	Achieved

The following bonus conditions were agreed by the Remuneration Committee for Executive Directors in respect of performance for 2023:

Combined Operating Ratio	60 %
Grow Farmer Policy Count	6.66 %
Grow Business Policy Count	6.66 %
Grow Retail Policy Count	6.66 %
Lead Culture Change	20 %

In respect of Combined Operating Ratio, target outperformance was achieved as well as achieving 1.9% Growth in respect of Farmer Policy Count. FBD has a very clearly defined culture strategy that is aligned to our business strategy and is actively considered and set by the Board and Executive Management Team (EMT). The Board and EMT take a leading role in communicating the desired culture to the organisation.

Metric	% of Target Available	0 %	25%-100%	On Target 100%	Out-performance 100%-150%	Result	% Achieved for Bonus
Combined Operating Ratio	60.0 %	>94%	94%-91.2%	91.2 %	91.2%-86%	80.9 %	150.0 %
Grow Policy Count in line with strategic plan Farmer	6.7 %	— %	0%-0.6%	0.6 %	0.6%-1.5%	1.9 %	150.0 %
Grow Policy Count in line with strategic plan Business	6.7 %	3.8 %	3.8%-5.3%	5.3 %	5.3%-6.8%	3.1 %	— %
Grow Policy Count in line with strategic plan Retail	6.7 %	5.1 %	5.1%-6.6%	6.6 %	6.6%-8.1%	3.9 %	— %
Lead Culture Change	20.0 %	Communicate and embed purpose and mission, Define behaviours. Communicate and ensure they are embedded. Demonstrate core values				Achieved	130 %
Total							**126 %**

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

- Continued to deliver on FBD strategy and executed effectively exceeding in some key areas.
- Built on success of 2022 with a continued focus on communication throughout the organisation. Town hall meetings, Branch Roadshows and engagement forums continued throughout the year with two-way communication and opportunities for employees to give feedback.
- The implementation of strategic initiatives focused on employee and customer experience.

Following the determination of actual performance against the targets, as set out above, the CEO was awarded a bonus of €544k and the outgoing CFO was awarded a bonus of €174k. In line with our Policy, 30% will be deferred into FBD shares for three years.

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

Long Term Incentives

Conditional Awards of Shares in 2023 - Audited

During 2023 one Conditional Award of shares was made under the Performance Share Plan. This was made in March 2023 to Executive Directors and Senior Management. The award represented 80% of salary for the Group Chief Executive Officer and 70% of salary for the Group Chief Financial Officer.

The conditions attached to the award, which reflect the Board's strategic plans, were based 20% on the Policies in force growth. Policy count growth was chosen to reflect the ambition of the Board to grow the business over the strategic time period. 60% was based on the Return on Targeted Equity and this has been chosen as it is aligned with our strategic intent and takes in both business profitability and balance sheet management. Strategic Metrics is 20% and has a number of key deliverables to align to the strategy.

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

The Committee will publish details regarding targets and vesting levels at the end of the performance period (2025).

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

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

Metric	Weighting	Threshold Level	Proportion Vesting	Upper Level	Proportion Vesting
Return on Targeted Equity (ROTE)*	60%	9.5 %	25 %	Low double digits	125 %
Policies in Force Growth	20%	>3.9%	25 %	Mid single digits	125 %
Strategic Metrics	20%				

*During the year it came to light that the original ROTE targets were incorrect. The targets were therefore updated accordingly.

Outstanding Conditional Awards (2020-2022)

The Committee considered the extent to which the performance conditions underpinning this award were met in the three financial years 2020 to 2022 (the 'Performance Period'). The Committee concluded that 125% of NAV was met as the adjusted compound annual growth rate (CAGR) was 6.8% when compared to the actual NAV at 31st December 2019. This was in excess of the upper performance threshold of 5.3%. The In-force Policy Count target was not met. Therefore, in respect of the conditional awards granted in March 2019 83.25% vested.

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

	Threshold (25% vesting)	Upper Level (125% vesting)	Performance Achieved	Vesting Level
Policy Count	2.1 %	6.3 %	1.6 %	— %
NAV CAGR	1.4 %	5.3 %	6.8 %	125 %
				83.25 %

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

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

Details of the conditional share awards issued at nil cost to the Executive Directors who held office for any part of the financial year and to the Company Secretary made under the 2007 and 2018 LTIP plans are given in the table below. In respect of the 2021, 2022 and 2023 awards the number of shares could increase to a maximum of 125% of the number of shares outlined below (which is 100%) if the performance conditions previously described are met at stretch target level.

Individual Interest in LTIP (Audited)

	At 1 January 2023	Granted during year	Dividends	(Under)/Out Performance LTIP	Vested during year	Forfeited during year	At 31 December 2023	Performance Period	Earliest vesting date	Market price on award €
Executive Directors										
Tomás Ó Midheach	58,055	—	—	—	—	—	58,055	2021-2023	Mar-24	6.89
	40,404	—	—	—	—	—	40,404	2022-2024	Mar-25	9.90
	—	29,347	—	—	—	—	29,347	2023-2025	Mar-26	13.63
Total	**98,459**	**29,347**	**—**	**—**	**—**	**—**	**127,806**			
John O'Grady	22,876	—	1,405	(3,832)	(20,449)	—	—	2020-2022	Apr-23	6.12
	27,866	—	—	—	—	—	27,866	2021-2023	Mar-24	6.89
	22,626	—	—	—	—	(7,542)	15,084	2022-2024	Mar-25	9.90
	—	17,010	—	—	—	(11,340)	5,670	2023-2025	Mar-26	13.63
Total	**73,368**	**17,010**	**1,405**	**(3,832)**	**(20,449)**	**(18,882)**	**48,620**			
Company Secretary										
Nadine Conlon	9,394	—	—	—	—	—	9,394	2022-2024	Mar-25	9.90
	—	7,062	—	—	—	—	7,062	2023-2025	Mar-26	13.63
Total	**9,394**	**7,062**	**—**	**—**	**—**	**—**	**16,456**			

The total number of shares subject to conditional awards outstanding under the 2018 LTIP Scheme amount to 770,522 being 2.1% of the Company's ordinary share capital (excluding treasury shares) at 31 December 2023 (2022: 919,264 shares) and 2.6% of ordinary share capital (excluding treasury shares).

The 2007 and 2018 LTIP scheme rules do not permit the aggregate number of shares over which conditional awards are granted in the preceding 10 year period, to be more than 10% of the Company's issued ordinary share capital at the time the awards are granted. In the past 10 years there have been 10 conditional awards with an aggregate of 2,940,590 shares or 8.2% of the Company's issued ordinary share capital (excluding treasury shares).

Non-Executive Director Remuneration

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

The basic Non-Executive Director fee is €72,000 and this was reviewed in June 2023 following a benchmarking exercise carried out by Odgers Berndtson to ensure our non-executive remuneration was in line with the market rate. The previous review of Non-Executive Directors remuneration had taken place in 2020. Directors receive additional fees for being members of and/or chairing Board

Committees as outlined within the Corporate Governance Report on pages 80 to 102. These fees are reflective of their added responsibilities.

Executive Director and Non-Executive Director Remuneration

European Union (Shareholders' Rights) Regulations 2020 came into force in Ireland on 30 March 2020 when they were transposed into Section 1110N of Companies Act 2014. The annual Executive Director and Non-Executive Director Remuneration over the last five years of those in office in 2023 is set out below:

		2019 €000s	2020 €000s	2021 €000s	2022 €000s	**2023** **€000s**
Executive Directors:						
Tomás Ó Midheach	**Total Remuneration**	—	—	**1,065**	**1,081**	**1,156**
	% change in year[1]	—	—	—	1 %	7 %
John O'Grady	**Total Remuneration**	**462**	**372**	**542**	**573**	**585**
	% change in year[1]	4 %	(19)%	46 %	6 %	2 %
Non Executive Directors:						
Liam Herlihy (Chairman)	Fees	119	134	149	149	**166**
	% change in year[1]	— %	13 %	11 %	— %	**11 %**
Patrick Murphy	Fees	—	—	—	—	**24**
	% change in year[1]	— %	— %	— %	— %	**— %**
Mary Brennan	Fees	62	74	81	87	**103**
	% change in year[1]	8 %	20 %	9 %	7 %	**18 %**
Sylvia Cronin	Fees	5	64	73	73	**83**
	% change in year[1]	—	17 %	14 %	— %	**14 %**
Tim Cullinan	Fees	—	—	60	60	**66**
	% change in year[1]	— %	— %	— %	— %	**10 %**
David O'Connor	Fees	70	88	103	144	**160**
	% change in year[1]	17 %	25 %	17 %	40 %	**11 %**
Richard Pike	Fees	14	59	69	88	**103**
	% change in year[1]	—	4 %	17 %	28 %	**17 %**
Padraig Walshe	Fees	50	55	60	60	**15**
	% change in year[1]	—	10 %	9 %	— %	**(75)%**
John O'Dwyer	Fees	—	—	20	65	**75**
	% change in year[1]	—	—	—	225 %	**15 %**
Jean Sharp	Fees	—	—	25	76	**89**
	% change in year[1]	—	—	—	204 %	**17 %**

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

The Chairman, Liam Herlihy received fees of €166,000 during the year (2022: €149,000) inclusive of the basic Non-Executive Director fee. David O'Connor, received fees of €160,000 during the year as he held the position of Chairman of FBD Insurance (2022: €144,000) inclusive of the basic Non-Executive Director fee, and reflecting his additional responsibilities as Chairman of the Nomination Committee as well as his role as Chairman of FBD Insurance plc.

In respect of Patrick Murphy payments reflect a partial year as Patrick joined the board on 1st September, 2023 and Padraig Walshe RIP also received a partial payment.

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

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

External appointments held by the Executive Directors

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

Details on Executive Directors external appointments are included on pages 67 to 70.

Change in Directors' remuneration, employee remuneration and Group Performance

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

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

	2019	2020	2021	2022	**2023**
Group Chief Executive Officer					
Remuneration % change year on year	6%	(18)%[1]	0%	1%	7%
All Group Employees					
Remuneration % change year on year	2%	2%	1%	6%	11%

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

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

The average cost per full-time equivalent for 2023, excluding Directors, was €79,000 (2022: €80,000). The table below details the average cost per full time equivalent over the last five years, including the annual change.

	2019	2020	2021	2022	**2023**
Average cost per full-time equivalent	67,000	66,000	74,000	80,000	79,000
Average cost % change year on year	6 %	(1)%	12 %	8 %	(1)%

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

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

	2019	2020	2021	2022	**2023**
Performance of the Group					
NAV per share (IFRS 4)	1,068	1,095	1,338	1,188	–
NAV per share (IFRS 17)	–	–	–	1,276[1]	**1,330**
Ordinary Dividend paid per share	50c	0	0	100c	**100c**
Special Dividend paid per share	–	–	–	–	**100c**

[1] restated

Implementation of policy in 2024

Base Salary

A pay pot of 4% of base salary has been agreed for our employees for 2024 and this will take into account performance, current position on salary range and pay grade. We are also awarding all employees €1,000 in recognition of their hard work and dedication throughout 2023.

The Committee has decided to award a pay increase of 4% to the CEO.

Annual Performance Bonus

There is no change to the bonus opportunity for the CEO, with a maximum opportunity of 120% of salary. The bonus opportunity for the incoming CFO is disclosed later on in this report.

The annual performance bonus for Executive Directors in respect of 2024 will be subject to the following performance measures and weightings:

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

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

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

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

Pension

The pension contribution level for the Group Chief Executive Officer and the Group Chief Financial Officer in 2024 will be 8% of base salary, which is in line with the rate for the wider workforce.

LTIP

The committee determined in respect of CEO an award of 120% of salary will be awarded in 2024. This took into account the performance of the business and the CEO and is within our remuneration policy as approved by shareholders. Awards will continue to be subject to stretching performance targets and delivered in shares.

The following conditions will apply in respect of LTIP's granted for the period 2024-2026:

Metric	% Weighting
Return on Targeted Equity	70 %
Policy in Force Growth	10 %
Strategic Metrics	20 %

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

The Remuneration Committee believes that return on targeted equity is a key strategic measure as it takes into account both business profitability and balance sheet management and has therefore increased the weighting on this measure for the 2024 LTIP award. Policies in force growth is a key measure of growth in the business and is fundamental to FBD's strategy.

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

Retirement of John O'Grady

As announced in December 2022, John O'Grady has retired effective from 31st December 2023 as Group Chief Financial Officer and Executive Director. He will continue to consult on a contract basis for the first quarter of 2024. He has been awarded good leaver status in respect of incentive awards.

LTIP awards have been pro-rated to his retirement date and are subject to the original performance targets and time horizons. He will also be paid his annual bonus in respect of 2023 at the normal time, with 30% deferred into FBD shares for three years, as he was an Executive Director for the full financial year. There are no other payments associated with his retirement. He will be subject to the post-employment shareholding requirement in line with our Policy.

Appointment of Group Chief Financial Officer

Kate Tobin has been appointed Group Chief Financial Officer and Executive Director with effect from 1st January 2024. All of her remuneration arrangements are in line with our Remuneration Policy. Ms. Tobin's annual salary will be €315,000 with a car allowance of €15,000. She will be eligible for LTIP's as per scheme rules. She will also have a target annual bonus of 40% of salary with a maximum opportunity level of 100% of base salary.

Directors' Responsibilities Statement

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

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

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

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

The Directors are responsible for ensuring that the Company and the Group keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company and the Group, enable at any time the assets, liabilities, financial position and profit or loss of the Company and the Group to be determined with reasonable accuracy, enable them to ensure that the Annual Report and financial statements comply with the Companies Act 2014 and the Listing Rules of the Euronext Dublin and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (Transparency (Directive 2004/109/EC) (Amendment) (No. 2) Regulations 2015) to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

Under applicable law and the requirements of the Listing Rules issued by the Euronext Dublin, the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law and those Rules. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as endorsed by the EU, give a true and fair view of the assets, liabilities and financial position for the Group as at 31 December 2023 and of the result for the financial year then ended;
- the Report of the Directors, the Chair's Statement and the Review of Operations include a fair review of the development and performance of the Group's business and the state of affairs of the Group for the 12 months ending 31 December 2023, together with a description of the principal risks and uncertainties facing the Group; and
- the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to access the position, performance, strategy and business model of the Group.

On behalf of the Board

7 March 2024

Liam Herlihy
Chair

Tomás Ó Midheach
Group Chief Executive Officer

FINANCIAL STATEMENTS

In this Section

Independent Auditors' Report	134
Consolidated Income Statement	143
Consolidated Statement of Comprehensive Income	144
Consolidated Statement of Financial Position	145
Consolidated Statement of Cash Flows	147
Consolidated Statement of Changes in Equity	148
Company Statement of Financial Position	149
Company Statement of Cash Flows	152
Company Statement of Changes in Equity	151
Notes to the Financial Statements	152

Independent auditors' report to the members of FBD Holdings plc

Report on the audit of the financial statements

Opinion

In our opinion, FBD Holdings plc's consolidated financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2023 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated and Company Statements of Financial Position as at 31 December 2023;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 9 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 January 2023 to 31 December 2023.

Our audit approach

Overview

Overall materiality

- €4.0 million (2022: €4.1 million) - Consolidated financial statements
- Based on circa 1% of insurance revenue.
- €1.0 million (2022: €1.0 million) - Company financial statements
- Based on circa 1% of equity attributable to equity holders of the parent.

Performance materiality

- €3.0 million (2022: €3.1 million) - Consolidated financial statements.
- €0.75 million (2022: €0.75 million) - Company financial statements.

Audit scope

- We performed a full scope audit of the complete financial information of the group's principal operating entity, FBD Insurance plc, and the holding company. We performed audit procedures on certain balances and transactions of the group's shared services entity, FBD Corporate Services Limited.
- Taken together, the entities where we performed a full scope audit of the complete financial information and those selected balances at the group's shared services entity on which we performed audit procedures accounted for in excess of 95% of group revenues, 90% of group profit before taxation and 95% of the group's total assets.

Key audit matters

- Valuation of the liability for incurred claims (LIC) (Group).
- Recoverability of Investments in Subsidiaries (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter

Valuation of the liability for incurred claims (LIC) (Group)

Refer to Note 3 (E) (ii) - 'Summary of material accounting policies - Insurance contracts - Insurance and reinsurance contracts accounting treatment', Note 3 (X) - 'Summary of material accounting policies - Critical accounting estimates and judgements in applying accounting policies' and Note 17 - 'Insurance and reinsurance contracts' to the consolidated financial statements.

The group has adopted IFRS 17 during the year ended 31 December 2023. IFRS 17 outlines a general model for the valuation of both insurance and reinsurance contracts falling within the scope of the standard and a simplified approach (the premium allocation approach or "PAA") which can be used for short duration contracts of 12 months or less. As the majority of the insurance contracts issued by the group have a duration of 12 months, the group has elected to apply the PAA to measure the liability for remaining coverage ("LRC") for all of the portfolios.

The LIC (previously claims outstanding under IFRS 4) is determined on a discounted probability of weighted expected value of claims and includes an explicit risk adjustment for non-financial risk.

The valuation of the LIC involves significant judgement. The measurement of LIC comprises:

- an actuarial best estimate of the ultimate settlement cost of claims incurred at the reporting date including claims incurred but not reported and events not in data at 31 December 2023;
- an adjustment to the best estimate cashflows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows; and
- a risk adjustment for non-financial risk, reflecting the compensation the group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the group fulfils insurance contracts. A confidence level approach is used to derive the overall risk adjustment for non-financial risk.

For claims excluding Government COVID-19 restriction related business interruption claims (see below), the actuarial best estimate is determined using complex actuarial calculations and requires the consideration of detailed methodologies, multiple assumptions and significant judgements.

Methodologies and assumptions vary by class of business. The key items underlying the valuation include past claims development patterns and assumptions in respect of expected loss ratios and the expected frequency, severity and duration of claims, including the potential impact of the current high inflationary environment on ultimate claims costs.

The valuation of the LIC is also dependent on the methodology and key assumptions underlying the calculation of the risk adjustment and the discounting adjustment.

In addition, the valuation is dependent on the completeness and accuracy of the data used in the actuarial modelling, in particular data relating to amounts of claims paid and incurred in the current and prior years and historic loss ratios.

The group has performed a separate best estimate calculation in respect of the cost of the Government COVID-19 restriction related business interruption claims. This calculation applies assumptions concerning the number of claims, the level of lost gross profit to be claimed and the level of expense savings expected to be deductible from this amount under the policy terms, taking into account submitted claims data as well as the final judgement from the Commercial Court.

We determined the valuation of the liability for incurred claims to be a key audit matter due to the judgements and level of estimation involved in the measurement thereof.

How our audit addressed the key audit matter

We performed procedures to understand the claims and actuarial reserving processing cycles as they relate to financial reporting.

We tested the design and operating effectiveness of the controls over claims processing and payment, and the valuation of the LIC.

Based on the results of our risk assessment and materiality, we selected certain classes of business for independent valuation of the actuarial best estimate by PwC actuarial specialists.

The results of our independent valuation were compared to the group's valuation of the actuarial best estimate to assess the reasonability of the estimate.

In respect of other classes of business we assessed the reasonableness of the group's actuarial best estimate with the assistance of our actuarial specialists. This involved:

- assessing the assumptions and methodologies underpinning management's actuarial valuation; and
- considering the development of prior accident years' estimates and analysis of the current accident year estimate, including consideration of the group's historic claims experience, developments in the Irish claims environment and the potential impact of the current high inflationary environment as well as our broader knowledge of developments in the insurance industry.

We considered the appropriateness of the adjustment to the best estimate future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows, with the assistance of our actuarial specialists. This included:

- assessing the group's methodology and determination of the yield curve;
- agreeing the risk-free yield curve to independent sources and assessing the illiquidity premium by reference to the methodology used to determine it; and
- recalculation of the discount rate.

We tested the determination of the risk adjustment for non-financial risk with the assistance of our actuarial specialists. This involved:

- assessing the group's non-financial risk adjustment methodology for compliance with the requirements of IFRS 17;
- testing whether the calculation was performed in line with this methodology; and
- assessing the calculation of the confidence level disclosed in Note 3(X) to the financial statements.

We tested the determination of the best estimate provision in respect of Government COVID-19 restriction related business interruption claims incurred under the group's public house commercial policies. Our procedures included

- assessing the appropriateness of the group's valuation model by reference to developments in the period;
- assessing any changes in the assumptions applied by reference to additional data available informing such changes; and
- where data has been provided by policyholders we tested a sample of this data used in the setting of the model assumptions to supporting documentation.

We tested the reconciliation of the data used in the actuarial models to the underlying systems and reconciled the actuarial valuation outputs to the financial statements on a sample basis.

Based on the results of these procedures we concluded that the valuation of the LIC included in the financial statements is within an acceptable range of reasonable estimates.

We also assessed the appropriateness of the disclosures of the key methodologies and assumptions underlying the valuation of the liability for incurred claims, as disclosed in the financial statements.

Recoverability of Investments in Subsidiaries (Company)

Refer to Note 33 - 'Principal Subsidiaries' to the consolidated financial statements.

The company has investments in subsidiaries of €91.8 million at 31 December 2023 which are stated at cost less accumulated impairment.

We determined this to be a key audit matter as investments in subsidiaries are the principal assets held by the company.

How our audit addressed the key audit matter

We considered management's assessment as to whether an impairment was required. Based on our procedures we determined that management's conclusion that no impairment was required is reasonable.

We also assessed the appropriateness of the disclosures in the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group consists of the holding company, FBD Insurance plc (an insurance provider), 5 other entities (4 of which are non-trading) and a group shared services entity, FBD Corporate Services Limited. All group entities are managed and reported on from a single head office. The consolidated financial statements are a consolidation of these individual entities.

On the basis of the group structure all audit procedures were performed by a single group audit team. We performed a full scope audit of the complete financial information of FBD Insurance plc and the holding company. Specific audit procedures on certain balances and transactions were performed in respect of FBD Corporate Services Limited. We also tested the consolidation process. This gave us the desired level of audit evidence for our opinion on the consolidated financial statements as a whole.

This gave us coverage in excess of 95% of group revenues, 90% of group profit before taxation and 95% of the group's total assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Company financial statements
Overall materiality	€4.0 million (2022: €4.1 million).	€1.0 million (2022: €1.0 million).
How we determined it	Circa 1% of insurance revenue.	Circa 1% of equity attributable to equity holders of the parent.
Rationale for benchmark applied	We have applied this benchmark as it provides a more stable measure as the group's result has fluctuated significantly in recent years. We also assessed the appropriateness of this benchmark by reference to other potential benchmarks and determined the overall materiality level to be appropriate.	We have applied this benchmark as it is considered appropriate given the company's activity as a holding company.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €3.0 million (group audit) and €0.75 million (company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €200,000 (group audit) (2022: €205,000) and €50,000 (company audit) (2022: €50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's going concern assessment and underlying forecasts for the period of the going concern assessment (being the period of 12 months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts we considered the group's historic performance and considered whether the forecast assumptions were consistent with those used in other areas of the entity's business activities;

- testing the mathematical integrity of the forecasts and the models, and reconciling these to Board approved budgets;
- considering the projected solvency position of FBD Insurance plc under a number of stress scenarios set out in the group's Own Risk and Solvency Assessment and comparing these to regulatory and the group's solvency capital requirement; and
- considering the group's liquidity position to assess liquidity through the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

In relation to the company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

We are required to report if the directors' statement relating to going concern in accordance with Rule 6.1.82 (3) (a) of the Listing Rules for Euronext Dublin and Rule 9.8.6R(3) of the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report).
- In our opinion, based on the work undertaken in the course of the audit of the financial statements,
  - the description of the main features of the internal control and risk management systems in relation to the financial reporting process; and
  - the information required by Section 1373(2)(d) of the Companies Act 2014;

included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.

- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the "Code") specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and

- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Irish insurance laws and regulations and in particular the Solvency II Regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management and internal audit, including consideration of whether there are known or suspected instances of non-compliance with laws and regulation and fraud;
- Inspecting correspondence with the Central Bank of Ireland ('CBI'), including those in relation to compliance with laws and regulations;
- Reading relevant meeting minutes including those of the Board, Audit Committee and Board Risk Committee;
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to the valuation of the liability for incurred claims as described in the related key audit matter;
- Identifying and testing journal entries based on risk criteria; and
- Designing audit procedures to incorporate unpredictability in our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/
Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

We are required by the Listing Rules to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

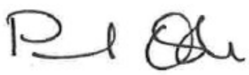
We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Prior financial year Remuneration Report

We are required to report if the company has not provided the information required by Section 1110N of the Companies Act 2014 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the directors on 10 August 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2016 to 31 December 2023.



Padraig Osborne

for and on behalf of PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

Dublin

7 March 2024

- The maintenance and integrity of the FBD Group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

For the financial year ended 31 December 2023

	Note	2023 €000s	2022 (restated)1 €000s
Insurance revenue	5(a)	**401,026**	379,697
Insurance service expenses	5(c)	**(210,052)**	(201,838)
Reinsurance expense		**(39,776)**	(34,814)
Change in amounts recoverable from reinsurers for incurred claims		**(24,890)**	(11,941)
Net expense from reinsurance contracts held	5(a)	**(64,666)**	(46,755)
Insurance service result	5(a)	**126,308**	131,104
Total investment return	6	**19,094**	(10,753)
Finance expense from insurance contracts issued	7	**(4,160)**	(8,731)
Finance income from reinsurance contracts held	7	**1,249**	1,389
Net insurance finance expenses		**(2,911)**	(7,342)
Net insurance and investment result		**142,491**	113,009
Other finance costs		**(2,559)**	(2,559)
Non-attributable expenses	5(c)	**(34,018)**	(33,048)
Movement in other provisions	26	**(18,331)**	(8,403)
Revenue from contracts with customers	5(a)	**2,468**	3,173
Financial services income and expenses	5(a)	**(6,933)**	(6,045)
Impairment of property, plant and equipment	5(a)	**(1,708)**	(287)
Profit before taxation		**81,410**	65,840
Income taxation charge	11	**(11,869)**	(8,284)
Profit for the period		**69,541**	57,556
Attributable to:			
Equity holders of the parent		**69,541**	57,556

Earnings per share

	Note	2023 Cent	2022 (restated)[1] Cent
Basic	13	**194**	161
Diluted[2]	13	**190**	157

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

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation.
The accompanying notes form an integral part of the financial statements.
The financial statements were approved by the Board and authorised for issue on 7 March 2024.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 €000s	2022 (restated)[1] €000s
Profit for the period		**69,541**	57,556
Items that will or may be reclassified to profit or loss in subsequent periods:			
Movement on investments in debt securities measured at FVOCI	6	**39,423**	(89,761)
Movement transferred to the Consolidated Income Statement on disposal during the period	6	**1,969**	(41)
Finance (expense)/income from insurance contracts issued	7	**(17,253)**	42,388
Finance income/(expense) from reinsurance contracts held	7	**3,676**	(8,202)
Income tax relating to these items		**(3,477)**	6,951
Items that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations, before tax	18 (d)	**(1,608)**	(2,272)
(Impairment)/Revaluation of owner occupied property	23	**(84)**	5
Income tax relating to these items		**229**	282
Other Comprehensive Income/(Expense) after taxation		**22,875**	(50,650)
Total comprehensive income for the period		**92,416**	6,906
Attributable to:			
Equity holders of the parent		**92,416**	6,906

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

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 €000s	2022 (restated)[1] €000s	01/01/2022 (restated)[1] €000s
Assets				
Cash and cash equivalents	14	**142,399**	165,240	170,976
Equity and debt instruments at fair value through profit or loss	15	**161,178**	134,094	138,767
Debt instruments at fair value through Other Comprehensive Income	15	**855,989**	833,865	892,495
Deposits		**2,885**	10,000	—
Investment assets		**1,020,052**	977,959	1,031,262
Other receivables	16	**17,150**	15,148	15,910
Loans		**478**	568	560
Reinsurance contract assets	17	**97,520**	136,657	208,888
Retirement benefit surplus	18	**7,044**	8,499	10,901
Intangible assets	19	**27,735**	14,082	9,031
Policy administration system	20	**17,926**	23,683	27,982
Investment property	21	**11,953**	15,052	16,055
Right of use assets	22	**3,503**	4,290	5,078
Property, plant and equipment	23	**20,821**	22,745	24,178
Deferred taxation asset	24	**493**	3,629	—
Total assets		**1,367,074**	1,387,552	1,520,821

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Note	2023 €000s	2022 (restated)[1] €000s	01/01/2022 (restated)[1] €000s
Liabilities				
Current taxation liabilities		**2,230**	2,399	6,437
Other payables	25	**35,852**	35,628	29,289
Other provisions	26(a)	**20,083**	11,103	12,271
Reinsurance contract liabilities	17	**480**	610	788
Insurance contract liabilities	17	**774,921**	826,621	929,981
Lease liabilities	22	**3,828**	4,600	5,349
Subordinated debt	27	**49,721**	49,662	49,603
Deferred taxation liabilities	24	**—**	—	3,891
Total liabilities		**887,115**	930,623	1,037,609
Equity				
Called up share capital presented as equity	28	**21,744**	21,583	21,409
Capital reserves	29	**34,479**	30,192	27,406
Retained earnings		**444,617**	450,318	430,899
Other reserves	30	**(23,804)**	(48,087)	575
Shareholders' funds - equity interests		**477,036**	454,006	480,289
Preference share capital	31	**2,923**	2,923	2,923
Total equity		**479,959**	456,929	483,212
Total liabilities and equity		**1,367,074**	1,387,552	1,520,821

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

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 7 March 2024.

They were signed on its behalf by:

Liam Herlihy
Chairman

Tomás Ó Midheach
Group Chief Executive Officer

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 €000s	2022 (restated)[1] €000s
Cash flows from operating activities			
Profit before taxation		**81,410**	65,840
Adjustments for:			
Movement on investments classified as fair value		**(7,960)**	19,616
Interest and dividend income		**(15,653)**	(10,998)
Depreciation/amortisation of property, plant and equipment, intangible assets and policy administration system	19, 20, 23	**12,012**	13,239
Depreciation on right of use assets	22	**787**	788
Fair value movement on investment property	21	**3,099**	1,003
Impairment of property, plant and equipment	23	**1,708**	287
Other non-cash adjustments		**2,602**	3,007
Operating cash flows before movement in working capital		**78,005**	92,782
Movement on insurance and reinsurance contract liabilities/assets		**(26,270)**	2,879
Movement on other provisions	26	**8,980**	(1,168)
Movement on receivables		**(3,961)**	322
Movement on payables		**2,642**	9,023
Cash generated from operations		**59,396**	103,838
Interest and dividend income received		**17,854**	11,510
Income taxes paid		**(12,161)**	(12,602)
Net cash from operating activities		**65,089**	102,746
Cash flows from investing activities			
Purchase of investments classified as fair value through profit or loss		**(34,803)**	(25,312)
Sale of investments classified as fair value through profit or loss		**19,041**	13,573
Purchase of investments classified as FVOCI		**(135,372)**	(238,126)
Sale of investments classified as FVOCI		**151,277**	203,750
Purchase of property, plant and equipment	23	**(2,188)**	(1,288)
Additions to policy administration system	20	**(1,401)**	(4,566)
Purchase of intangible assets	19	**(16,186)**	(6,987)
Maturities of deposits invested with banks		**10,000**	—
Additional deposits invested with banks	15(a)	**(2,885)**	(10,000)
Net cash used in investing activities		**(12,517)**	(68,956)
Cash flows from financing activities			
Ordinary and preference dividends paid	32	**(72,026)**	(35,870)
Interest payment on subordinated debt	27	**(2,500)**	(2,500)
Principal elements of lease payments	22	**(955)**	(965)
Net cash used in financing activities		**(75,481)**	(39,335)
Net decrease in cash and cash equivalents		**(22,909)**	(5,545)
Cash and cash equivalents at the beginning of the year	14	**165,240**	170,976
Effect of exchange rate changes on cash and cash equivalents		**68**	(191)
Cash and cash equivalents at the end of the year	14	**142,399**	165,240

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

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

	Called up share capital presented as equity	Capital reserves	Other reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
As at 31 December 2021, as previously reported	21,409	27,406	752	422,815	472,382	2,923	475,305
Impact of application of IFRS 17 (Note 4)	—	—	(8,928)	17,190	8,262	—	8,262
Impact of application of IFRS 9 (Note 4)	—	—	8,751	(9,106)	(355)	—	(355)
Restated balance at 1 January 2022	21,409	27,406	575	430,899	480,289	2,923	483,212
Profit after taxation	—	—	—	57,556	57,556	—	57,556
Other comprehensive expense for the period	—	—	(48,662)	(1,988)	(50,650)	—	(50,650)
Total comprehensive (expense)/ income for the period	—	—	(48,662)	55,568	6,906	—	6,906
Dividends paid and approved on ordinary and preference shares	—	—	—	(35,870)	(35,870)	—	(35,870)
Issue of ordinary shares[1]	174	105	—	(279)	—	—	—
Recognition of share based payments	—	2,681	—	—	2,681	—	2,681
Balance at 31 December 2022 (restated)	21,583	30,192	(48,087)	450,318	454,006	2,923	456,929
As at 31 December 2022, as previously reported	21,583	30,192	755	370,258	422,788	2,923	425,711
Impact of application of IFRS 17 (Note 4)	—	—	20,984	10,518	31,502	—	31,502
Impact of application of IFRS 9 (Note 4)	—	—	(69,826)	69,542	(284)	—	(284)
Restated balance at 1 January 2023	21,583	30,192	(48,087)	450,318	454,006	2,923	456,929
Profit after taxation	**—**	**—**	**—**	**69,541**	**69,541**	**—**	**69,541**
Other comprehensive income/(expense) for the period	**—**	**—**	**24,283**	**(1,408)**	**22,875**	**—**	**22,875**
Total comprehensive income for the period	**—**	**—**	**24,283**	**68,133**	**92,416**	**—**	**92,416**
Dividends paid and approved on ordinary and preference shares	**—**	**—**	**—**	**(72,026)**	**(72,026)**	**—**	**(72,026)**
Issue of ordinary shares[1]	**161**	**1,647**		**(1,808)**	**—**	**—**	**—**
Recognition of share based payments	**—**	**2,640**	**—**	**—**	**2,640**	**—**	**2,640**
Balance at 31 December 2023	**21,744**	**34,479**	**(23,804)**	**444,617**	**477,036**	**2,923**	**479,959**

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

Company Statement of Financial Position

At 31 December 2023

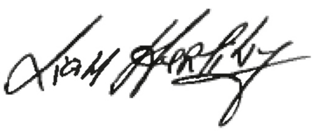
	Note	2023 €000s	2022 €000s
Assets			
Investments			
Investment in subsidiaries	33	**91,831**	91,831
Financial assets		**1**	1
		91,832	91,832
Cash and cash equivalents		**11,072**	5,527
Retirement benefit surplus		**1,549**	1,988
Other receivables		**4,781**	6,248
Total assets		**109,234**	105,595
Equity and liabilities			
Equity			
Called up share capital presented as equity	28	**21,744**	21,583
Capital reserves	29(b)	**34,479**	30,192
Retained earnings		**44,593**	48,069
Shareholders' funds – equity interests		**100,816**	99,844
Preference share capital	31	**2,923**	2,923
Equity attributable to equity holders of the parent		**103,739**	102,767
Liabilities			
Other provisions	26(b)	**2,500**	—
Other payables	25(b)	**2,801**	2,579
Deferred taxation liability		**194**	249
Total equity and liabilities		**109,234**	105,595

The profit attributable to shareholders in the financial statements of the holding company for the year ended 31 December 2023 was €69,096,000 (2022: €36,974,000). As permitted by Section 304 of the Companies Act 2014, the Income Statement of the Company has not been separately presented in these financial statements.

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board and authorised for issue on 7 March 2024.

They were signed on its behalf by:



Liam Herlihy
Chairman

Tomás Ó Midheach
Group Chief Executive Officer

Company Statement of Cash Flow

For the financial year ended 31 December 2023

	2023 €000s	2022 €000s
Cash flows from operating activities		
Profit before taxation	**68,683**	36,513
Adjustments for:		
Share-based payment expense	**4,350**	2,943
Operating cash flows before movement in working capital	**73,033**	39,456
Movement on receivables	**1,889**	(1,691)
Movement on payables	**2,649**	215
Net cash generated from operating activities	**77,571**	37,980
Net cash generated from investing activities	**—**	—
Cash flows from financing activities		
Ordinary and preference dividends paid	**(72,026)**	(35,870)
Net cash used in financing activities	**(72,026)**	(35,870)
Net increase in cash and cash equivalents	**5,545**	2,110
Cash and cash equivalents at the beginning of the financial year	**5,527**	3,417
Cash and cash equivalents at the end of the financial year	**11,072**	5,527

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

For the financial year ended 31 December 2023

	Called up share capital presented as equity €000s	Capital reserves €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	47,308	96,123	2,923	99,046
Profit after taxation	—	—	36,974	36,974	—	36,974
Other comprehensive expense after taxation	—	—	(326)	(326)	—	(326)
Total comprehensive income for the year	—	—	36,648	36,648	—	36,648
Issue of ordinary shares[1]	174	105	(17)	262	—	262
Dividends paid and approved on ordinary and preference shares	—	—	(35,870)	(35,870)	—	(35,870)
Recognition of share based payments	—	2,681	—	2,681	—	2,681
Balance at 31 December 2022	21,583	30,192	48,069	99,844	2,923	102,767
Profit after taxation	**—**	**—**	**69,096**	**69,096**	**—**	**69,096**
Other comprehensive expense after taxation	**—**	**—**	**(448)**	**(448)**	**—**	**(448)**
Total comprehensive income for the year	**—**	**—**	**68,648**	**68,648**	**—**	**68,648**
						—
Issue of ordinary shares[1]	**161**	**1,647**	**(98)**	**1,710**	**—**	**1,710**
Dividends paid and approved on ordinary and preference shares	**—**	**—**	**(72,026)**	**(72,026)**	**—**	**(72,026)**
Recognition of share based payments	**—**	**2,640**	**—**	**2,640**	**—**	**2,640**
Balance at 31 December 2023	**21,744**	**34,479**	**44,593**	**100,816**	**2,923**	**103,739**

[1] Further information on the issue of ordinary shares can be found in Note 29(b).

Notes to the Financial Statements

1 GENERAL INFORMATION

FBD Holdings plc is an Irish registered public limited company. The registration number of the company is 135882. The address of the registered office is FBD House, Bluebell, Dublin 12, Ireland. FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, businesses and retail customers. Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a leading general insurer serving the needs of its direct agricultural, business and retail customers throughout Ireland. It has a network of 34 branches nationwide.

2 GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of this report.

In making this assessment the Directors considered up to date solvency, liquidity and profitability projections for the Group. The basis of this assessment was the Budget 2024 and projections for 2025 which reflect the latest assumptions used by the business. The economic environment may impact on premiums including potential reductions in exposures, new business and retention levels. Expense assumptions can change depending on the level of premiums as discretionary spend and resources are adjusted. There were a number of scenario projections run as part of the ORSA process as well as a number of more extreme stress events and in all scenarios the Group's capital ratio remained in excess of the Solvency Capital Requirement and in compliance with liquidity policies.

The Directors considered the liquidity requirements of the business to ensure it is projected to have cash resources available to pay claims and other expenditure as they fall due. The business is expected to have adequate cash resources available to support business requirements. 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. The Group developed an Operational Resilience Framework and performed a self-assessment against it during the year which is used to enhance governance and controls of Important Business Services.

On the basis of the projections for the Group, the Directors are satisfied that there are no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of this report. Therefore the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The Group and Company financial statements are prepared in compliance with the Companies Acts 2014.

Consideration of climate change

In preparing the financial statements the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosure on pages 34 to 48 this year. There has been no material impact identified on the financial reporting estimates and judgements. In particular, the Directors have considered the impact of climate change in respect of the following areas:

- Viability assessment of the Group and future cash flow forecasts;
- Cash flow forecasts included in the impairment testing on page 170; and

- Valuation of the investment property on page 207 and property held for own use on pages 209 to 210. The Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against estimates and judgements made in preparation of the Group's financial statements.

Adoption of new and revised International Financial Reporting Standards ("IFRSs")

Standards adopted during the period

In the current year, the Group has adopted or applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023, unless otherwise stated.

- IFRS 17, Insurance Contracts
- IFRS 9, Financial Instrument
- Amendment to IAS 1, Presentation of Financial Statements
- Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

Other than the adoption of IFRS 17 and IFRS 9, the amendments of the standards have not had a material impact on the financial statements of the Group. Refer to note 4 for transitional impact.

Accounting policies

The principal accounting policies adopted by the Board are detailed below. All accounting policies are applicable to the consolidated and Company financial statements unless stated otherwise.

A) ACCOUNTING CONVENTION

The consolidated and Company financial statements are prepared under the historical cost convention as modified by the revaluation of property, investments classified as fair value through profit and loss, investments classified as fair value through Other Comprehensive Income and investment property, which are measured at fair value and insurance contracts and reinsurance contracts have been measured in accordance with accounting policies described in Note 3 E).

B) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings to 31 December. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over an investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any transaction costs incurred are expensed in the period in which they occur. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups), that are classified as held for sale in accordance with IFRS 5, Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs of sale.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Consolidated Income Statement.

When the Group loses control of a subsidiary, the profit or loss on the sale is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in the Consolidated Statement of Comprehensive Income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, costs on initial recognition of an investment in an associate or jointly controlled entity.

C) INVESTMENTS IN SUBSIDIARIES (Company only)

Investments in subsidiaries are accounted for at cost less accumulated impairment losses. The Company reviews whether there is any indication of impairment at each reporting date. Impairment testing involves comparing the carrying amount of the investment to its recoverable amount. The recoverable amount is higher of the fair value less costs of disposal and its value in use. If impairment occurs, this loss is recognised in the Income Statement.

Dividend income from investments in subsidiaries is recognised when the Company's right to receive has been established.

D) REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received or receivable on the following;

- Insurance revenue – insurance revenue is accounted for in accordance with policy (E).
- Investment income, included within 'Total investment return', is accounted for as per below.
- Interest income is accrued on a time basis with reference to the principal outstanding at the effective interest rate applicable.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.
- Rental income is recognised on a straight-line basis over the period of the lease.
- 'Revenue from contracts with customers' comprises broking commission which is recognised as the Group satisfies its performance obligations. The Group's performance obligation in relation to broking commissions is satisfied at the point in time when the underlying policy has been contractually agreed between the insured and the provider. The transaction price is the expected commission income receivable by the Group for the satisfaction of this performance obligation. The transaction price includes a variable consideration estimation on the basis that elements of commissions receivable are dependent on the outcome of future events, namely the underlying policies sold remaining in force, and are paid in future periods. Thus, an expected level of lapses is applied to policies sold in order to calculate an appropriate commission receivable in relation to the satisfaction of the performance obligation. Variable consideration is only recognised to the extent that it is highly probable that a significant reversal of revenue would not occur.

E) INSURANCE CONTRACTS

(i) Definition and classification

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

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

(ii) Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contract

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

Level of aggregation/Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured.

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Recognition, modification and de-recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

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

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

The Group derecognises insurance contracts when:

- the rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired), or
- the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Contract boundary

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

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

Initial and subsequent measurement - groups of contracts measured under the PAA

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

The Group is eligible to apply the PAA because the following criteria are met at initial recognition:

- insurance contracts and losses-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the measurement that would be produced applying the general measurement model (GMM).

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group;
- reflect conditions existing at the measurement date; and
- include a separate estimate for non-financial risk.

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

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

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

As part of the claims settlement process, under some of the insurance contracts that have been written in the property line of business where there are salvageable items, the Group will dispose or sell such items. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

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

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

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

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

Insurance acquisition cash flows

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

- costs directly attributable to individual contracts and groups of contracts; and

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

For all groups, insurance acquisition cash flows will be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

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

Initial measurement

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

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

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

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

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in the Consolidated Income Statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF. A loss component is established by the Group for the LRC for such onerous groups depicting the losses recognised and included in the LRC.

Subsequent measurement

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

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

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

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC by the addition of a loss component provision. The inclusion of a loss component provision sets the value of the LRC equal to the value that would be measured if the GMM was used as the measurement model. The amount of the loss component is recognised in insurance service expenses. The loss component is amortised over the remaining coverage period of the contracts within the onerous group. If subsequent facts and circumstances indicate that the expected fulfilment cash flows for the LRC of the onerous group has changed, then the Group will remeasure the FCF and readjust the loss component accordingly.

Reinsurance contracts held

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

- The adoption of the PAA is adapted to reflect the features of reinsurance contracts that differ from insurance contracts;
- References to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract. By the nature of the Group's reinsurance treaties currently in effect, there are no reinsurance contracts held that are a net gain on initial recognition nor that are deemed as having no significant possibility of being a gain.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

- The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:
  - the beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held); and
  - the date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.
- The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.
- Reinsurance held cash flows are defined to be within the contract boundary of the reinsurance contract if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.
- The excess of loss reinsurance contracts held provide coverage for claims incurred during an accident year.
- All cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.
- In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.
- On initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
  - the remaining coverage; and
  - the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Instead of at initial recognition, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

At each of the subsequent reporting dates, the remaining coverage is:

  - increased for ceding premiums paid in the period; and
  - decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

- Where a loss component provision has been established for a group of onerous insurance contracts then a corresponding loss-recovery component may be established for any expected reinsurance recovery in respect of those onerous contracts. The loss-recovery component shall not exceed the portion of the loss component that the entity expects to recover from the relevant group of reinsurance contracts held.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The Group has been able to apply the fully retrospective approach with the exception of using the modified retrospective approach for the choice of initial recognition yield curves for underwriting years 2015 and prior.

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

(iii) Amounts recognised in comprehensive income

Insurance revenue

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

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

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

Insurance service expenses

Insurance service expenses include the following:

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

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

Net income /(expense) from reinsurance contracts held

The Group presents separately on the face of the Consolidated Income Statement, the change in amounts recoverable from reinsurers and the reinsurance expense. Re-instatement premiums contingent on claims on the underlying contracts are treated as part of the claims that are expected to be reimbursed under the reinsurance contracts held. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

Finance income/ (expense) from insurance contracts issued

Insurance finance income or expense comprise the change in the carrying amount of the group of insurance contracts arising from:

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

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

F) OTHER PROVISIONS

Other provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the provision can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at management's best estimate, at the balance sheet date, of the expenditure required to settle the obligation.

The provision for State subsidies represents the Group's current estimate of the constructive obligation arising from the deduction of State subsidies from Business Interruption claims payments following Covid-19 closures. The best estimate of the constructive obligation is based on the current information available to the Group.

G) PROPERTY, PLANT AND EQUIPMENT

(i) Property

Property held for own use in the supply of services or for administrative purposes is stated at revalued amounts, being the fair value at the date of revaluation which is determined by professional valuers, less subsequent depreciation for buildings. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation increase arising on the revaluation of such property is recognised in Other Comprehensive Income and credited to the revaluation reserve within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised. A decrease on revaluation is charged as an expense to the Consolidated Income Statement to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluation of that asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement and any associated revaluation surplus is transferred to retained earnings.

(ii) Computer equipment and fixtures and fittings

Computer equipment and fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation

Depreciation is provided in respect of computer equipment and fixtures and fittings, and is calculated in order to write off the cost or valuation of the assets over their expected useful lives on a straight line basis over a three to ten year period. Depreciation on assets under development commences when the assets are ready for their intended use.

Buildings are depreciated to their residual value over the useful economic life of the building, on a straight line basis. Land is not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed at least each financial year end and adjusted if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

Buildings: 30 years

Computer equipment: 3-5 years

Fixtures and fittings: 10 years

H) POLICY ADMINISTRATION SYSTEM

The policy administration system is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided in respect of the policy administration system and is calculated in order to write off the costs incurred to date, over its remaining useful life which is determined to be 2.5 years on a straight line basis.

I) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and less any accumulated impairment losses. Intangible assets comprise computer software and these assets are amortised on a straight line basis over a five year period.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

J) INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is recognised initially at cost and stated at fair value at the reporting date being the value determined by qualified independent professional valuers. Gains or losses arising from changes in the fair value are recognised in the Consolidated Income Statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement for the period in which the property is derecognised.

K) FINANCIAL INSTRUMENTS

a.Recognition, classification and measurement

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

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

- amortised cost;
- fair value through Other Comprehensive Income (FVOCI); or
- fair value through profit and loss (FVTPL).

The Group determines the appropriate classification based on:

(i) the business model for managing the financial assets: how the Group manages its financial assets in order to generate cash flows—either by collecting contractual cash flows, selling the asset or both; and

(ii) the contractual cash flow characteristics of the financial asset: the Solely Payments of Principal and Interest (SPPI) test - whether the contractual terms of the financial asset give rise to, on specified dates, cash flows that are solely payments of principal and interest.

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

(i) the financial asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specific dates to cash flows that are SPPI on the principal amount outstanding.

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

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(ii) the contractual terms of the financial asset give rise on specific dates to cash flows that are SPPI on the principal amount outstanding.

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

Investments at FVOCI

FVOCI investments relate to quoted debt securities. These investments pass the SPPI test and are classified as FVOCI as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. They are recognised on a trade date basis at fair value, and are subsequently revalued at each reporting date to fair value, with gains and losses being included directly in the Statement of Comprehensive Income until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised in the Statement of Comprehensive Income, is included in the Consolidated Income Statement for the year.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount.

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

Investments at FVTPL

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

Loans

Loans are recognised on a trade date basis at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method. When it is not possible to estimate reliably the cash flows or the expected life of a loan, the projected cash flows over the full term of the loan are used to determine fair value.

Other receivables

Other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost, after recognising a loss allowance for ECLs (note 3 K (c)).

Deposits with banks

Term deposits with banks comprise cash held for the purpose of investment. Short term deposits with banks are held for operating purposes and included in cash and cash equivalents. Deposits with banks and cash and cash equivalents are valued at amortised cost.

Subordinated debt

Subordinated debt issued by the Group comprise callable dated deferrable subordinated notes. This is callable by FBD Insurance plc. The subordinated debt is measured at amortised cost using the effective interest rate method. Interest and amortisation relating to the financial liability is recognised in the Consolidated Income Statement.

b. Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows of the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability to the extent of its continuing involvement in the financial asset. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Impairment of financial instruments

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

- financial assets at FVOCI
- financial assets at amortised cost

Financial assets at FVOCI

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

Stage 1: 12-month expected credit losses (not credit-impaired)

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

Stage 2: Lifetime expected credit losses (not credit-impaired)

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

Stage 3: Lifetime expected credit losses (credit-impaired)

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

Financial assets at amortised cost

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

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

L) LEASES

(i) The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

carrying amount of the leased asset and recognised on a straight-line basis over the operating lease term.

(ii) The Group as Lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The right of use asset is recognised as an amount equal to the lease liability, adjusted for amount of any prepaid or accrued lease payments relating to the lease.

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use assets for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

M) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and money market funds with maturities of 3 months or less held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Deposits with banks and cash and cash equivalents are valued at amortised cost. The money market funds are valued at fair value through profit and loss.

The Group classifies cash flows related to the purchase and sale of equity and debt instruments and deposits with banks as investing cash flows. In the Group's view, this gives more useful information to the users of the financial statements given the nature and scope of the activities of the Group.

The Group has chosen to present interest paid and interest received on debt and equity instruments as operating cash flows. The group classifies cash flows related to interest on subordinated debt as financing activities. In the Group's view, this gives more useful information to the users of the financial statements given the nature and scope of the activities of the Group.

N) TAXATION

Income tax expense or credit represents the sum of income tax currently payable and deferred income tax. Income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are not taxable or deductible.

The Group's liability for income tax is calculated using rates that have been enacted or substantively enacted at the reporting date. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

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

Deferred income tax is provided, using the liability method, on all differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realised or the liability to be settled.

Deferred tax assets are recognised for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred income tax asset to be utilised.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

O) RETIREMENT BENEFITS

The Group provides either defined benefit or defined contribution retirement benefit schemes for the majority of its employees.

(i) Defined benefit scheme

A full actuarial valuation of the scheme is undertaken every three years and is updated annually to reflect current conditions in the intervening periods for the purposes of preparing the financial statements.

The liability or asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Income Statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Income Statement as past service costs.

(ii) Defined contribution schemes

Costs arising in respect of the Group's defined contribution retirement benefit schemes are charged to the Consolidated Income Statement in line with the service received.

P) CURRENCY

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Group's non Euro-zone operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the exchange rates at the date of transactions are used. Exchange differences that are classified as equity are transferred to the translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed.

Q) SHARE-BASED PAYMENTS AND LONG TERM INCENTIVE PLANS

The Group operates a long-term incentive plan based on non-market vesting conditions. The fair value of the non-market based awarded shares is determined with reference to the share price of the Group at the date of grant. The cost is expensed in the Consolidated Income Statement over the vesting period at the conclusion of which the employees become unconditionally entitled to the shares once performance conditions are met. The corresponding amount to the expense is credited to a separate reserve in the Statement of Financial Position. At each period end, the Group reviews its estimate of the number of shares that it expects to vest and any adjustment relating to current and past vesting periods is brought to the Consolidated Income Statement. The share awards are all equity settled.

R) TREASURY SHARES

Where any Group company purchases the Company's equity share capital, the consideration paid is shown as a deduction from ordinary shareholders' equity. Consideration received on the subsequent sale or issue of treasury shares is credited to ordinary shareholders' equity. Treasury shares are excluded when calculating earnings per share.

S) IMPAIRMENT OF ASSETS

(i) Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows attributable to the asset (or cash-generating unit) are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where a revaluation loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no revaluation loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of a revaluation loss, other than in relation to goodwill, is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the revaluation loss is treated as a revaluation increase.

(ii) Impairment of financial assets

Note 3 (K) (c) outlines the policy for accounting for impairment of financial assets.

T) OTHER PAYABLES

Other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short-term nature of these liabilities.

U) CALLED UP SHARE CAPITAL

Ordinary shares are classified in shareholders' equity when there is no obligation to transfer cash or other assets to the holders.

V) CAPITAL RESERVES

Capital reserves represents transfers from share capital, retained earnings and other reserves in accordance with relevant transactions throughout the reporting period.

W) PREFERENCE SHARE CAPITAL

Preferred shares issued by the Group are recorded as equity when there is no contractual obligation to redeem and there is no contractual obligation to deliver cash or other financial assets.

X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are set out on pages 153 to 171. In the application of these accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The key sources of judgement and estimation in the preparation of the financial statements are detailed below. The judgements and estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgements and estimates are recognised in the period in which the judgement or estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Estimates of future cash flows to fulfil insurance/ reinsurance contracts

The Group estimates insurance liabilities in relation to claims incurred. In estimating future cash flows, the Group incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal information and external historical data about claims and other experience, updated to reflect current expectations of future events.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding final claim settlement amounts leading to claims and claims-handling expenses growth. As a result of the uncertainties noted, the holds Group a risk adjustment for non-financial risk in the insurance contracts liabilities to reflect the uncertainty relating to all non-financial risks.

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

Methods used to measure the LIC

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

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

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

The estimation of outstanding claims also includes factors such as the potential for inflation and the potential impact of the Personal Injuries Guidelines. Provisions for more recent claims make use of techniques that incorporate expected loss ratios and average claims costs (adjusted for inflation) and frequency methods. The average claims cost and frequency methods are particularly relevant when calculating the ultimate cost of the current accident year.

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

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

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

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

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

Discount rates

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

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

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

The illiquidity premium is determined by reference to observable market rates. The reference asset portfolio for the company's liabilities is the sovereign and corporate bond portfolio. The liquidity profile of the assets is similar to the liquidity profile of the liabilities. The Group's approach to determining the illiquidity premium in the bond portfolio is to determine the yield reference asset portfolio and deduct the equivalent risk-free rate after adjusting for credit risk.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

	Currency	1 year	3 years	5 years	10 years	15 years	20 years
31 Dec 2023	EUR	**3.5 %**	**2.6 %**	**2.5 %**	**2.5 %**	**2.6 %**	**2.5 %**
31 Dec 2022	EUR	3.3 %	3.3 %	3.2 %	3.2 %	3.1 %	2.9 %

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates. Diversification benefits were considered to account for the low probability of all unfavourable outcomes occurring at the same time and the correlation (or lack thereof) of some possible outcomes.

The risk adjustment is calculated at the entity level and then allocated down to each group of contracts in accordance with their risk profiles. Allocations of the risk adjustment to each underwriting year(annual cohort) of contracts and over portfolios are made based on a systematic approach using management judgement. This typically involves allocating a higher proportion of risk adjustment to longer tailed lines and more recent underwriting years that are less developed and therefore more uncertain, compared to the proportion of risk adjustment allocated to older, more developed years. A confidence level approach is used to derive the overall risk adjustment for non-financial risk. The Group aim to target a risk adjustment within a range between the 75th and 80th percentiles. At year-end 2023, the risk adjustment for non-financial risk was at the 80th percentile, and was unchanged from year-end 2022.

As the Group is using the PAA method, a risk adjustment for non-financial risk is only required for the LIC and not the LRC (unless there is an onerous group).

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk transferred to the reinsurer as the difference between the two results. The methods and assumptions used to determine the risk adjustment for non-financial risk for year-end 2023 were the same as the those used for the restatement of the previous periods under IFRS 17.

Uncertainties in impairment testing

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

The Group has carried out impairment testing on tangible and intangible assets. The recoverable amount of an asset is the higher of its value in use or its fair value less costs to sell. In the case of the Property, Plant and Equipment (excluding Owner occupied property which is held at revalued amount), Policy administration system, Intangible assets and Right of use assets there is no reliable estimate of the price at which an orderly transaction to sell the assets would take place and there are no direct cash-flows expected from the individual assets.

These assets are an integral part of the FBD General Insurance business, therefore, the smallest group of assets that can be classified as a cash generating unit is the FBD General Insurance business.

The Value in Use cash flow projections are based on the budget 2024 figures approved by the Board in December 2023 and the five year strategic projections approved by the Board in quarter four 2023, and factor in both past experience as well as expected future outcomes related to market data and the strategy adopted. The 2029 figures are extrapolated assuming the performance in 2029 is in line with 2028. The time period of six years used in the cash flow projections is less than the weighted average remaining useful life of the assets in the FBD General Insurance business being assessed. This projection and plan represent management's best estimate of future underwriting profits and fee income for FBD.

The underlying assumptions of these forecasts include average premium, number of policies written, claims frequency, claims severity, weather experience, inflation, commission rates, fee income charges and expenses. The average gross written premium growth rate used for 2024 is 6%, for 2025 is 7%, followed by a 5% growth rate for 2026 and 4% for 2027 and 2028. 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 9.0% which is considered a reasonable estimate following the recent increase in risk free rates.

Sensitivity analysis was performed on the projections to allow for possible variations in the amount of the future cash flows and potential discount rate changes. The sensitivities include climate change scenarios in line with the ORSA, additional inflation in claims settlements, claims frequency increases, reduced growth rates and positive impacts of new initiatives.

The level of headroom has remained in line with year-end 2022, and in all scenarios run, the value in use of the cash generating unit exceeded the carrying value of the assets, demonstrating that no reasonably possible change in key assumptions would result in an impairment of the assets. The largest reduction in the level of headroom was from a climate change scenario.

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS

The following new standards have been adopted by the Group during the year ended 31 December 2023:

- IFRS 9 'Financial Instruments'; and
- IFRS 17 'Insurance Contracts'.

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

IFRS 9 'Financial Instruments'

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

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

Financial assets within the scope of IFRS 9 are required to be classified as being measured, subsequent to initial recognition, at amortised cost (AC), fair value through Other Comprehensive Income (FVOCI) or fair value through profit or loss (FVTPL). The assessment of how an asset should be classified is dependent on both the overall objective of the business model within which the asset is held and whether the contractual terms of the financial asset give rise to, on specified dates, cash flows that are solely payments of principal and interest (SPPI). IFRS 9 introduces a new forward-looking impairment model based on expected credit losses (ECL) rather than incurred losses. The accounting for financial liabilities remains largely consistent with that applied under IAS 39, except for recognition of changes in own credit risk in Other Comprehensive Income for certain liabilities designated at fair value through profit or loss.

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

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

The table below shows the impact of classification and measurement under IAS 39 and under IFRS 9.

Financial assets	Original measurement (IAS 39)	Revised measurement (IFRS 9)
Quoted debt securities	Available for sale (AFS)	FVOCI
Cash and cash equivalents	Amortised cost (AC)	AC
Collective investment schemes	Held for trading (HFT)	FVTPL
Receivables	AC	AC
Unquoted investments	AFS	FVTPL
Loans	AC	AC
Deposits with banks	AC	AC

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Financial liabilities	Original measurement (IAS 39)	Revised measurement (IFRS 9)
Subordinated debt	AC	AC
Other payables	AC	AC

On adoption of IFRS 9, the Group has reviewed the treatment of investments at FVTPL in the cash flow statement. Previously, the purchases and sales of 'held for trading' investments were included in cash flows from operating activities. Following the adoption of IFRS 9, the Group classifies purchases and sales of investments classified as FVTPL as cash flows from investing activities as it gives more useful information to the users of the financial statements given the nature and scope of the activities of the Group. The cash flow statement has been restated for this change in classification.

IFRS 17 'Insurance contracts'

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The core of IFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts. The Group are eligible to apply the PAA to all insurance contracts issued and reinsurance contracts held, and have elected to apply the PAA in all cases. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the LRC, comprising the fulfilment cash flows related to future service allocated to the group at that date, and the LIC, comprising the FCF and risk adjustment for non-financial risk related to past service allocated to the group at that date.

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are required to be further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

Under the Premium Allocation Approach (PAA) it is assumed no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. IFRS 17 also requires that no group for level of aggregation purposes, may contain contracts issued more than one year apart.

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

Discounting claims reserves

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

The impact of discounting cash flows related to incurred claims became significantly more prevalent throughout 2022 and 2023 in line with the rising interest rate environment.

Remeasurement of claims reserves under IFRS 17

Under IFRS 17 the measurement of the LIC, (previously claims outstanding and incurred but not reported claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The introduction of the risk adjustment calculation as an allowance for uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled replaces the margin for uncertainty previously in existence under IFRS 4 and resulted in a reduction of the liabilities on transition.

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Remeasurement of insurance acquisition cashflows

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

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

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

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

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

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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

Consolidated Statement of Financial Position Financial statement line item IFRS 4 & IAS 39	Previously Reported Year ended 31/12/2022 €000s	Classification adjustment Year ended 31/12/2022 €000s	Remeasurement adjustment Year ended 31/12/2022 €000s	Restated Year ended 31/12/2022 €000s	Financial statement line item IFRS 17 & IFRS 9
Loans	580	—	(12)[1]	568	Loans
Available for sale investments	834,994	(1,129)[2]	—	833,865	Debt instruments at FVOCI
Investments held for trading	132,965	1,129[2]	—	134,094	Equity and debt instruments at FVTPL
Deposits with banks	10,000	-	-	10,000	Deposits
Reinsurance assets	138,785	(4,830)[3]	2,702[4]	136,657	Reinsurance contract assets
Deferred taxation asset	8,091	-	(4,462)[5]	3,629	Deferred taxation asset
Deferred acquisition costs	38,520	(38,520)[6]	—	—	-
Other receivables	58,307	(42,847)[6]	(312)[1]	15,148	Other receivables
Cash and cash equivalents	162,398	2,842 [7]	—	165,240	Cash and cash equivalents
All other assets (unaffected)	88,351	—	—	88,351	All other assets (unaffected)
Total assets	1,472,991	(83,355)	(2,084)	1,387,552	**Total assets**
Called up share capital presented as equity	21,583	—	—	21,583	Called up share capital presented as equity
Capital reserves	30,192	—	—	30,192	Capital reserves
Revaluation reserve	755	(69,826)[8]	20,984[4,5,9]	(48,087)	Other reserves
Retained earnings	370,258	69,826[8]	10,234[1,4,5,9]	450,318	Retained earnings
Preference share capital	2,923	—	—	2,923	Preference share capital
Total equity	425,711	—	31,218	456,929	**Total equity**
Insurance contract liabilities	932,677	(72,754)[6,7,10]	(33,302)[4,9]	826,621	Insurance contract liabilities
-	—	610 [6]	—	610	Reinsurance contract liabilities
Other provisions	11,615	(512)[10]	—	11,103	Other provisions
Payables	46,327	(10,699)[3,6,7,10]	—	35,628	Other payables
All other liabilities (unaffected)	56,661	—	—	56,661	All other liabilities (unaffected)
Total liabilities	1,047,280	(83,355)	(33,302)	930,623	**Total liabilities**
Total liabilities and equity	1,472,991	(83,355)	(2,084)	1,387,552	**Total liabilities and equity**

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Notes

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

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

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

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

5 Tax on transitional adjustments.

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

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

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

9 IFRS 17 remeasurement of insurance acquisition cashflows.

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

Total Consolidated Comprehensive Income Financial statement line item IFRS 4 & IAS 39	Previously Reported Year ended 31/12/2022 €000s	Classification adjustment Year ended 31/12/2022 €000s	Measurement adjustment Year ended 31/12/2022 €000s	Restated Year ended 31/12/2022 €000s	Financial statement line item IFRS 17 & IFRS 9
Income					
Gross written premium	382,889	(3,192) [1,5,6]	—	379,697	Insurance revenue
Reinsurance premiums	(40,016)	5,202 [1,2,6]	—	(34,814)	Reinsurance expense
Change in net provision for unearned premiums	(7,019)	7,019[6]	—	—	
Net investment return	(10,413)	(340)[3,4]	—	(10,753)	Total investment return
Revenue from contracts with customers	3,173	—	—	3,173	Revenue from contracts with customers
Other financial services income	4,812	(4,812)[1,5]	—	—	
Expenses					
Net claims and benefits	(145,807)	3,125[6]	11,441[7,8]	(131,241)	Insurance service expenses
—	—	(2,971)[2,6]	(8,970) [7]	(11,941)	Change in amounts recoverable from reinsurers for incurred claims
Other underwriting expenses	(95,962)	28,118 [1,2,9]	(2,753)[8,10]	(70,597)	Insurance service expenses
	—	(33,048)[9]	—	(33,048)	Non-attributable expenses
Financial services and other costs	(6,685)	559 [1]	81 [11]	(6,045)	Financial services income and expenses
—	—	—	(8,731)[7]	(8,731.00)	Finance income/(expense) from insurance contracts issued
—	—	—	1,389[7]	1,389	Finance income/(expense) from reinsurance contracts held
All other expenses (unaffected)	(11,249)	—	—	(11,249)	All other expenses (unaffected)
Profit before taxation	73,723	(340)	(7,543)	65,840	Profit before taxation
Income taxation charge	(9,269)	43[13]	942[13]	(8,284)	Income taxation charge
Profit for the financial year	**64,454**	**(297)**	**(6,601)**	**57,556**	**Profit for the financial year**

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Total Consolidated Comprehensive Income Financial statement line item IFRS 4 & IAS 39	Previously Reported Year ended 31/12/2022 €000s	Classification adjustment Year ended 31/12/2022 €000s	Measurement adjustment Year ended 31/12/2022 €000s	Restated Year ended 31/12/2022 €000s	Financial statement line item IFRS 17 & IFRS 9
Movement on available for sale financial assets during the year	(90,271)	510[3,4]	—	(89,761)	Net gains/(losses) on investments in debt securities measured at FVOCI
Movement transferred to the Consolidated Income Statement on disposal during the year	129	(170)[3,4]	—	(41)	Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal
—	—	—	42,388[12]	42,388	Finance income/(expense) from insurance contracts issued
—	—	—	(8,202)[12]	(8,202)	Finance income/(expense) from reinsurance contracts held
Income tax relating to these items	11,268	(43)[13]	(4,274)[13]	6,951	Income tax relating to these items
All other OCI (unaffected)	(1,985)	—	—	(1,985)	All other OCI (unaffected)
Other Comprehensive Expense after taxation	(80,859)	297	29,912	(50,650)	Other Comprehensive Expense after taxation
Total comprehensive (expense)/income for the year	(16,405)	—	23,311	6,906	**Total comprehensive (expense)/ income for the period**

Notes

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

2 Reinstatement premiums contingent on claims on the underlying contracts are treated as part of the claims that are expected to be reimbursed under the reinsurance contracts held and were previously included within 'Reinsurance premiums' under IFRS 4. Reinsurance commission offset against reinsurance expense under IFRS 17, included in 'Other underwriting expenses' under IFRS 4.

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

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

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

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

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

8 IFRS 17 remeasurement of claims handling expenses.

9 Non-attributable expenses presented separately under IFRS 17.

10 IFRS 17 remeasurement of insurance acquisition cashflows.

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

12 IFRS 17 impact of discounting LIC recognised through Consolidated OCI.

13 Tax on transitional adjustments.

4 FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

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

Consolidated Statement of Financial Position Financial statement line item IFRS 4 & IAS 39	Previously Reported Year ended 31/12/2021 €000s	Classification adjustment €000s	Measurement adjustment €000s	Restated 01/01/2022 €000s	Financial statement line item IFRS 17 & IFRS 9
Loans	577	—	(17) [1]	560	Loans
Available for sale investments	893,715	(1,220) [2]	—	892,495	Debt instruments at FVOCI
Investments held for trading	137,547	1,220 [2]	—	138,767	Equity and debt instruments at FVTPL
Reinsurance assets	196,960	(6,557) [3]	18,485 [4]	208,888	Reinsurance contract assets
Deferred acquisition costs	35,458	(35,458) [6]	—	—	-
Other receivables	58,047	(41,749) [6]	(388) [1]	15,910	Other receivables
Cash and cash equivalents	164,479	6,497 [7]	—	170,976	Cash and cash equivalents
All other assets (unaffected)	93,225	—	—	93,225	All other assets (unaffected)
Total assets	1,580,008	(77,267)	18,080	1,520,821	**Total assets**
Called up share capital presented as equity	21,409	—	—	21,409	Called up share capital presented as equity
Capital reserves	27,406	—	—	27,406	Capital reserves
Revaluation reserve	752	8,751 [8]	(8,928) [4,5,9]	575	Other reserves
Retained earnings	422,815	(8,751) [8]	16,835 [1,4,5,9]	430,899	Retained earnings
Preference share capital	2,923	—	—	2,923	Preference share capital
Total equity	475,305	—	7,907	483,212	Total equity
Insurance contract liabilities	985,404	(64,466) [3,6,7,10]	9,043 [4,9]	929,981	Insurance contract liabilities
—	—	788 [6]	—	788	Reinsurance contract liabilities
Other provisions	13,492	(1,221) [10]	—	12,271	Other provisions
Deferred taxation liability	2,761	—	1,130 [5]	3,891	Deferred taxation liability
Payables	41,657	(12,368) [3,6,7,10]	—	29,289	Other payables
All other liabilities (unaffected)	61,389	—	—	61,389	All other liabilities (unaffected)
Total liabilities	1,104,703	(77,267)	10,173	1,037,609	**Total liabilities**
Total liabilities and equity	1,580,008	(77,267)	18,080	1,520,821	**Total liabilities and equity**

Notes

1 Remeasurement relates to the recognition of expected credit losses recognised on 'Loans' and 'Other receivables' under IFRS 9.

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

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

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

5 Tax on transitional adjustments.

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

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

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

9 IFRS 17 remeasurement of insurance acquisition cashflows.

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

5 SEGMENTAL INFORMATION

(a) Operating segments

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

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

2023	General insurance €000s	Financial services €000s	Other group activities €000s	Total €000s
Insurance revenue	401,026	—	—	401,026
Insurance service expenses	(210,052)	—	—	(210,052)
Net expense from reinsurance contracts held	(64,666)	—	—	(64,666)
Insurance service result	126,308	—	—	126,308
Total investment return	18,707	—	387	19,094
Net insurance finance expenses	(2,911)	—	—	(2,911)
Net insurance and investment result	142,104	—	387	142,491
Other finance costs	(2,559)	—	—	(2,559)
Non-attributable expenses	(34,018)	—	—	(34,018)
Movement in other provisions	(15,831)	—	(2,500)	(18,331)
Revenue from contracts with customers	—	2,468	—	2,468
Financial services income and expenses	237	(3,550)	(3,620)	(6,933)
Impairment of property, plant and equipment	(1,708)	—	—	(1,708)
Profit/(loss) before taxation	88,225	(1,082)	(5,733)	81,410
Income taxation (charge)/credit	(12,387)	128	390	(11,869)
Profit/(loss) for the period	75,838	(954)	(5,343)	69,541
Other information				
Insurance acquisition expenses	(75,909)	—	—	(75,909)
Depreciation/amortisation	(12,799)	—	—	(12,799)
Impairment of other assets	(4,807)	—	—	(4,807)
Capital additions	10,643	—	—	10,643
Statement of financial position				
Segment assets	1,335,515	9,021	22,538	1,367,074
Segment liabilities	(878,344)	(865)	(7,906)	(887,115)

5 SEGMENTAL INFORMATION (continued)

2022 (restated)	General insurance €000s	Financial services €000s	Other group activities €000s	Total €000s
Insurance revenue	379,697	—	—	379,697
Insurance service expenses	(201,838)	—	—	(201,838)
Net expense from reinsurance contracts held	(46,755)	—	—	(46,755)
Insurance service result	131,104	—	—	131,104
Total investment return	(10,753)	—	—	(10,753)
Net insurance finance expenses	(7,342)	—	—	(7,342)
Net insurance and investment result	113,009	—	—	113,009
Other finance costs	(2,559)	—	—	(2,559)
Non-attributable expenses	(33,048)	—	—	(33,048)
Movement in other provisions	(8,403)	—	—	(8,403)
Revenue from contracts with customers	—	3,173	—	3,173
Financial services income and expenses	560	(3,198)	(3,407)	(6,045)
Impairment of property, plant and equipment	(287)	—	—	(287)
Profit/(loss) before taxation	69,272	(25)	(3,407)	65,840
Income taxation (charge)/credit	(8,758)	(7)	481	(8,284)
Profit/(loss) for the period	60,514	(32)	(2,926)	57,556
Other information				
Insurance acquisition expenses	(70,595)	—	—	(70,595)
Depreciation/amortisation	(14,027)	—	—	(14,027)
Impairment of other assets	(1,290)	—	—	(1,290)
Capital additions	7,026	—	—	7,026
Statement of financial position				
Segment assets	1,361,232	9,136	17,323	1,387,691
Segment liabilities	(924,367)	(826)	(5,430)	(930,623)

The accounting policies of the reportable segments are the same as the Group accounting policies. Segment profit represents the profit earned by each segment. Central administration costs and Directors' salaries are allocated based on actual activity.

Income taxation is a direct cost of each segment.

In monitoring segment performance and allocating resources between segments:

a. All assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of activity by each reportable segment; and

b. All liabilities are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

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

5 SEGMENTAL INFORMATION (continued)

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

Insurance revenue	Motor €000s	Non-motor €000s	Total €000s
2023	188,733	212,293	401,026
2022 (restated)	183,255	196,442	379,697

(b) Geographical segments

The Group's operations are located in Ireland.

(c) Insurance service expenses

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

	2023 €000s	2022 (restated) €000s
Incurred claims and other expenses	(238,133)	(223,807)
Changes that relate to past service - changes in FCF relating to the LIC	103,990	92,564
Amortisation of insurance acquisition cash flows	(75,909)	(70,595)
Total	(210,052)	(201,838)

Total insurance acquisition and non-attributable expenses, in the General Insurance segment, comprise the following:

	2023 €000s	2022 (restated) €000s
Amortisation of insurance acquisition cash flows	(75,909)	(70,595)
Non-attributable expenses	(34,018)	(33,048)
Total expenses	(109,927)	(103,643)

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

	2023			2022 (restated)		
	Amortisation of insurance acquisition cash flows €000s	Non-attributable €000s	Total €000s	Amortisation of insurance acquisition cash flows €000s	Non-attributable €000s	Total €000s
Employee benefit expense	38,780	18,183	56,963	37,015	16,378	53,393
Depreciation	1,478	1,630	3,108	2,235	991	3,226
Amortisation	8,976	715	9,691	7,642	3,159	10,801
Other	26,675	13,490	40,165	23,703	12,520	36,223
Total	75,909	34,018	109,927	70,595	33,048	103,643

5 SEGMENTAL INFORMATION (continued)

	2023			2022 (restated)		
	Financial services	Other Group activities	Total	Financial services	Other group activities	Total
	€000s	€000s	€000s	€000s	€000s	€000s
Employee benefit expense	2,152	1,608	3,760	2,221	1,595	3,816
Depreciation	—	—	—	—	—	—
Amortisation	—	—	—	—	—	—
Other	1,398	2,012	3,410	977	1,812	2,789
Total	3,550	3,620	7,170	3,198	3,407	6,605

6 NET INVESTMENT RETURN

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

2023	Amortised Cost	FVOCI	FVTPL	FVTPL	Total
		Designated	Designated	Mandatory	
	€000s	€000s	€000s	€000s	€000s
Interest income from financial assets					
Cash and cash equivalents	1,843	—	—	1,634	3,477
Government bonds	—	1,848	—	—	1,848
Other debt securities	—	6,659	—	—	6,659
	1,843	8,507	—	1,634	11,984
Net gain on FVTPL investments					
Collective investment scheme	—	—	—	12,016	12,016
Unquoted investments	—	—	—	—	—
	—	—	—	12,016	12,016
Other					
Income, net of expenses, from investment properties	—	—	—	1	1
Unrealised loss on investment properties	—	—	—	(3,100)	(3,100)
Net credit impairment loss	—	162	—	—	162
Net gain on FVOCI debt securities	—	39,423	—	—	39,423
	—	39,585	—	(3,099)	36,486
Recognised in Consolidated Income Statement	1,843	6,700	—	10,551	19,094
Recognised in Consolidated OCI	—	41,392	—	—	41,392
Recognised in total comprehensive income	1,843	48,092	—	10,551	60,486

During the period to 31 December 2023 a realised loss of €1,969,000 (2022: gain of €41,000) on FVOCI investments was reclassified from Other Comprehensive Income to the Consolidated Income Statement.

6 NET INVESTMENT RETURN (continued)

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

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

7 FINANCE INCOME/(EXPENSE) RECOGNISED IN COMPREHENSIVE INCOME

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

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

The tables below detail:

a. the element of interest accretion on the LIC from the prior reporting period; and

b. the effect of changes in interest rates and other financial assumptions during the period on the finance income/(expense) recognised in comprehensive income.

7 FINANCE INCOME/(EXPENSE) RECOGNISED IN COMPREHENSIVE INCOME (continued)

Total investment return during the period is detailed in note 6 including the corresponding mark to market gains or losses on FVOCI recognised.

Finance (expense)/income from insurance contracts issued recognised in comprehensive income:	2023 €000s	2022 (restated) €000s
Interest accreted	(15,359)	2,517
Effect of changes in interest rates and other financial assumptions during the period	(6,054)	31,140
Total	(21,413)	33,657
Represented by:		
Amounts recognised in profit or loss	(4,160)	(8,731)
Amounts recognised in OCI	(17,253)	42,388

Finance income /(expense) from reinsurance contracts held recognised in comprehensive income:	2023 €000s	2022 (restated) €000s
Interest accreted	3,570	(595)
Effect of changes in interest rates and other financial assumptions during the period	1,355	(6,218)
Total	4,925	(6,813)
Represented by:		
Amounts recognised in profit or loss	1,249	1,389
Amounts recognised in OCI	3,676	(8,202)

8 PROFIT BEFORE TAXATION

	2023 €000s	2022 (restated) €000s
Profit before taxation has been stated after charging:		
Depreciation and amortisation	12,799	14,027

The remuneration of the Directors is disclosed in the audited section of the Report on Directors' Remuneration on pages 111 to 131. These disclosures form an integral part of the financial statements.

9 INFORMATION RELATING TO AUDITORS' REMUNERATION

An analysis of fees payable to the statutory audit firm is as follows:

		2023		2022
	Company €000s	Group €000s	Company €000s	Group €000s
Description of service				
Audit of statutory financial statements	202	606	138	574
Other assurance services	100	202	—	133
Total auditors remuneration	302	808	138	707

Fees payable by the Company are included with the fees payable by the Group in each category.

In 2023 and 2022, other assurance services relate to to the Solvency II audit, the audit of the defined contribution scheme, an agreed upon procedures engagement in respect of the MIBI return, all of which are prescribed under law or regulation, and the interim review of the Group's interim report.

10 STAFF COSTS AND NUMBERS

The average number of persons employed by the Group was as follows:

	2023 No.	2022 No.
Underwriting	964	906
Financial services	24	27
Total	988	933

The aggregate employee benefit expense was as follows:	2023 €000s	2022 €000s
Wages and salaries	57,094	53,808
Social welfare costs	5,771	5,654
Pension costs	4,910	4,188
Share based payments	2,640	2,681
Total employee benefit expense	70,415	66,331

11 INCOME TAXATION CHARGE

	2023 €000s	2022 (restated) €000s
Irish corporation taxation charge	**(11,679)**	(8,654)
Adjustments in respect of prior financial years	**(302)**	83
Current taxation charge	**(11,981)**	(8,571)
Deferred taxation credit	**112**	287
Income taxation charge	**(11,869)**	(8,284)

The taxation charge in the Consolidated Income Statement is higher (2022: higher) than the standard rate of corporation taxation in Ireland. The differences are explained below:

	2023 €000s	2022 (restated) €000s
Profit before taxation	**81,410**	65,840
Corporation taxation charge at standard rate of 12.5% (2022: 12.5%)	**10,176**	8,230
Effects of:		
Non-taxable income/unrealised gains/losses or expenses not deductible for tax purposes	**1,368**	24
Higher rates of taxation on other income	**23**	113
Adjustments in respect of prior financial years	**302**	(83)
Income taxation charge	**11,869**	8,284
Taxation as a percentage of profit before taxation	**14.6 %**	12.6 %

In addition to the amount charged to the Consolidated Income Statement, the following taxation amounts have been recognised directly in the Consolidated Statement of Comprehensive Income:

	2023 €000s	2022 (restated) €000s
Deferred taxation on:		
Actuarial movement on retirement benefit obligations	**201**	284
Insurance/ reinsurance finance reserve	**1,697**	(4,274)
Revaluation of owner occupied property	**28**	(2)
Unrealised gains on FVOCI investments	**(5,174)**	11,225
Total income taxation (charge)/credit recognised directly in the Consolidated Statement of Comprehensive Income	**(3,248)**	7,233

12 PROFIT FOR THE YEAR (COMPANY ONLY)

FBD Holdings plc (Company only) profit for the financial year determined in accordance with IFRS, as adopted by the European Union, is €69,096,000 (2022 €36,974,000). The Company's other comprehensive loss for the financial year is €448,000 (2022 other comprehensive loss: €326,000).

In accordance with section 304 of the Companies Act 2014 the Company is availing of the exemption from presenting its individual Income Statement to the AGM and from filing it with the Registrar of Companies.

13 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:

Number of shares	2023 No.	2022 No.
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	**35,787,761**	35,507,806
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	**36,650,830**	36,424,983
	Cent	Cent
Basic earnings per share	**194**	161
Diluted earnings per share	**190**	157

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation. See note 28 for a description of the 'A' ordinary shares.

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

	2023 €000s	2022 (restated) €000s
Profit attributable to the parent entity for the year	**69,541**	57,556
2023 dividend of 8.4 cent (2022: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	**(113)**	(113)
2023 dividend of 4.8 cent (2022: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	**(169)**	(169)
Profit for the year for the purpose of calculating basic and diluted earnings	**69,259**	57,274

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:

	2023 No.	2022 No.
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**35,787,761**	35,507,806
Potential vesting of share based payments	**863,069**	917,177
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**36,650,830**	36,424,983

14 CASH AND CASH EQUIVALENTS

	2023 €000s	2022 €000s
Short term deposits	54,701	80,661
Money market fund	71,140	56,605
Cash on hand	16,558	27,974
Total cash and cash equivalents	142,399	165,240

15 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

(a) Financial Instruments

	2023 €000s	2022 (restated) €000s
Financial Assets		
At amortised cost:		
Cash and cash equivalents	71,259	108,635
Deposits	2,885	10,000
Other receivables	17,150	15,148
Loans	478	568
At fair value:		
Cash and cash equivalents	71,140	56,605
Quoted equity and debt instruments at FVTPL - mandatory	160,050	132,965
Unquoted equity and debt instruments at FVTPL - mandatory	1,128	1,129
Debt instruments at FVOCI - designated	855,989	833,865
Financial Liabilities		
At amortised cost:		
Other payables	35,852	35,628
Lease liabilities	3,828	4,600
Subordinated debt (note 27)	49,721	49,662

An ECL for 'Debt instruments at FVOCI' of €512,000 (31 December 2022: €1,003,000) does not reduce the carrying amount of the asset in the statement of financial position, which remains at fair value. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in Consolidated OCI with a corresponding charge to provision for credit losses in the Consolidated Income Statement.

An ECL of €142,000 (31 December 2022: €312,000) has reduced the carrying value of 'Other receivables' and an ECL of €16,000 (31 December 2022: €12,000), has reduced the carrying value of 'Loans'.

15 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

(b) Fair value measurement

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

	2023	2023	2022	2022
			(restated)	(restated)
	Fair value	Carrying value	Fair value	Carrying value
	€000s	€000s	€000s	€000s
Assets				
Loans	**574**	**478**	682	568
Financial liabilities				
Subordinated debt	**46,868**	**49,721**	46,129	49,662

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

a. Cash and cash equivalents

b. Deposits

c. Other receivables

d. Other payables

e. Lease liabilities

Certain assets and liabilities are measured in the Consolidated Statement of Financial Position at fair value using a fair value hierarchy of valuation inputs. The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Debt instruments at fair value through Other Comprehensive Income – quoted debt securities are fair valued using latest available closing bid price.
- Collective investment schemes, fair value through profit or loss (Level 1) are valued using the latest available closing NAV of the fund.

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

15 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

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

- Collective investment schemes, fair value through profit or loss (Infrastructure Equity, Global Impact 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. These collective investment schemes are fund-of-funds and typically apply the International Private Equity and Venture Capital Valuation Guidelines (IPEV) as well as other industry guidance and standards. Valuations are subject to external audit at both the underlying fund and fund-of-funds level. It is not possible to provide quantitative information about the significant unobservable inputs as this information is not provided by the underlying funds.
- Unquoted investments, fair value through profit or loss, are classified as Level 3 as they are not traded in an active market.
- Investment property and property held for own use were fair valued by independent external professional valuers at year end 2023. Group occupied properties have been valued using the investment method on a vacant possession basis by 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. The independent external valuers considered the impact of sustainability factors on the valuation of both the investment property and property held for own use, including physical / climate risk. The table below shows the unobservable inputs used in fair value measurements of the properties.

	Fair Value €000s	Valuation Technique	Unobservable Input	Range
Properties	26,027	Investment Method	Capitalisation Yield	8.25% - 10.5%
			Estimated Rental Value (per square foot)	€7.73 - €46.72

15 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

2023	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Investment property	—	—	11,953	11,953
Property held for own use	—	—	14,074	14,074
Financial assets				
Cash and cash equivalents	71,140	—	—	71,140
Investments at fair value through profit or loss - collective investment schemes	113,258	—	46,792	160,050
Investments at fair value through profit or loss - unquoted investments	—	—	1,128	1,128
Investments at fair value through Other Comprehensive Income - quoted debt securities	855,989	—	—	855,989
Total assets	1,040,387	—	73,947	1,114,334
Total liabilities	—	—	—	—

2022 (restated)	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Investment property	—	—	15,052	15,052
Property held for own use	—	—	15,984	15,984
Financial assets				
Cash and cash equivalents	56,605	—	—	56,605
Investments at fair value through profit or loss - collective investment schemes	105,419	—	27,546	132,965
Investments at fair value through Other Comprehensive Income - quoted debt securities	833,865	—	-	833,865
Investments at fair value through profit or loss - unquoted investments	—	—	1,129	1,129
Total assets	995,889	—	59,711	1,055,600
Total liabilities	—	—	—	—

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

	2023 €000s	2022 (restated) €000s
At 1 January	59,711	47,551
Transfers-in	—	
Additions	19,041	12,349
Disposals	—	—
Impairment	(4,688)	(62)
Unrealised loss recognised in the Consolidated Income Statement	(117)	(127)
At 31 December	73,947	59,711

15 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (continued)

The Directors review the inputs to assess fair value measurement at least annually to determine the appropriate level to be disclosed. A sensitivity analysis of the Level 3 assets is completed in note 38(f).

16 OTHER RECEIVABLES

	2023 €000s	2022 (restated) €000s
Prepayments and accrued income	8,625	6,084
Other debtors	7,724	8,882
Accrued interest and rent	801	182
Total other receivables	**17,150**	15,148

The Directors consider that the carrying amount of receivables is approximate to their fair value. All receivables are due within one year and none are past due.

17 INSURANCE AND REINSURANCE CONTRACTS

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

			2023		2022 (restated)	
	Assets €000s	Liabilities €000s	Net €000s	Assets €000s	Liabilities €000s	Net €000s
Total insurance contracts issued	—	(774,921)	(774,921)	—	(826,621)	(826,621)
Total reinsurance contracts held	97,520	(480)	97,040	136,657	(610)	136,047

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

2023					
	Liability for remaining coverage		Liability for incurred claims		Total
Total insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	117,798	—	641,074	67,749	826,621
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	117,798	—	641,074	67,749	826,621
Insurance revenue	(401,026)	—	—	—	(401,026)
Incurred claims and other directly attributable expense	—	—	223,350	14,783	238,133
Amortisation of insurance acquisition cash flows	75,909	—	—	—	75,909
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(90,918)	(13,072)	(103,990)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	75,909	—	132,432	1,711	210,052
Insurance service result	(325,117)	—	132,432	1,711	(190,974)
Insurance finance expenses	—	—	21,413	—	21,413
Total amounts recognised in comprehensive income	(325,117)	—	153,845	1,711	(169,561)
Premium received	413,637	—	—	—	413,637
Claims and other directly attributable expenses paid	—	—	(216,429)	—	(216,429)
Insurance acquisition cash flows	(79,347)	—	—	—	(79,347)
Total cash flows	334,290	—	(216,429)	—	117,861
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	126,971	—	578,490	69,460	774,921
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	126,971	—	578,490	69,460	774,921

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2023					
	Liability for remaining coverage		Liability for incurred claims		Total
Motor insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	55,265	—	266,273	31,665	353,203
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	55,265	—	266,273	31,665	353,203
Insurance revenue	(188,733)	—	—	—	(188,733)
					—
Incurred claims and other directly attributable expense	—	—	110,863	7,598	118,461
Amortisation of insurance acquisition cash flows	37,127	—	—	—	37,127
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(10,066)	(3,108)	(13,174)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	37,127	—	100,797	4,490	142,414
					—
Insurance service result	(151,606)	—	100,797	4,490	(46,319)
					—
Insurance finance expenses	—	—	9,981	—	9,981
Total amounts recognised in comprehensive income	(151,606)	—	110,778	4,490	(36,338)
Premium received	192,667	—	—	—	192,667
Claims and other directly attributable expenses paid	—	—	(97,349)	—	(97,349)
Insurance acquisition cash flows	(38,293)	—	—	—	(38,293)
Total cash flows	154,374	—	(97,349)	—	57,025
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	58,033	—	279,702	36,155	373,890
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	58,033	—	279,702	36,155	373,890

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2023					
	Liability for remaining coverage		Liability for incurred claims		Total
Non - motor insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	62,533	—	374,801	36,084	473,418
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	62,533	—	374,801	36,084	473,418
Insurance revenue	(212,293)	—	—	—	(212,293)
Incurred claims and other directly attributable expense	—	—	112,487	7,185	119,672
Amortisation of insurance acquisition cash flows	38,782	—	—	—	38,782
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(80,852)	(9,964)	(90,816)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	38,782	—	31,635	(2,779)	67,638
Insurance service result	(173,511)	—	31,635	(2,779)	(144,655)
Insurance finance expenses	—	—	11,432	—	11,432
Total amounts recognised in comprehensive income	(173,511)	—	43,067	(2,779)	(133,223)
Premium received	220,970	—	—	—	220,970
Claims and other directly attributable expenses paid	—	—	(119,080)		(119,080)
Insurance acquisition cash flows	(41,054)	—	—	—	(41,054)
Total cash flows	179,916	—	(119,080)	—	60,836
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	68,938	—	298,788	33,305	401,031
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	68,938	—	298,788	33,305	401,031

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2022 (restated)					
	Liability for remaining coverage		Liability for incurred claims		Total
Total insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	114,940	—	750,038	65,003	929,981
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	114,940	—	750,038	65,003	929,981
Insurance revenue	(379,697)	—	—	—	(379,697)
Incurred claims and other directly attributable expense	—	—	209,625	14,182	223,807
Amortisation of insurance acquisition cash flows	70,595	—	—	—	70,595
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(81,128)	(11,436)	(92,564)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	70,595	—	128,497	2,746	201,838
Insurance service result	(309,102)	—	128,497	2,746	(177,859)
Insurance finance expenses	—	—	(33,657)	—	(33,657)
Total amounts recognised in comprehensive income	(309,102)	—	94,840	2,746	(211,516)
Premium received	384,935	—	—	—	384,935
Claims and other directly attributable expenses paid	—	—	(203,804)	—	(203,804)
Insurance acquisition cash flows	(72,975)	—	—	—	(72,975)
Total cash flows	311,960	—	(203,804)	—	108,156
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	117,798	—	641,074	67,749	826,621
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	117,798	—	641,074	67,749	826,621

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2022 (restated)					
	Liability for remaining coverage		Liability for incurred claims		Total
Motor insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities as at 01/01	55,105	—	304,127	30,609	389,841
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	55,105	—	304,127	30,609	389,841
Insurance revenue	(183,255)	—	—	—	(183,255)
Incurred claims and other directly attributable expense	—	—	106,590	7,827	114,417
Amortisation of insurance acquisition cash flows	35,211	—	—	—	35,211
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(46,332)	(6,771)	(53,103)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	35,211	—	60,258	1,056	96,525
Insurance service result	(148,044)	—	60,258	1,056	(86,730)
Insurance finance expenses	—	—	(17,050)	—	(17,050)
Total amounts recognised in comprehensive income	(148,044)	—	43,208	1,056	(103,780)
Premium received	184,402	—	—	—	184,402
Claims and other directly attributable expenses paid	—	—	(81,062)	—	(81,062)
Insurance acquisition cash flows	(36,198)	—	—	—	(36,198)
Total cash flows	148,204	—	(81,062)	—	67,142
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	55,265	—	266,273	31,665	353,203
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	55,265	—	266,273	31,665	353,203

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2022 (restated)					
	Liability for remaining coverage		Liability for incurred claims		Total
Non-motor insurance contracts issued	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
Insurance contract liabilities as at 01/01	59,835	—	445,911	34,394	540,140
Insurance contract assets as at 01/01	—	—	—	—	—
Net insurance contract liabilities as at 01/01	59,835	—	445,911	34,394	540,140
Insurance revenue	(196,442)	—	—	—	(196,442)
Incurred claims and other directly attributable expense	—	—	103,035	6,355	109,390
Amortisation of insurance acquisition cash flows	35,384	—	—	—	35,384
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service-Changes in FCF relating to the LIC	—	—	(34,796)	(4,665)	(39,461)
Impairment of assets for insurance acquisition cash flow	—	—	—	—	—
Reversal of impairment of assets for insurance acquisition cash flows	—	—	—	—	—
Investment components	—	—	—	—	—
Insurance service expenses	35,384	—	68,239	1,690	105,313
Insurance service result	(161,058)	—	68,239	1,690	(91,129)
					—
Insurance finance expenses	—	—	(16,607)	—	(16,607)
Total amounts recognised in comprehensive income	(161,058)	—	51,632	1,690	(107,736)
Premium received	200,533	—	—	—	200,533
Claims and other directly attributable expenses paid	—	—	(122,742)	—	(122,742)
Insurance acquisition cash flows	(36,777)	—	—	—	(36,777)
Total cash flows	163,756	—	(122,742)	—	41,014
Net insurance contract liabilities as at 31/12:					
Insurance contract liabilities as at 31/12	62,533	—	374,801	36,084	473,418
Insurance contract assets as at 31/12	—	—	—	—	—
Net insurance contract liabilities as at 31/12	62,533	—	374,801	36,084	473,418

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

2023					
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
Total reinsurance contracts held	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	€000s	€000s	€000s	€000s	€000s
Reinsurance contracts held that are liabilities as at 01/01	(631)	—	20	1	(610)
Reinsurance contracts held that are assets as at 01/01	(2,530)	—	131,797	7,390	136,657
Net reinsurance contracts held as at 01/01	(3,161)	—	131,817	7,391	136,047
Reinsurance expense	(39,776)	—	—	—	(39,776)
Change in amounts recoverable for incurred claims and other directly attributable expense	—	—	15,010	1,230	16,240
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	—	—	(41,962)	826	(41,136)
Loss-recovery on onerous underlying contracts and adjustments	—	—	—	—	—
Effect of changes in risk of reinsurers' non-performance	—	—	6	—	6
Net income/expense from reinsurance contracts held	(39,776)	—	(26,946)	2,056	(64,666)
Finance income from reinsurance contracts held	—	—	4,925	—	4,925
Total amounts recognised in comprehensive income	(39,776)	—	(22,021)	2,056	(59,741)
Premiums paid, net of commission ceded	38,962	—	—	—	38,962
Recoveries from reinsurance	—	—	(18,228)	—	(18,228)
Total cash flows	38,962	—	(18,228)	—	20,734
Net reinsurance contract assets/(liabilities) held as at 31/12:					
Reinsurance contracts held that are liabilities as at 31/12	(502)	—	21	1	(480)
Reinsurance contracts held that are assets as at 31/12	(3,473)	—	91,547	9,446	97,520
Net reinsurance contracts held as at 31/12	(3,975)	—	91,568	9,447	97,040

17 INSURANCE AND REINSURANCE CONTRACTS (continued)

2022					
	Assets for remaining coverage		Amounts recoverable on incurred claims		
Total reinsurance contracts held	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	Total
	€000s	€000s	€000s	€000s	€000s
Reinsurance contracts held that are liabilities as at 01/01	(809)	—	20	1	(788)
Reinsurance contracts held that are assets as at 01/01	(1,297)	—	201,827	8,358	208,888
Net Reinsurance contracts held as at 01/01	(2,106.00)	—	201,847.00	8,359.00	208,100.00
Reinsurance expense	(34,814)	—	—	—	(34,814)
Change in amounts recoverable for incurred claims and other directly attributable expense	—	—	14,508	1,048	15,556
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	—	—	(25,488.00)	(2,016.00)	(27,504.00)
Loss-recovery on onerous underlying contracts and adjustments	—	—	—	—	—
Effect of changes in risk of reinsurers' non-performance	—	—	7	—	7
Net expense from reinsurance contracts held	(34,814)	—	(10,973)	(968)	(46,755)
Finance expense from reinsurance contracts held	—	—	(6,813)	—	(6,813)
Total amounts recognised in comprehensive income	(34,814)	—	(17,786)	(968)	(53,568)
Premiums paid, net of commission ceded	33,759	—	—	—	33,759
Recoveries from reinsurance	—	—	(52,244)	—	(52,244)
Total cash flows	33,759	—	(52,244)	—	(18,485)
Net reinsurance contract assets/(liabilities) held as at 31/12:					
Reinsurance contracts held that are liabilities as at 31/1	(631)	—	20	1	(610)
Reinsurance contracts held that are assets as at 31/12	(2,530)	—	131,797	7,390	136,657
Net reinsurance contracts held as at 31/12	(3,161)	—	131,817	7,391	136,047

18 RETIREMENT BENEFIT SURPLUS

Defined Contribution Pension

The Group operates a defined contribution retirement benefit plans for qualifying employees who opt to join. The assets of the plans are held separately from those of the Group in funds under the control of Trustees. The Group recognised an expense of €4,867,831 (2022: €3,937,874) relating to these pension schemes during the year ended 31 December 2023.

Defined Benefit Pension

The Group also operates a legacy funded defined benefit retirement pension scheme for certain qualifying employees. This scheme was closed to new members in 2005 and closed to future accrual in

2015. The defined benefit pension scheme is administered by a separate Trustee Company that is legally separated from the entity. The Trustee Company, who is responsible for ensuring compliance with the Pensions Act 1990 and other relevant legislation, is composed of an independent Trustee and representatives from both the employers and current and former employees. The Trustees are required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. deferred members, retirees and employers. They are responsible for the investment policy with regard to the assets of the scheme.

Under the defined benefit pension scheme, qualifying members are entitled to retirement benefits of 1/60th of final salary for each year of service on attainment of a retirement age of 65. A full actuarial valuation of the defined benefit pension scheme was carried out as at 1 July 2022. This valuation was carried out using the projected unit credit method. The minimum funding standard was updated to 31 December 2023 by the schemes' independent and qualified actuary. This confirms that the Scheme continues to satisfy the minimum funding standard. The next full actuarial valuation of the scheme is expected to be completed no later than as at 1 July 2025.

The long-term investment objective of the Trustees and the Group is to limit the risk of the assets failing to meet the liabilities of the scheme over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of the scheme. To meet these objectives, the scheme's assets are primarily invested in bonds with a smaller level of investment in diversified growth funds and property. These reflect the current long-term asset allocation ranges, having regard to the structure of liabilities within the scheme. The scheme typically exposes the Group to actuarial risks such as: investment risk, interest rate risk and longevity risk.

(a) Assumptions used to calculate scheme liabilities

	2023 %	2022 %
Inflation rate	**2.20**	2.40
Pension payment increase	**0.00**	0.00
Discount rate	**3.20**	3.60

(b) Mortality Assumptions

	2023 Years	2022 Years
The average life expectancy of current and future retirees used in the scheme at age 65 is as follows:		
Male	**23.4**	23.3
Female	**25.5**	25.4

When taking into account members who have not yet retired and those who are currently in receipt of pensions, the weighted average duration of the expected benefit payments from the scheme is circa 13 years.

As required by IAS 19 'Employee Benefits'; the discount rate is set by reference to yields available at 31 December 2023 on high quality corporate bonds having regard to the duration of the schemes liabilities. The actual return on the scheme assets for the year was a profit of €4,220,000 (2022: loss of €21,824,000).

18 RETIREMENT BENEFIT SURPLUS (continued)

(c) Consolidated Income Statement

	2023 €000s	2022 €000s
Charged to Consolidated Income Statement:		
Service cost: employer's part of current service cost	350	371
Net interest credit	(308)	(121)
Charge to Consolidated Income Statement	42	250

Charges to the Consolidated Income Statement have been included in insurance service expenses, non-attributable and financial services income and expenses.

(d) Analysis of amount recognised in Group Statement of Comprehensive Income

	2023 €000s	2022 €000s
Remeasurements in the year due to:		
– Changes in financial assumptions	2,693	(22,480)
– Changes in demographic assumptions	—	1,492
– Experience adjustments on benefit obligations	652	386
Actual return less interest on scheme assets	(1,737)	22,874
Total amount recognised in Consolidated OCI before taxation	(1,608)	(2,272)
Deferred taxation credit	201	284
Actuarial loss net of deferred taxation	(1,407)	(1,988)

(e) History of experience gains and losses

	2023 €000s	2022 €000s	2021 €000s	2020 €000s	2019 €000s
Present value of defined benefit obligations	64,204	62,671	86,693	94,927	93,958
Fair value of plan assets	71,248	71,170	97,594	105,776	102,681
Net pension asset	(7,044)	(8,499)	(10,901)	(10,849)	(8,723)
Experience (losses)/ gains on scheme liabilities	(652)	(386)	(520)	1,031	(1,120)
Total amount recognised in Consolidated OCI before taxation	(1,608)	(2,272)	280	2,326	(4,236)

The cumulative charge to the Consolidated Statement of Comprehensive Income is €106,080,000 (2022: €104,472,000).

18 RETIREMENT BENEFIT SURPLUS (continued)

(f) Assets in scheme at market value

	2023 €000s	2022 €000s
Managed bond funds - fair value at quoted prices	52,788	50,816
Managed unit trust funds - fair value at quoted prices	4,147	4,852
Managed infrastructure fund - fair value at unquoted prices	7,224	6,883
Managed dividend growth fund - fair value at quoted prices	4,571	4,319
Managed opportunities fund - fair value at quoted prices	1,732	2,473
Cash deposits and other - at amortised cost	786	1,827
Scheme assets	71,248	71,170
Actuarial value of liabilities	(64,204)	(62,671)
Net pension surplus	7,044	8,499

The assets are part of unitised funds which have a broad geographical and industry type spread with no significant concentration in any one geographical or industry type.

(g) Movement in net surplus during the year

	2023 €000s	2022 €000s
Net surplus in scheme at 1 January	8,499	10,901
Current service cost	(350)	(371)
Employer contributions	195	120
Interest on scheme liabilities	(2,175)	(929)
Interest on scheme assets	2,483	1,050
Total amount recognised in Consolidated OCI before taxation	(1,608)	(2,272)
Net surplus at 31 December	7,044	8,499

18 RETIREMENT BENEFIT SURPLUS (continued)

(h) Movement on assets and liabilities

	2023 €000s	2022 €000s
Assets		
Assets in scheme at 1 January	71,170	97,594
Actual return less interest on scheme assets	1,737	(22,874)
Employer contributions	195	120
Interest on scheme assets	2,483	1,050
Benefits paid	(4,337)	(4,720)
Assets in scheme at 31 December	71,248	71,170
Liabilities		
Liabilities in scheme at 1 January	62,671	86,693
Experience gains and losses on scheme liabilities	652	386
Changes in financial assumptions	2,693	(22,480)
Changes in demographic assumptions	—	1,492
Current service cost	350	371
Interest on scheme liabilities	2,175	929
Benefits paid	(4,337)	(4,720)
Liabilities in scheme at 31 December	64,204	62,671

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are as follows:

- A 1% increase in the discount rate would reduce the value of the scheme liabilities by €7.3 million.
- A 1% reduction in the discount rate would increase the value of the scheme liabilities by €9.1 million.
- A 1% increase in inflation would increase the value of the scheme liabilities by €2.0 million.
- A 1% reduction in inflation would reduce the value of the scheme liabilities by €1.8 million.
- The effect of assuming all members of the scheme will live one year longer would increase the scheme's liabilities by €2.0 million.
- The current best estimate of 2024 contributions to be made by the Group to the pension fund is €0.2million (2022: €0.2million).

19 INTANGIBLE ASSETS

Computer Software	€000s
Cost:	
At 1 January 2022	11,325
Additions	1,407
Assets under development	5,580
At 31 December 2022	18,312
Additions	**7,054**
Assets under development	**9,132**
At 31 December 2023	**34,498**

Accumulated amortisation:	€000s
At 1 January 2022	2,294
Amortisation charge for the year	1,936
At 31 December 2022	4,230
Amortisation charge for the year	**2,533**
At 31 December 2023	**6,763**
Carrying amount	
At 31 December 2023	**27,735**
At 31 December 2022	14,082

The additions during 2023 to Intangible Assets are split 40% internally generated assets and 60% externally generated assets (2022: 36% internally generated assets and 64% externally generated assets).

Assets under development at 31 December 2023 includes the replacement of the Claims system, infrastructure and security initiatives. These assets are expected to be operational in 2024 and 2025.

The amortisation charge for the year is included in 'Insurance service expenses' and 'Non-attributable expenses' in the Consolidated Income Statement.

20 POLICY ADMINISTRATION SYSTEM

The most significant investment by the Group in recent years is in its underwriting policy administration system. The Group's policy administration system, TIA, is the principal operating and core technology platform of the business.

Policy Admin System	€000s
Cost	
At 1 January 2022	67,272
Additions	4,566
At 1 January 2023	**71,838**
Additions	**1,401**
At 31 December 2023	**73,239**

Accumulated amortisation	€000s
At 1 January 2022	39,290
Amortisation charge for the year*	8,865
At 1 January 2023	**48,155**
Amortisation charge for the year*	**7,158**
At 31 December 2023	**55,313**
Carrying amount	
At 31 December 2023	**17,926**
At 31 December 2022	23,683

*During the annual review of the useful economic life of the policy administration system, the useful life of items of the system developed in the earlier years of the project have been re-estimated. No change was required for 2023. In 2022 this resulted in accelerated amortisation of €2,460,000.

The additions to the policy administration system in 2023 are split 79% internally generated assets and 21% externally generated assets (2022: 76% internally generated assets and 24% externally generated assets).

The amortisation charge for the year is included in 'Insurance service expenses' in the Consolidated Income Statement.

21 INVESTMENT PROPERTY

	2023	2022
Fair value of investment property	€000s	€000s
At 1 January	15,052	16,055
Net gains or losses from fair value adjustments	(3,099)	(1,003)
At 31 December	11,953	15,052

Investment property includes a commercial rental property in Dublin City Centre and an immaterial holding of agricultural land in the United Kingdom.

The investment property held for rental in Ireland was valued at fair value at 31 December 2023 and at 31 December 2022 by independent external professional valuers, CB Richard Ellis, Valuation Surveyors. The valuation was prepared in accordance with RICS Valuation – Global Standards 2022 (Red Book) incorporating the IVSC International Valuation Standards issued January 2022. The valuers confirm that they have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuations competently.

In carrying out the valuation of the properties, CB Richard Ellis have considered the impact of sustainability factors on the properties, including physical / climate risk.

The valuation statement received from the external professional valuers state that the valuations have been prepared on the basis of "Market Value" which they define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The Directors believe that market value, determined by independent external professional valuers, is not materially different to the fair value.

There was a net decrease in the fair value in 2023 of €3,099,000 (2022 decrease: €1,003,000).

The rental income earned by the Group from its investment properties amounted to €578,850 (2022: €722,493). Direct operating costs associated with investment properties amounted to €699,762 (2022: €573,730).

The historical cost of investment property is as follows:

	2023 €000s	2022 €000s
Historical cost at 1 January	22,053	22,053
Refurbishment costs	—	—
Disposal of investment property	—	—
Historical cost at 31 December	22,053	22,053

Maturity analysis - undiscounted non-cancellable operating lease receivables	2023 €000s	2022 €000s
Less than one year	579	579
One to five years	2,315	2,315
More than five years	675	1,254
Maturity analysis - undiscounted non-cancellable operating lease receivables	3,569	4,148

Fair value hierarchy disclosures required by IFRS13 Fair Value Measurement have been included in note 15, Financial Instruments and Fair Value Measurement.

22 LEASES

Leases held are property leases for office space for the Group's branches and leases for computer equipment. The Group holds a number of property leases with remaining terms ranging from one to twenty-one years. None of the Group's leases have options for extensions or to purchase. There are no contingent rents payable and all lease payments are fixed and at market rates at inception or renewal of the lease. Additional information on the Group's leases is detailed below:

Right of use assets

	2023 €000s	2022 €000s
Balance at 1 January	4,290	5,078
Additions		
Depreciation charge for the year	(787)	(788)
Balance at 31 December	3,503	4,290

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	2023 €000s	2022 €000s
Less than one year	(884)	(955)
One to five years	(2,332)	(2,830)
More than five years	(1,490)	(1,824)
Total undiscounted lease liabilities at 31 December	(4,706)	(5,609)
Contractual discounted cash flows		
Current	(618)	(807)
Non - current	(3,210)	(3,793)
Lease liabilities included in the statement of financial position at 31 December	(3,828)	(4,600)

Amounts recognised in profit or loss	2023 €000s	2022 €000s
Depreciation charge on right of use assets (included in insurance service expenses)	(787)	(788)
Interest on lease liabilities (included in insurance service expenses)	(185)	(216)
Expenses related to short-term leases (included in insurance service expenses)	(50)	(50)
Income from sub-leasing right of use assets (included in financial services income and expense)	79	79

Total cash outflows recognised in the period in relation to leases were €955,000 (2022: €965,000).

23 PROPERTY, PLANT AND EQUIPMENT

	Property held for own use €000s	Computer Equipment €000s	Fixtures & Fittings €000s	Total €000s
Cost or valuation				
At 1 January 2022	24,224	99,500	25,800	149,524
Additions	—	309	744	1,053
Assets under development	—	235	—	235
At 31 December 2022	24,224	100,044	26,544	150,812
Additions	**—**	**817**	**1,371**	**2,188**
Assets under development	**—**	**—**	**—**	**—**
At 31 December 2023	**24,224**	**100,861**	**27,915**	**153,000**
Comprising:				
At cost	**—**	**100,861**	**27,915**	**128,776**
At valuation	**24,224**	**—**	**—**	**24,224**
At 31 December 2023	**24,224**	**100,861**	**27,915**	**153,000**

Accumulated depreciation and revaluation	Property held for own use €000s	Computer Equipment €000s	Fixtures & Fittings €000s	Total €000s
At 1 January 2022	7,834	96,262	21,250	125,346
Depreciation charge for the year	124	1,460	854	2,438
Revaluation through the Consolidated Income Statement	287	—	—	287
Revaluation through the statement of comprehensive income	(5)	—	—	(5)
At 31 December 2022	8,240	97,722	22,104	128,066
Depreciation charge for the year	**118**	**1,269**	**934**	**2,321**
Revaluation through the Consolidated Income Statement	**1,708**	**—**	**—**	**1,708**
Revaluation through the statement of comprehensive income	**84**	**—**	**—**	**84**
At 31 December 2023	**10,150**	**98,991**	**23,038**	**132,179**
Carrying amount				
At 31 December 2023	**14,074**	**1,870**	**4,877**	**20,821**
At 31 December 2022	15,984	2,321	4,440	22,745

Property held for own use

Properties held for own use at 31 December 2023 and 2022 were valued at fair value which is determined by independent external professional surveyors CB Richard Ellis, Valuation Surveyors. CB Richard Ellis confirm that the properties have been valued in accordance with RICS Valuation – Global Standards 2022 (Red Book) incorporating the IVSC International Valuation Standards issued January 2022.

In carrying out the valuation of the properties, CB Richard Ellis have considered the impact of sustainability factors on the properties, including physical/climate risk.

23 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The valuation report states that the valuations have been prepared on the basis of "Market Value" which is defined in the report as "the estimated amount for which an asset or liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". The report also states that the market value "has been primarily derived using comparable recent market transactions on arm's length terms".

The Directors believe that the market value, determined by independent professional valuers is not materially different to fair value.

Had the properties been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been as follows:

	2023 €000s	2022 €000s
Property held for own use	**14,012**	14,123

Fair value hierarchy disclosures required by IFRS13 Fair Value Measurement have been included in note 15, Financial Instruments and Fair Value Measurement.

24 DEFERRED TAXATION ASSET / (LIABILITY)

	Retirement benefit surplus €000s	Unrealised gains on investments & loans €000s	Insurance/ Reinsurance finance reserve €000s	Revaluation surplus on investment properties €000s	Losses carried forward €000s	Other temporary differences €000s	Total €000s
At 1 January 2022 (restated)	(1,362)	(1,251)	1,275	(1,387)	410	(1,576)	(3,891)
Credited/(debited) to the Consolidated Statement of Comprehensive Income	284	11,225	(4,274)	—	—	(2)	7,233
Credited/(debited) to the Consolidated Income Statement	18	—	—	—	(81)	350	287
At 31 December 2022 (restated)	(1,060)	9,974	(2,999)	(1,387)	329	(1,228)	3,629
Credited/(debited) to the Consolidated Statement of Comprehensive Income	**201**	**(5,174)**	**1,697**	**—**	**—**	**28**	**(3,248)**
(Debited)/credited to the Consolidated Income Statement	**(19)**	**—**	**—**	**—**	**15**	**116**	**112**
At 31 December 2023	**(878)**	**4,800**	**(1,302)**	**(1,387)**	**344**	**(1,084)**	**493**

A deferred taxation asset of €344,000 (2022: €329,000) has been recognised in respect of losses carried forward. The Directors have considered and are satisfied that the deferred taxation asset will be fully recoverable against future taxable profits.

25 OTHER PAYABLES

(a) GROUP

	2023 €000s	2022 (restated) €000s
Amounts falling due within one year:		
Payables and accruals	**33,937**	33,947
PAYE/PRSI	**1,915**	1,681
Total payables	**35,852**	35,628

(b) COMPANY

	2023 €000s	2022 €000s
Amounts falling due within one year:		
Payables and accruals	**2,801**	2,579
Total payables	**2,801**	2,579

26 OTHER PROVISIONS

(a) GROUP

	MIBI Levy €000s	MIICF Contribution €000s	Consequential Payments €000s	State Subsidies €000s	ESG Initiative €000s	Total €000s
Balance at 1 January 2022 (restated)	6,681	3,645	1,945	—	—	12,271
Provided in the year	4,751	3,642	10	—	—	8,403
Net amounts paid	(5,237)	(3,645)	(689)	—	—	(9,571)
Balance at 31 December 2022 (restated)	6,195	3,642	1,266	—	—	11,103
Provided in the year	5,751	3,854	26	6,200	2,500	18,331
Net amounts paid	(5,439)	(3,642)	(270)	—		(9,351)
Balance at 31 December 2023	**6,507**	**3,854**	**1,022**	**6,200**	**2,500**	**20,083**

MIBI Levy

The Group's share of the Motor Insurers' Bureau of Ireland "MIBI" levy for 2023 is based on its estimated market share in the current year at the Statement of Financial Position date. The total amount provided for at year end is paid in equal instalments throughout the following year.

MIICF Contribution

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

Consequential Payments

26 OTHER PROVISIONS (CONTINUED)

The balance of the provision of €1,022,000 is based on the best estimate of the Consequential Payments provision in respect of the FSPO decisions and payments are expected to be made to impacted policyholders before the end of 2024.

State Subsidies

The Group has included a provision of €6,200,000 in the financial statements in respect of its current estimate of the cost of a constructive obligation arising from the deduction of State subsidies from Business Interruption claims payments following Covid-19 closures. The best estimate of the constructive obligation is based on the current information available to the Group. Payment to the State is expected to be made in the coming year.

ESG Initiative

The Group has included a provision of €2,500,000 in the financial statements for FBD's contribution for the ESG initiative to develop the Padraig Walshe Centre for Sustainable Animal and Grassland Research as outlined in the ESG section on page 33. Payment is expected to be made before the end of 2024.

(b) COMPANY

	ESG Initiative €000s	Total €000s
Balance at 1 January 2022 (restated)	—	—
Provided in the year	—	—
Net amounts paid	—	—
Balance at 31 December 2022 (restated)	—	—
Provided in the year	2,500	2,500
Net amounts paid	—	—
Balance at 31 December 2023	**2,500**	**2,500**

ESG Initiative

The Company has included a provision of €2,500,000 in the financial statements for FBD's contribution for the ESG initiative to develop the Padraig Walshe Centre for Sustainable Animal and Grassland Research as outlined in the ESG section on page 33. Payment is expected to be made before the end of 2024.

27 SUBORDINATED DEBT

	2023 €000s	2022 €000s
Balance at 1 January	**49,662**	49,603
Amortised during the year	**59**	59
Balance at 31 December	**49,721**	49,662

The amount relates to €50,000,000 Callable Dated Deferrable Subordinated Notes due in 2028. The coupon rate on the notes is 5%. Finance costs recognised in the Consolidated Income Statement total €2,559,000 in 2023 (2022: €2,559,000). Finance costs are made up of interest costs associated with the subordinated notes totalling €2,500,000 (2022: €2,500,000) which were incurred and recognised in the year, amortisation of capitalised borrowing costs in the year of €59,000 (2022: €59,000) and adjusted for accrued amounts at each year end, €nil in 2023 (2022: €nil).

28 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2023 €000s	2022 €000s
(i) Ordinary shares of €0.60 each			
Authorised:			
At the beginning and the end of the year	51,326,000	**30,796**	30,796
Issued and fully paid:			
At 1 January 2022	35,461,206	—	21,277
Issued during the year	290,078	—	174
At the end of the year	35,751,284	—	21,451
At 1 January 2023	35,751,284	**21,451**	—
Issued during the year	269,688	**161**	—
At the end of the year	36,020,972	**21,612**	—
(ii) 'A' Ordinary shares of €0.01 each			
Authorised:			
At the beginning and the end of the year	120,000,000	**1,200**	1,200
Issued and fully paid:			
At the beginning and the end of the year	13,169,428	**132**	132
Total – issued and fully paid		**21,744**	21,583

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

The holders of the two classes of non-cumulative preference shares rank ahead of the two classes of ordinary shares in the event of a winding up (see note 31). Before any dividend can be declared on the ordinary shares of €0.60 each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of €0.60 each held as treasury shares at the beginning of the year (and the maximum number held during the year) was 164,005 (2022: 164,005). No ordinary shares were re-issued from treasury shares during the year under the FBD Performance Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 164,005 (2022: 164,005). This represented 0.5% (2022: 0.5%) of the shares of this class in issue and had a nominal value of €98,403 (2022: €98,403). There were no ordinary shares of €0.60 each purchased by the Company during the year.

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

All issued shares have been fully paid.

29 CAPITAL RESERVES

(a) GROUP

	Share premium	Capital conversion reserve	Capital redemption reserve	Share-based payment reserve	Total
	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2022	5,540	1,627	4,426	15,813	27,406
Issue of ordinary shares *	2,669	—	—	(2,564)	105
Recognition of share-based payments	—	—	—	2,681	2,681
Balance at 31 December 2022	8,209	1,627	4,426	15,930	30,192
Issue of ordinary shares *	**3,493**	**—**	**—**	**(1,846)**	**1,647**
Recognition of share-based payments	**—**	**—**	**—**	**2,640**	**2,640**
Balance at 31 December 2023	**11,702**	**1,627**	**4,426**	**16,724**	**34,479**

(b) COMPANY

	Share premium	Capital conversion reserve	Capital redemption reserve	Share-based payment reserve	Total
	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2022	5,540	1,627	4,426	15,813	27,406
Issue of ordinary shares *	2,669	—	—	(2,564)	105
Recognition of share-based payments	—	—	—	2,681	2,681
Balance at 31 December 2022	8,209	1,627	4,426	15,930	30,192
Issue of ordinary shares *	**3,493**	**—**	**—**	**(1,846)**	**1,647**
Recognition of share-based payments	**—**	**—**	**—**	**2,640**	**2,640**
Balance at 31 December 2023	**11,702**	**1,627**	**4,426**	**16,724**	**34,479**

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

The capital conversion reserve arose on the redenomination of Company's ordinary shares, 14% non-cumulative preference shares and 8% non-cumulative preference shares of IR£0.50 each into ordinary shares, 14% non-cumulative preference shares and 8% non-cumulative preference shares of 63.4869 cent Each such share was then renominalised to an ordinary or a non-cumulative preference share of €0.60, an amount equal to the reduction in the issued share capital being transferred to the capital conversion reserve fund.

Capital redemption reserve arose on the buyback and cancellation of issued share capital.

Share-based payment reserve arose on the recognition of share-based payments.

30 OTHER RESERVES

	Revaluation reserve €000s	FVOCI reserve €000s	Insurance/ Reinsurance finance reserve €000s	Total €000s
Balance at 1 January 2022 (restated)	752	8,751	(8,928)	575
Other Comprehensive Income/(Expense)	3	(78,578)	29,913	(48,662)
Balance at 31 December 2022 (restated)	755	(69,827)	20,985	(48,087)
Balance at 1 January 2023	**755**	**(69,827)**	**20,985**	**(48,087)**
Other Comprehensive (Expense)/Income	**(55)**	**36,219**	**(11,881)**	**24,283**
Balance at 31 December 2023	**700**	**(33,608)**	**9,104**	**(23,804)**

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

			2023			2022
	At transition €000s	Post transition €000s	Total €000s	At transition €000s	Post transition €000s	Total €000s
Opening FVOCI reserve	**(55,736)**	**(14,091)**	**(69,827)**	8,751	—	8,751
Net movement during period	**25,824**	**13,600**	**39,424**	(73,660)	(16,103)	(89,763)
Net movement reclassified to profit or loss on disposal	**1,975**	**(6)**	**1,969**	(41)	—	(41)
Income tax relating to these items	**(3,475)**	**(1,699)**	**(5,174)**	9,214	2,012	11,226
Closing FVOCI reserve	**(31,412)**	**(2,196)**	**(33,608)**	(55,736)	(14,091)	(69,827)

31 PREFERENCE SHARE CAPITAL

	Number	**2023** €000s	2022 €000s
Authorised:			
At the beginning and the end of the year			
14% Non-cumulative preference shares of €0.60 each	1,340,000	**804**	804
8% Non-cumulative preference shares of €0.60 each	12,750,000	**7,650**	7,650
Total authorised		**8,454**	8,454
Issued and fully paid:			
At the beginning and the end of the year			
14% Non-cumulative preference shares of €0.60 each	1,340,000	**804**	804
8% Non-cumulative preference shares of €0.60 each	3,532,292	**2,119**	2,119
Total issued and fully paid		**2,923**	2,923

The rights attaching to each class of share capital are set out in the Company's Articles of Association. In the event of the Company being wound up, the holders of the 14% non-cumulative preference shares rank ahead of the holders of the 8% non-cumulative preference shares, who in turn, rank ahead of the holders of both the 'A' ordinary shares of €0.01 each and the holders of the ordinary shares of €0.60 each.

32 DIVIDENDS

	2023 €000s	2022 €000s
Paid during year:		
2022 dividend of 8.4 cent (2021: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	**113**	113
2022 dividend of 4.8 cent (2021: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	**169**	169
2022 final dividend of 100.0 cent (2021: 100.0 cent) per share on ordinary shares of €0.60 each	**35,884**	35,588
2023 special dividend of 100.0 cent (2022: 0.0 cent) per share on ordinary shares of €0.60 each	**35,860**	—
Total dividends paid	**72,026**	35,870

	2023 €000s	2022 €000s
Proposed:		
2023 dividend of 8.4 cent (2022: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	**113**	113
2023 dividend of 4.8 cent (2022: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	**169**	169
2023 final dividend of 100.0 cent (2022: 100.0 cent) per share on ordinary shares of €0.60 each	**35,857**	35,588
Total dividends proposed	**36,139**	35,870

The proposed dividend excludes any amounts due on outstanding share awards as at 31 December 2023 that are due to vest in March 2024 and is subject to approval by shareholders at the Annual General Meeting to be held on 9 May 2024. The proposed dividend has not been included as a liability in the Consolidated Statement of Financial Position as at 31 December 2023.

33 PRINCIPAL SUBSIDIARIES

(a) Subsidiaries	Nature of Operations	% Owned
FBD Insurance plc	General insurance underwriter	100 %
FBD Insurance Group Limited	General insurance, life assurance, investment services and pensions broker	100 %
FBD Corporate Services Limited	Employee services company	100 %

The Registered Office of each of the above subsidiaries is at FBD House, Bluebell, Dublin 12.

All shareholdings are in the form of ordinary shares.

The financial year end for the Group's principal subsidiaries is 31 December.

The Group has carried out an impairment assessment of the parent company's investment in subsidiaries which indicated that no impairment of this asset was required.

FBD Holdings plc is an Irish registered public limited company. The Company's ordinary shares of €0.60 each are listed on Euronext Dublin and with the Financial Conduct Authority and are traded on both Euronext Dublin and London Stock Exchange.

All individual subsidiary's financial statements are prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland with the exception of FBD Insurance

33 PRINCIPAL SUBSIDIARIES (CONTINUED)

plc whose financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union.

34 CAPITAL COMMITMENTS

There are no capital commitments at the financial year end (2022: €nil).

35 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at either 31 December 2023 or 31 December 2022.

36 SHARE-BASED PAYMENTS

FBD Group Performance Share Plan

Conditional awards of ordinary shares are made under the FBD Group Performance Share Plan ("LTIP"). The LTIP was last approved by the shareholders of FBD Holdings plc at the 2018 AGM. Conditional awards are solely based on non-market conditions. The extent to which the non-market conditions have been met and any award (or part of an award) has therefore vested will be determined in due course by the Remuneration Committee of the Board of FBD Holdings plc. Further detail on the LTIP is available within the Report on Directors' Remuneration on pages 111 to 131.

Accounting charge for share based payments

Grant date	Number outstanding at 1 January 2023	Granted during year	Dividends	(Under)/ Outperformance	Forfeited during year	Vested during year	Number outstanding at 31 December 2023	Performance Period	Earliest vesting date
24.04.2020 LTIP	306,323	—	18,537	(50,532)	(4,638)	(269,690)	—	2020-2022	Apr-23
25.03.2021 LTIP	360,302	—	—	—	(18,647)	—	341,655	2021-2023	Mar-24
06.04.2022 LTIP	252,639	—	—	—	(15,424)	—	237,215	2022-2024	Mar-25
04.04.2023 LTIP	—	210,719	—	—	(19,067)	—	191,652	2023-2025	Mar-26
Total	**919,264**	**210,719**	**18,537**	**(50,532)**	**(57,776)**	**(269,690)**	**770,522**		

Grant date	Vesting period (years)	Number outstanding at 31 December 2023	% of shares expected to vest	Share price at grant date	Fair value of share award at grant date	2023	2022
			%	€	€	€000s	€000s
25.03.2019 LTIP	3	—	125 %	8.79	8.79	—	112
24.04.2020 LTIP	3	—	83 %	6.12	6.12	**160**	1,037
25.03.2021 LTIP	3	**341,655**	83 %	6.89	6.89	**1,024**	827
06.04.2022 LTIP	3	**237,215**	83 %	9.90	9.90	**870**	705
04.04.2023 LTIP	3	**191,652**	95%	13.63	13.63	**586**	—
Total		**770,522**				**2,640**	2,681

During the financial year 269,690 shares of the April 2020 award vested, with a value of €3,654,230. The Directors estimate, 83% of the March 2021 awards will vest, 83% of the April 2022 awards will vest and 95% of the April 2023 awards will vest.

37 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc and FBD Trust Company Ltd have a substantial shareholding in the Group at 31 December 2023. Details of their shareholdings and related party transactions are set out in the Report of the Directors on page 75.

Both companies have subordinated debt investment in the Group. Farmer Business Developments plc holds a €21.0m investment and FBD Trust Ltd holds a €12.0m investment. During 2023 interest payments of €1.1m and €0.6m were made to Farmer Business Developments and FBD Trust respectively. Please refer to note 27 for further details.

At 31 December 2023 the intercompany balances (FBD Holdings plc) with other subsidiaries was a receivable of €4,350,000 (2022: receivable of €5,867,000).

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:

	2023	2022
	€000s	€000s
Short term employee benefits[1]	**5,077**	4,730
Post-employment benefits	**306**	275
Share-based payments	**1,436**	1,386
Charge to the Consolidated Income Statement	**6,819**	6,391

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

Full disclosure in relation to the 2023 and 2022 compensation entitlements and share awards of the Board of Directors is provided in the Report on Directors' Remuneration.

At 31 December 2023 KMP had loans to the value of €16,535 payable to the Group (December 2022: €19,085). 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 €146,000 (2022: €50,000).

38. FINANCIAL RISK MANAGEMENT

(a) Capital management risk

The Group is committed to managing its capital to ensure it is adequately capitalised at all times and to maximise returns to shareholders. The capital of the Group comprises of issued capital, reserves and retained earnings as detailed in notes 28 to 31. The Group has an Investment Committee, a Pricing & Underwriting Committee, a Capital Management Forum, an Audit Committee, a Reserving Committee and Board and Executive Risk Committees, all of which assist the Board in the identification and management of exposures and capital.

The Group maintained its capital position and complied with all regulatory solvency margin requirements throughout both the year 2023 and the prior year. In 2023, the Group maintained its Solvency Capital Requirement (SCR) coverage above its target range of 150-170% of SCR.

An experienced Actuarial team is in place with policies and procedures to ensure that Solvency II Technical Provisions are calculated in an appropriate manner and represent a best estimate. Technical

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

Provisions are internally peer reviewed every quarter, audited once a year and subject to external peer review every two years.

An approved Reinsurance Programme is in place to minimise the solvency impact of Catastrophe events to the Group.

The annual ORSA provides a comprehensive view and understanding of the risks to which the Group is exposed or could face in the future and how they translate into capital needs or alternatively require mitigation actions.

The Group ensures that the implications on the capital position is considered as part of the strategic planning process. The capital position is also considered as part of the strategic decision process.

On at least an annual basis, a target range for its SCR Ratio, developed as part of the annual planning/ budgeting process, is approved by the Board as part of the Risk Appetite Statements in the Risk Appetite Framework.

The Group also devotes considerable resources to managing its relationships with the providers of capital within the capital markets, for example, existing and potential shareholders, financial institutions, stockbrokers and corporate finance houses.

(b) Liquidity risk

The Group is exposed to daily calls on its cash resources, mainly for claims payments. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the maturity profile of its financial assets is well matched to the maturity profile of its liabilities and maintaining a minimum cash amount available on short term access at all times.

The following tables provide a maturity analysis of the Group's insurance and reinsurance contracts, which reflects the dates on which the cashflows are expected to occur. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

2023	Up to 1 year €000s	1-2 years €000s	2-3 years €000s	3-4 years €000s	4-5 years €000s	5+ years €000s	Total €000s
Gross LIC present value of future cashflows	**208,514**	**115,054**	**81,578**	**60,198**	**42,084**	**71,062**	**578,490**
Reinsurance LIC present value of future cashflows	**(36,262)**	**(13,276)**	**(11,189)**	**(8,036)**	**(5,395)**	**(17,410)**	**(91,568)**
2022 (restated)							
Gross LIC present value of future cashflows	256,371	132,601	82,010	58,232	42,409	69,451	641,074
Reinsurance LIC present value of future cashflows	(59,812)	(35,894)	(8,752)	(7,352)	(5,305)	(14,702)	(131,817)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following tables summarise the maturity profile of financial assets and liabilities of the Group based on remaining undiscounted contractual cash flows, including interest receivable:

2023	Up to 1 year €000s	1-2 years €000s	2-3 years €000s	3-4 years €000s	4-5 years €000s	5+ years €000s	Total €000s
Cash and cash equivalents	142,399	—	—	—	—	—	142,399
Equity and debt instruments at FVTPL	113,257	—	—	—	—	47,921	161,178
Debt instruments at FVOCI	90,819	147,730	224,171	160,665	125,548	209,771	958,704
Deposits	2,933	—	—	—	—	—	2,933
Loans and other receivables	17,786	—	—	—	—	—	17,786
Other payables	35,852	—	—	—	—	—	35,852
Other provisions	20,083	—	—	—	—	—	20,083
Subordinated debt	2,500	2,500	2,500	2,500	2,500	50,000	62,500

2022 (restated)	Up to 1 year €000s	1-2 years €000s	2-3 years €000s	3-4 years €000s	4-5 years €000s	5+ years €000s	Total €000s
Cash and cash equivalents	165,240	—	—	—	—	—	165,240
Equity and debt instruments at FVTPL	105,419	—	—	—	—	28,675	134,094
Debt instruments at FVOCI	132,451	78,167	154,202	224,522	167,751	194,453	951,546
Deposits	10	10,010	—	—	—	—	10,020
Loans and other receivables	16,608	—	—	—	—	—	16,608
Other payables	35,628	—	—	—	—	—	35,628
Other provisions	11,103	—	—	—	—	—	11,103
Subordinated debt	2,500	2,500	2,500	2,500	2,500	52,500	65,000

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

The tables below summarises the expected utilisation or settlement of assets and liabilities:

			2023			2022 (restated)
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
	€000s	€000s	€000s	€000s	€000s	€000s
Financial assets:	**345,903**	**834,176**	**1,180,079**	402,217	756,698	1,158,915
Cash and cash equivalents	**142,399**	**—**	**142,399**	165,240	—	165,240
Equity and debt instruments at FVTPL	**113,257**	**47,921**	**161,178**	105,419	28,675	134,094
Debt instruments at FVOCI	**69,734**	**786,255**	**855,989**	115,842	718,023	833,865
Deposits	**2,885**	**—**	**2,885**	—	10,000	10,000
Loans and receivables	**17,628**	**—**	**17,628**	15,716	—	15,716
Reinsurance contract assets:	**35,512**	**62,008**	**97,520**	59,780	76,877	136,657
Reinsurance contract assets	**35,512**	**62,008**	**97,520**	59,780	76,877	136,657
Insurance/Reinsurance contract liabilities:	**360,277**	**415,124**	**775,401**	400,757	426,474	827,231
Insurance contract liabilities	**359,797**	**415,124**	**774,921**	400,147	426,474	826,621
Reinsurance contract liabilities	**480**	**—**	**480**	610	—	610
Financial liabilities:	**58,435**	**47,221**	**105,656**	49,231	47,162	96,393
Other payables	**35,852**	**—**	**35,852**	35,628	—	35,628
Other provisions	**20,083**	**—**	**20,083**	11,103	—	11,103
Subordinated debt	**2,500**	**47,221**	**49,721**	2,500	47,162	49,662

(c) Market risk

The Group has invested in term deposits, listed debt securities, investment property and externally managed collective investment schemes which provide exposure to a broad range of asset classes. These investments are subject to market risk, whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest rates or changes in the foreign exchange rates of the currency in which the investments are denominated. The extent of the exposure to market risk is managed by the formulation of, and adherence to, an Investment Policy incorporating clearly defined investment limits and rules, as approved annually by the Board of Directors, and employment of appropriately qualified and experienced personnel and external investment management specialists to manage the Group's investment portfolio. The overriding philosophy of the Investment Policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk.

Interest rate and spread risk

Interest rate and spread risk arises primarily from the Group's investments in listed debt securities and deposits and their movement relative to the Group's liabilities. The Group reviews its exposure to interest rate and spread risk on a quarterly basis by conducting an asset liability matching analysis. As part of this analysis it monitors the movement in assets minus liabilities for defined interest rate stresses and ensures that they remain within set limits as laid out in its Asset Liability Management Policy. Similar monitoring is done for spread risk.

At 31 December 2023, the Group held the following deposits and listed debt securities:

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2023		2022	
	Market Value	Weighted average interest rate	Market Value	Weighted average interest rate
	€000s	%	€000s	%
Time to maturity				
In one year or less	**72,619**	**1.14**	115,842	0.96
In more than one year, but not more than two years	**126,160**	**1.07**	82,389	1.23
In more than two years, but not more than three years	**206,202**	**1.05**	131,223	1.11
In more than three years, but not more than four years	**152,803**	**1.12**	203,391	1.09
In more than four years, but not more than five years	**113,674**	**1.46**	145,160	1.18
More than five years	**187,416**	**2.22**	165,860	1.44
Total	**858,874**		843,865	

Equity price risk

The Group is subject to equity price risk due to its holdings in collective investment schemes which invest in listed equities.

The amounts exposed to equity price risk at the reporting date are:

	2023	2022
	€000s	€000s
Equity exposure	**47,982**	41,612

Foreign currency risk

The Group does not directly hold investment assets in foreign currencies; however, it does have exposure to non-euro exchange rate fluctuations through its collective investment scheme holdings. The underlying exposure to foreign currency is as follows.

Assets	2023	2022
	€000s	€000s
Emerging Markets*	**15,585**	14,367
USD	**46,792**	27,546

*The Emerging Markets currency exposure is achieved through the collective investment schemes and is highly diversified. The largest exposure to any one currency as at 31 December 2023 was €1.7m in Hong Kong Dollars (2022: €1.9m in Hong Kong Dollars)

The Group did not directly hold any derivative instruments at 31 December 2023 or 31 December 2022.

(d) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Financial assets are graded according to current credit ratings issued by the main credit rating agencies. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. All of the Group's bank deposits are with financial institutions which have a minimum A- rating. The Group holds the following listed government bonds (average credit rating: A) and listed corporate bonds (average credit rating: A-), with the following credit profile:

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2023		2022 (restated)	
	Market Value €000s	Weighted Average Duration	Market value €000s	Weighted Average Duration
Government bonds				
AAA	15,489	0.0	20,706	0.6
AA+	25,975	2.3	32,902	2.5
AA	50,969	3.2	87,099	4.2
AA-	51,386	4.5	—	0.0
A-	43,549	4.5	—	0.0
BBB+	64,705	3.3	60,909	4.0
BBB	—	0.0	41,797	5.3
BBB-	29,009	2.8	27,599	3.7
Total	281,082	3.3	271,012	3.8
Corporate Bonds				
AAA	14,852	5.7	6,414	4.4
AA+	8,684	4.5	4,970	4.2
AA	8,391	5.1	9,592	1.4
AA-	41,358	4.9	44,319	3.5
A+	90,527	4.1	69,279	3.6
A	55,764	3.0	59,107	2.7
A-	132,116	3.7	134,086	3.2
BBB+	119,510	3.4	104,602	2.8
BBB	74,035	2.6	98,230	2.6
BBB-	29,670	1.6	32,252	1.9
Total	574,907	3.6	562,851	3.0

The Group's IFRS 9 policy does not require calculation of an ECL for 'Cash and cash equivalents' and 'Deposits' due to their low risk of default and low risk profile.

All of the Group's current reinsurers either have a credit rating of A- or better. The Group has assessed these credit ratings as being satisfactory in diminishing the Group's exposure to the credit risk of its reinsurance receivables. At 31 December 2023, the maximum balance owed to the Group by an individual reinsurer, including reinsurers' share of insurance contract liabilities not yet called, was €12,685,000 (2022: €21,676,000).

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's most significant exposure to credit risk. There are no financial assets past due but not impaired.

All other receivables are due within one year and none are past due. The carrying value is net of any allowance for expected credit losses (ECL).

Impairment assessment

Debt instruments at FVOCI

The Group monitors FVOCI investments in order to determine whether an investment is subject to 12 month ECL (12-month ECL) or Lifetime ECL (LTECL).

At initial recognition, a debt instrument is considered at stage 1 and a loss allowance must be made immediately by recognising the 12-month ECL. The 12-month ECL is the expected credit loss that would result from a default event occurring within the next 12 months.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

An increase in credit risk is assessed by a significant increase in the probability of default of a bond, taking into account reasonable and supportable information including forward-looking data. The credit risk is always considered as significantly increased if any contractual payments are more than 30 days past due. In case of a significant increase in credit risk (stage 2), the loss has to reflect the lifetime ECL which are the probability-weighted credit losses occurring over the entire lifetime of the bond.

If the bond is more than 90 days past due or if there is other evidence of financial distress (for example, a legal bankruptcy or default), the instrument is classified as credit-impaired (stage 3) which means the impairment loss has to reflect the lifetime ECL as in stage 2.

All investments are high grade and the ECL applied is the 12-month ECL, as there has been no significant increase in risk in any of the periods.

The ECL for FVOCI debt securities does not change the carrying value of these investments in the Statement of Financial Position, the loss allowance is instead recognised in the Consolidated Income Statement with corresponding credit to Other Comprehensive Income.

The table below shows an analysis of changes in the fair value of FVOCI investments and the corresponding ECL:

			Carrying Value			Related 12m ECL
	Government Bonds	Corporate Bonds	Total	Government Bonds	Corporate Bonds	Total
	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2023	**271,012**	**562,853**	**833,865**	**(201)**	**(802)**	**(1,003)**
Originated or purchased	**28,321**	**107,051**	**135,372**	**(4)**	**(20)**	**(24)**
Matured or sold	**(29,000)**	**(122,277)**	**(151,277)**	**9**	**320**	**329**
Remeasurement	**10,749**	**27,280**	**38,029**	**(57)**	**243**	**186**
Balance at 31 December 2023	**281,082**	**574,907**	**855,989**	**(253)**	**(259)**	**(512)**
Balance at 1 January 2022	303,009	589,486	892,495	(212)	(543)	(755)
Originated or purchased	69,214	168,912	238,126	(44)	(85)	(129)
Matured or sold	(65,898)	(137,852)	(203,750)	26	144	170
Remeasurement	(35,313)	(57,693)	(93,006)	29	(318)	(289)
Balance at 31 December 2022	271,012	562,853	833,865	(201)	(802)	(1,003)

Other receivables and loans

The Group recognises a loss allowance for expected credit losses that reduces the carrying value of the Other receivables and Loans. Expected credit losses is a forward looking measure of impairment calculated on a probability of credit losses basis. An ECL of €142,000 (2022: €312,000) has reduced the carrying value of Other receivables and an ECL of €16,000 (2022: €12,000), has reduced the carrying value of Loans. The Group has availed of the low credit risk exemption outlined in IFRS 9 and applied this to particular assets included within 'Other receivables'.

(e) Concentration risk

Concentration risk is the risk of loss due to overdependence on a singular investment or category of business. The main concentration risks to which the Group is exposed, and how they are mitigated, are as follows:

- Exposure to a single country, counterparty or security as part of its sovereign or corporate bond portfolio. The Group mitigates this risk by placing limits on these exposures with its investment managers which are continuously monitored.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Exposure to a single counterparty as part of its cash and deposit holdings. The Group mitigates this risk by placing limits on its total exposures to banking counterparties as set out in the Group's Investment Policy, which is approved annually by the Board of Directors.
- While all of the Group's underwriting business is conducted in Ireland, with a significant focus on the agri-sector, it is spread over a wide geographical area with no concentration in any one county or region. The resultant concentration risk from adverse weather events, i.e. floods, storms or freezes in Ireland, are mitigated by a flood mapping solution and an appropriate reinsurance strategy.

Receivables have no significant concentration of risk.

(f) Sensitivity analysis

The below sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have an effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis.

(i) Underwriting risk

Underwriting risk is the risk that underwritten business is less profitable than planned due to insufficient pricing and setting of claims case reserves as a result of higher than expected claims frequency, higher average cost of claims and catastrophic claims. The Group manages this risk through its underwriting strategy, proactive claims handling and its reinsurance arrangements. The Group underwriting strategy is incorporated in the overall corporate strategy and all risks underwritten are within the Group's underwriting policies. The Group uses statistical and actuarial methods to calculate the quantum of claims provisions and the case reserve estimates are subject to robust controls. The Group purchases reinsurance protection to limit its exposure to single claims and the aggregation of claims from catastrophic events.

The following table presents information on how reasonably possible changes in assumptions by the Group with regard to underwriting risk variables impact on insurance liabilities, profit before tax and equity before and after risk mitigation by reinsurance contracts held. As these contracts are measured under the PAA, only the LIC component of insurance liabilities is impacted.

				2023				2022 (restated)
	LIC as at 31/12	Impact on LIC	Impact on Profit before tax	Impact on Equity	LIC as at 31/12	Impact on LIC	Impact on Profit before tax	Impact on Equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**647,950**	—	—	—	708,823	—	—	—
Net reinsurance contract assets	**(101,015)**	—	—	—	(139,208)	—	—	—
Net insurance contract liabilities	**546,935**	—	—	—	569,615	—	—	—
Unpaid claims and expenses: +10%								
Insurance contract liabilities	—	**64,795**	**(66,131)**	**(56,696)**	—	70,882	(73,943)	(62,022)
Reinsurance contract assets	—	**(10,101)**	**10,397**	**8,838**	—	(13,921)	14,584	12,181
Net insurance contract liabilities	—	**54,694**	**(55,734)**	**(47,858)**	—	56,961	(59,359)	(49,841)

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Interest rate

The following table discloses an analysis of how a possible shift in market interest rates of +/- 100bps might impact the insurance contract liabilities (LIC), investment assets at FVOCI, profit before tax and equity.

	2023 €000s	2022 (restated) €000s
Gross insurance liabilities[1]	(578,490)	(641,074)
Reinsurance assets[1]	91,568	131,817
Net insurance liabilities	(486,922)	(509,257)
Investment assets classified as FVOCI[2]	855,989	833,865
+100bps in interest rate		
Impact on:		
Gross insurance liabilities	12,562	12,651
Reinsurance assets	(2,457)	(2,678)
Net insurance liabilities	10,105	9,973
Investment assets classified as FVOCI	(33,825)	(30,979)
Profit before tax[3]	—	—
Decrease in equity	(20,755)	(18,380)
-100bps in interest rate		
Impact on:		
Gross insurance liabilities	(13,264)	(13,324)
Reinsurance assets	2,641	2,851
Net insurance liabilities	(10,623)	(10,473)
Investment assets classified as FVOCI	36,078	32,793
Profit before tax[3]	—	—
Increase in Equity	22,272	19,530

1 Gross liabilities and reinsurance assets excludes the risk adjustment, as this is not sensitive to interest rate movements, as it reflects uncertainty relating to non-financial risks.
2 (Re) insurance contract assets and liabilities are backed by cash and fixed interest securities of low risk and similar duration. All of the Group's fixed interest securities are classified as FVOCI. 'Cash and cash equivalents' are not included in the stress test, due to their short term maturity.
3 A change in the interest rate impacts the LIC, however this impact will be in the Consolidated OCI with no impact on profit before tax as the Consolidated Income Statement is based on initial rate which remains unchanged in these scenarios. Similarly any change in interest rate will impact the FVOCI investments, however will have no impact on profit before tax, instead the impact will go through Consolidated OCI.

(iii) Other sensitivities

The table below identifies the Group's other key sensitivity factors. For each sensitivity test, the impact of a change in a single factor is shown, with other assumptions left unchanged.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity factor	Description of sensitivity factor applied
Interest rate and investment return	The impact of a change in the market interest rate by an increase of 1% or a decrease of 0.25%. For example if a current interest rate is 2%, the impact of an immediate change to 3% and 1.75%.
Exchange rates movement	The impact of a change in foreign exchange rates by ± 10%.
Equity market values	The impact of a change in equity market values by ±10%.
FVOCI investments	The impact of a change in bond market valuations by ±5%.
Level 3 - investment property	The impact of a change in market rents ±10%.
Level 3 - investment property	The impact of a change in capitalisation yield ± 0.5%.
Level 3 - property held for own use	The impact of a change in market rents ±10%.
Level 3 - property held for own use	The impact of a change in capitalisation yield ± 0.5%.
Level 3 - other investments	The impact of a change in valuations by ±10%.

The pre-taxation impacts on shareholders' equity at 31 December 2023 and at 31 December 2022 of each of the sensitivity factors outlined above are as follows:

		2023 €000s	2022 (restated) €000s
Interest rates	1%	**(36,172)**	(33,582)
Interest rates	(0.25%)	**9,704**	9,044
FX rates	10%	**6,238**	4,191
FX rates	(10%)	**(6,238)**	(4,191)
Equity	10%	**4,798**	4,161
Equity	(10%)	**(4,798)**	(4,161)
FVOCI investments	5%	**42,799**	41,693
FVOCI investments	(5%)	**(42,799)**	(41,693)
Level 3 - investment property - Market Rent (note 15(b))	10%	**1,400**	1,700
Level 3 - investment property - Market Rent (note 15(b))	(10%)	**(1,500)**	(1,800)
Level 3 - investment property - Capitalisation yield (note 15(b))	0.5%	**(900)**	(1,300)
Level 3 - investment property - Capitalisation yield (note 15(b))	(0.5%)	**1,000**	1,400
Level 3 - property held for own use - Market Rent (note 15(b))	10%	**1,171**	796
Level 3 - property held for own use - Market Rent (note 15(b))	(10%)	**(1,285)**	(943)
Level 3 - property held for own use - Capitalisation yield (note 15(b))	0.5%	**(898)**	(930)
Level 3 - property held for own use - Capitalisation yield (note 15(b))	(0.5%)	**830**	1,063
Level 3 - other investments (note 15(b))	10%	**4,792**	2,868
Level 3 - other investments (note 15(b))	(10%)	**(4,792)**	(2,868)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk. They represent the Group's view of possible near-term market changes that cannot be predicted with any certainty and assume that all interest rates move in an identical fashion.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Insurance risk

Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosures below on a gross of reinsurance basis as at 31 December 2023.

Accident year	2014 €000s	2015 €000s	2016 €000s	2017 €000s	2018 €000s	2019 €000s	2020 €000s	2021 €000s	2022 €000s	**2023 €000s**	**Total €000s**
Estimate of ultimate claims cost[1]:											
At end of accident year	302,693	288,726	240,975	230,576	234,845	201,745	359,901	222,509	221,145	**232,557**	
One year later	335,089	294,585	226,231	213,798	224,166	196,579	367,152	206,018	218,012	—	
Two years later	339,918	314,664	214,276	199,484	213,477	172,845	339,236	217,002	—	—	
Three years later	332,618	309,541	203,629	198,514	206,541	166,682	272,551	—	—	—	
Four years later	328,782	285,638	196,351	195,149	199,397	165,953	—	—	—	—	
Five years later	323,646	281,297	195,903	188,663	190,234	—	—	—	—	—	
Six years later	322,351	280,966	194,234	184,488	—	—	—	—	—	—	
Seven years later	319,866	272,936	192,396	—	—	—	—	—	—	—	
Eight years later	318,453	264,616	—	—	—	—	—	—	—	—	
Nine years later	316,532	—	—	—	—	—	—	—	—	—	
Ten years later											
Estimate of cumulative claims	316,532	264,616	192,396	184,488	190,234	165,953	272,551	217,002	218,012	**232,557**	
Cumulative payments[2]	(302,125)	(241,503)	(171,436)	(156,247)	(155,552)	(119,200)	(183,053)	(121,640)	(120,286)	**(94,241)**	
Claims outstanding at 31.12.23	14,407	23,113	20,960	28,241	34,682	46,753	89,498	95,362	97,726	**138,316**	589,058
Gross cumulative claims outstanding - prior accident years											26,122
Effect of discounting											(36,690)
Effect of the risk adjustment for non-financial risk											69,460
Gross LIC											647,950

1 Ultimate claims are gross of reinsurance, undiscounted, inclusive of other directly attributable expenses relating to claims management.
2 Cumulative payments relate to gross claims and other directly attributable expenses relating to claims management paid.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

Net claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosures below on a net of reinsurance basis as at 31 December 2023.

Accident year	2014 €000s	2015 €000s	2016 €000s	2017 €000s	2018 €000s	2019 €000s	2020 €000s	2021 €000s	2022 €000s	**2023 €000s**	**Total €000s**
Estimate of ultimate claims cost[1]:											
At end of accident year	254,902	258,197	214,776	201,561	214,844	190,529	257,995	185,527	161,029	**216,802**	
One year later	289,202	264,220	210,223	193,783	208,259	184,032	242,582	173,277	159,886	**—**	
Two years later	293,354	275,233	199,853	184,032	200,375	165,425	269,395	176,360	—	**—**	
Three years later	291,760	270,024	188,762	181,921	198,901	161,579	246,190	—	—	**—**	
Four years later	288,785	261,250	185,533	180,856	190,299	159,983	—	—	—	**—**	
Five years later	283,207	258,388	185,023	176,175	183,676	—	—	—	—	**—**	
Six years later	281,421	258,910	183,706	171,967	—	—	—	—	—	**—**	
Seven years later	278,896	253,731	181,877	—	—	—	—	—	—	**—**	
Eight years later	278,048	245,803	—	—	—	—	—	—	—	**—**	
Nine years later	276,370	—	—	—	—	—	—	—	—	**—**	
Ten years later											
Estimate of cumulative claims	276,370	245,803	181,877	171,967	183,676	159,983	246,190	176,360	159,886	**216,802**	
Cumulative payments[2]	(262,709)	(225,288)	(161,868)	(150,112)	(152,245)	(119,407)	(183,061)	(103,022)	(76,230)	**(92,707)**	
Claims outstanding at 31.12.23	13,661	20,515	20,009	21,855	31,431	40,576	63,129	73,338	83,656	**124,095**	492,265
Net cumulative claims outstanding - prior accident years											23,981
Effect of discounting											(29,325)
Effect of the risk adjustment for non-financial risk											60,014
Net LIC											546,935

1 Ultimate claims are net of reinsurance, undiscounted, inclusive of other directly attributable expenses relating to claims management.
2 Cumulative payments relate to net claims and other directly attributable expenses relating to claims management paid.

(g) Insurance risk

Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosures below on a gross of reinsurance basis as at 31 December 2022 (restated).

Accident year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Estimate of ultimate claims cost[1]:											
At end of accident year	237,147	302,693	288,726	240,975	230,576	234,845	201,745	359,901	222,509	221,145	
One year later	235,863	335,089	294,585	226,231	213,798	224,166	196,579	367,152	206,018	—	
Two years later	262,709	339,918	314,664	214,276	199,484	213,477	172,845	339,236	—	—	
Three years later	259,602	332,618	309,541	203,629	198,514	206,541	166,682	—	—	—	
Four years later	258,261	328,782	285,638	196,351	195,149	199,397	—	—	—	—	
Five years later	249,651	323,646	281,297	195,903	188,663	—	—	—	—	—	
Six years later	248,775	322,351	280,966	194,234	—	—	—	—	—	—	
Seven years later	246,588	319,866	272,936	—	—	—	—	—	—	—	
Eight years later	244,632	318,453	—	—	—	—	—	—	—	—	
Nine years later	242,560	—	—	—	—	—	—	—	—	—	
Ten years later	—	—	—	—	—	—	—	—	—	—	
Estimate of cumulative claims	242,560	318,453	272,936	194,234	188,663	199,397	166,682	339,236	206,018	221,145	
Cumulative payments[2]	(236,650)	(298,649)	(236,677)	(166,083)	(150,964)	(144,885)	(106,532)	(159,746)	(113,117)	(75,963)	
Claims outstanding at 31.12.22	5,910	19,804	36,259	28,151	37,699	54,512	60,150	179,490	92,901	145,182	660,058
Gross cumulative claims outstanding - prior accident years											27,376
Effect of discounting											(46,360)
Effect of the risk adjustment for non-financial risk											67,749
Gross LIC											708,823

1 Ultimate claims are gross of reinsurance, undiscounted, inclusive of other directly attributable expenses relating to claims management.
2 Cumulative payments relate to gross claims and other directly attributable expenses relating to claims management paid.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

Net claims development (restated)

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosures below on a net of reinsurance basis as at 31 December 2022 (restated).

Accident year	2013 €000s	2014 €000s	2015 €000s	2016 €000s	2017 €000s	2018 €000s	2019 €000s	2020 €000s	2021 €000s	2022 €000s	Total €000s
Estimate of ultimate claims cost[1]:											
At end of accident year	221,312	254,902	258,197	214,776	201,561	214,844	190,529	257,995	185,527	161,030	
One year later	213,293	289,202	264,220	210,223	193,783	208,259	184,032	242,582	173,277	—	
Two years later	240,974	293,354	275,233	199,853	184,032	200,375	165,425	269,395	—	—	
Three years later	237,018	291,760	270,024	188,762	181,921	198,901	161,579	—	—	—	
Four years later	235,302	288,785	261,250	185,533	180,856	190,299	—	—	—	—	
Five years later	231,472	283,207	258,388	185,023	176,175	—	—	—	—	—	
Six years later	230,487	281,421	258,910	183,706	—	—	—	—	—	—	
Seven years later	229,433	278,896	253,731	—	—	—	—	—	—	—	
Eight years later	227,675	278,048	—	—	—	—	—	—	—	—	
Nine years later	225,640	—	—	—	—	—	—	—	—	—	
Ten years later	—	—	—	—	—	—	—	—	—	—	
Estimate of cumulative claims	225,640	278,048	253,731	183,706	176,175	190,299	161,579	269,395	173,277	161,030	
Cumulative payments[2]	(219,730)	(259,233)	(220,462)	(156,515)	(145,006)	(141,806)	(106,739)	(175,519)	(94,530)	(32,400)	
Claims outstanding at 31.12.22	5,910	18,815	33,269	27,191	31,169	48,493	54,840	93,876	78,747	128,630	520,940
Net cumulative claims outstanding - prior accident years											24,695
Effect of discounting											(36,378)
Effect of the risk adjustment for non-financial risk											60,358
Net LIC											569,615

1 Ultimate claims are net of reinsurance, undiscounted, inclusive of other directly attributable expenses relating to claims management.
2 Cumulative payments relate to net claims and other directly attributable expenses relating to claims management paid.

39. SUBSEQUENT EVENTS

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

Other Information

ALTERNATIVE PERFORMANCE MEASURES (APM's) (UNAUDITED)

The Group uses the following alternative performance measures: Loss ratio, undiscounted loss ratio, expense ratio, combined operating ratio, undiscounted combined operating ratio, actual investment return, net asset value per share, return on equity, underwriting result and gross written premium.

Changes to APMs

The Group has adopted IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments' from 1 January 2023. The adoption of IFRS 17 has brought significant changes to the measurement and presentation for insurance and reinsurance contracts. Consequently, we have introduced new APMs in 2023 that provide useful information under the standard including undiscounted loss ratio, undiscounted combined operating ratio and gross written premium.

In addition, we have made certain changes to existing APMs to ensure that they remain relevant and useful for stakeholders. The Group adjusted loss ratio, expense ratio, combined operating ratio and underwriting result APM's reflect the implementation of IFRS 17.

Loss ratio (LR), expense ratio (ER), combined operating ratio (COR) and underwriting result 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 entity's investment portfolio. Net asset value per share (NAV) is a widely used performance measure which provides the users of the financial statements the book value per share. Return on equity (ROE) is also a widely used profitability ratio that measures an entity's ability to generate profits from its shareholder investments. Gross written premium is a component of insurance revenue and is widely used across the general insurance industry.

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

	Note	2023 €000s	2022 (restated) €000s
Loss ratio			
Incurred claims and other expenses	17	**238,133**	223,807
Changes that relate to past service – changes in FCF relating to the LIC	17	**(103,990)**	(92,564)
Net expense from reinsurance contracts held	17	**64,666**	46,755
Movement in other provisions[1]	26	**15,831**	8,403
Total claims incurred and movement in other provisions		**214,640**	186,401
[1] ESG initiative has been excluded as not insurance related			
Insurance revenue	5(a)	**401,026**	379,697
Loss ratio (Total claims incurred and movement in other provisions/Insurance revenue)		**53.5 %**	49.1 %
Undiscounted loss ratio[3]			
Incurred claims and other expenses[2]		**247,340**	235,179
Changes that relate to past service – changes in FCF relating to the LIC[2]		**(101,455)**	(90,696)
Net expense from reinsurance contracts held[2]		**62,359**	43,680
Movement in other provisions[1]		**15,831**	8,403
Total claims incurred and movement in other provisions		**224,075**	196,566
[1] ESG initiative has been excluded as not insurance related			
[2] These items cannot be reconciled to the Financial Statements			
[3] The difference between the undiscounted loss ratio and discounted loss ratio is the effect of discounting only, which has been determined in line with accounting policy 3 (E)			
Insurance revenue	5(a)	**401,026**	379,697
Undiscounted loss ratio (Total claims incurred and movement in other provisions/ Insurance revenue)		**55.9 %**	51.8 %

	Note	2023	2022
			(restated)
		€000s	€000s
Expense ratio			
Amortisation of insurance acquisition cash flow	5(c)	**75,909**	70,595
Non-attributable expenses	5(c)	**34,018**	33,048
Total insurance acquisition and non-attributable expenses	5(c)	**109,927**	103,643
Insurance revenue	5(a)	**401,026**	379,697
Expense ratio (Total insurance acquisition and non-attributable expenses /Insurance revenue)		**27.4 %**	27.3 %
Combined operating ratio			
Loss ratio		**53.5 %**	49.1 %
Expense ratio		**27.4 %**	27.3 %
Combined operating ratio (Loss ratio + Expense ratio)		**80.9 %**	76.4 %
Undiscounted Combined operating ratio			
Undiscounted loss ratio		**55.9 %**	51.8 %
Expense ratio		**27.4 %**	27.3 %
Undiscounted Combined operating ratio (Undiscounted loss ratio + Expense ratio)		**83.3 %**	79.1 %
Actual investment return			
Investment return recognised in Consolidated Income Statement	6	**19,094**	(10,753)
Investment return recognised in Statement of comprehensive income	6	**41,392**	(89,802)
Actual investment return		**60,486**	(100,555)
Average investment assets[1]		**1,137,746**	1,169,411
Investment return (Actual investment return/ Average investment assets)		**5.3 %**	(8.6)%

[1]This item cannot be reconciled to the Financial Statements

	Note	2023	2022
Net asset value per share (NAV per share)			
Shareholders' funds – equity interests		**477,036**	454,006
Number of shares		**No.**	**No.**
Closing number of ordinary shares (excluding Treasury)	28	**35,856,967**	35,587,279
		Cent	Cent
Net asset value per share (Shareholders' funds/Closing number of ordinary shares)		**1,330**	1,276
Return on Equity			
Average equity attributable to ordinary shareholders		**465,521**	467,148
Result for the period		**69,541**	57,556
ROE (Result for the period/WA equity attributable to ordinary shareholders)		**15 %**	12 %
Underwriting result			
Insurance service result		**126,308**	131,104
Non-attributable expenses	5(c)	**(34,018)**	(33,048)
Movement in other provisions[1]		**(15,831)**	(8,403)
Underwriting result		**76,459**	89,653

[1] ESG initiative has been excluded as not insurance related

	Note	2023 €000s	2022 (restated) €000s
Gross written premium			
Insurance revenue	5(a)	**401,026**	379,697
Less: Instalment premium[2]		**(4,430)**	(4,291)
Add: Movement in unearned premium[2]		**16,997**	7,245
Gross written premium		**413,593**	382,651

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

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

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

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

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

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

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

FBD HOLDINGS PLC
FBD House
Bluebell
Dublin 12
www.fbd.ie

SUPPORT.
IT'S WHAT WE DO.