

FBD HOLDINGS PLC
Half Yearly Report
For the six months ended 30 June 2016

KEY HIGHLIGHTS

- Gross Written Premium of €181m down 2%, largely driven by a reduction in broker business
- Improved risk selection and price adequacy is driving a lower current year loss ratio
- No further prior year loss development
- Combined Operating Ratio (“COR”) of 101%
- €3.7m loss before tax in first half of 2016
- Strong further progress with our turnaround setting FBD firmly on track for full year profitability in 2017:
 - Senior management appointments, including new Chief Financial Officer and Chief Commercial Officer
 - Insurance and Holdings Boards streamlined for greater oversight and control
 - A number of new Board appointments
 - Strong focus on Irish farm and small business sectors with a complementary single brand consumer strategy
 - Further pricing and underwriting actions taken
 - Launch of new IT policy administration system in June and further roll-out well underway

FINANCIAL SUMMARY

	2016	2015
	€000s	€000s
Gross written premium	180,845	184,778
Underwriting loss	(1,595)	(103,466)
Loss before taxation	(3,652)	(96,416)
	Cent	Cent
Basic loss per share	(9)	(244)
Net assets per share	607	512

- Gross written premium down €4m with a €10m reduction in business written through brokers
- Average premium rate increases of 11%, offset by an 7% decline in policy volume from direct operations
- COR of 101% compared to a reported 167% for the same period last year
- Net loss before tax of €3.7m from continued and discontinued operations
- Annualised total investment return of 1.9%
- Capital levels within target range of 110%-130% of Solvency Capital Requirement (“SCR”)

Fiona Muldoon, Group Chief Executive, said:

“These results demonstrate that we are returning the business to profitability. There is increasing stability in our reserves with no further prior year development recorded since the strengthening that occurred one year ago. As expected, there was a net loss of €3.7m in the first half of 2016. We are firmly on track to deliver full year profitability in 2017. We remain focussed on our customer base in the Irish farm and small business sectors, backed up by a single brand consumer strategy. We will continue to serve that market in difficult trading circumstances.

We believe that structural reforms are necessary to tackle injury claims inflation and address the impact claims costs are having on the affordability of insurance for farmers, businesses and other consumers. The re-pricing of certain risk classes will need to continue for a further period to allow FBD to fully restore profitability for its shareholders. While FBD notes the various government and industry initiatives underway to identify the cause of claims and cost inflation, we believe there must be substantial reform to tackle these issues. In the absence of such reform we believe Irish insurance customers will bear the cost of much higher premiums than those seen in other countries.”

A presentation will be made to analysts at 9am today, a copy of which will be available on our Group website www.fbdgroup.com.

Enquiries

FBD

Fiona Muldoon, Group Chief Executive
John O’Grady, Group Chief Financial Officer
Peter Jackson, Head of Investor Relations
Kathryn Speedie, Corporate Communications Officer

Telephone

+353 1 409 3208

Powerscourt

Rory Godson/Jack Hickey

+353 83 448 8339

About FBD Holdings plc ("FBD")

FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, consumers and business owners. Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a leading general insurer serving the needs of its direct agricultural, small business and consumer customers throughout Ireland. It has a network of 33 branches nationwide.

Forward Looking Statements

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

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

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

OVERVIEW

Strong progress has been made in the first half of 2016, The turnaround strategy puts the Group on track to restore profitability in 2017. The claims environment continues to be difficult and the re-pricing of certain risk classes will need to continue for a further period. The uncertainty in the claims environment requires a robust response from all stakeholders in the insurance market. FBD notes the various government and industry initiatives that are being undertaken to get to the root cause of claims and cost inflation. FBD continues to implement all necessary steps under its control to return the business to profitability.

The Group recorded a loss before tax from continuing and discontinued operations of €3.7m to June 2016 (2015: €96.4m).

UNDERWRITING

Premium income

The Group continues to focus on its core farm and small business customers, along with a single brand consumer strategy. It continues to reduce its exposure to business written through brokers.

Overall, gross written premium has declined by €4.0m to €180.8m (2015: €184.8m), with increased premium from direct operations of €6.3m (+3.9%) offset by a €10.3m (-47.4%) reduction in business written through brokers. Excluding broker business, average rates across the book are up 10.6%, while policy volume has declined by 6.7%. However, certain classes of insurance have seen more substantial increases year on year (Motor +18.7%). The Group began to raise rates in 2014 and the cumulative effect of increases across all classes of business since that date is 27%.

Claims

Net claims incurred amounted to €114.8m (2015: €215.8m). This includes €5.0m (2015: €4.6m) relating to the Group's MIBI levy obligation. In 2016 the movement on prior year reserves was negligible. The comparable claims incurred figure for 2015 includes a charge of €88m for strengthening prior year claims reserves and increasing the margin for uncertainty.

Claims Environment

The claims environment continues to be challenging, with significant uncertainty still evident. There is significant volatility in relation to award levels and continued inflationary pressure on the cost of claims.

However, a number of unexpectedly large High Court awards were reduced by the Court of Appeal in the period. While these were not FBD cases, it is hoped they will contribute to the stabilisation of the claims settlement environment. The Court of Appeal has set out principles and guidelines to assess damages to ensure they are proportionate to the injuries, and the existing cap on general damages of €450,000. Recent High Court judgments have referenced these guidelines, indicating a more moderate view on award levels is being adopted by some judges.

There still remain a number of factors that are increasing the cost of claims. These include the following:

Increase in Court Awards

The change in Circuit Court jurisdiction from €38k to €60k has heightened claimants' expectations and had a negative retrospective impact on existing claims.

Legal Costs

Despite the enactment of the Legal Services Regulation Act the Office of the Legal Cost Adjudicator is not yet established and there is still no publication of the adjudication of assessment of legal costs. As a result, the process of agreeing plaintiffs' legal costs following settlements is very protracted and contentious, leading to higher costs for both sides.

Collapse of Setanta Insurance

The Supreme Court has recently granted leave to appeal the MIBI/Setanta decision of the Court of Appeal regarding responsibility for the settlement of claims arising out of the failed insurer, and this is likely to be heard towards the end of the year. FBD notes the Departments of Finance and Transport's initiatives to tackle the cost of claims and provide clarity around who pays when an insurer collapses. FBD believes that the Insurance Compensation Fund is the correct vehicle for the payment of claims as a result of the insolvency of an insurer. Transferring any liability onto the MIBI will only serve to increase the cost of premiums for all policyholders and to increase the solvency requirements of insurers, (which is also ultimately passed on to insurance customers). The recent failure of Enterprise, which was regulated in Gibraltar, underpins the urgent need to address this issue.

Uncertainties in the Claims Environment

There are still a number of uncertainties prevalent in the claims environment, most notably the updating of the book of quantum by the Injuries Board and the expected introduction of periodic payment orders (PPOs). We believe structural reform in the claims environment is required to tackle injury claims inflation and address the impact claims costs are having on the affordability of insurance. In the absence of reform, all insurance customers will continue to pay higher premiums.

Potential Reforms to Reduce the Cost of Claims

A less confrontational approach to personal injury litigation is required, for example court-appointed experts (rather than competing experts appointed by both sides) would lower costs. Equally mediation and pre-action protocols could be used to speed up cases with lower costs and an earlier resolution for both parties.

Measures need to be taken to introduce a more effective and objective method of assessing claims, particularly whiplash, and benchmarking their value against other countries.

The Injuries Board legislation needs to be reformed to strengthen the Board's powers to compel co-operation and ensure that claimants receive their compensation faster and without unnecessary litigation and cost.

A strong internal vigilance is continuously required to identify and deal with claims fraud and exaggeration. FBD is committed to improving its processes in this regard.

Claims Settlement

The pace of claims settlement, which had slowed significantly from 2014 into 2015, has increased somewhat in the past nine months, though it remains below historic norms. In contrast to the first half of 2015, settlement activity for medium size claims has increased, following the removal of the uncertainty around the discount rate applying to catastrophic injury awards.

Weather, Claims Frequency and Large Claims

Weather in the first half of 2016 was relatively benign and there were no events of note.

Motor injury frequency continued to decline as the underwriting and risk selection actions taken by the Group come into effect.

Large claims (greater than €1.0m) were higher than historic averages in the first half of 2016. The net cost of such claims for 2016 was €6.4m (2015: €4.0m).

Expenses

The Group's expense ratio was 25.5% (2015: 27.3%). Net expenses reduced by €3.3m to €38.8m (2015: €42.1m) as the benefit of the voluntary redundancy programme launched in the second half of 2015 starts to emerge.

The rollout of the Group's new policy administration system commenced at the end of June 2016. Depreciation of the system will commence in the second half of 2016, and will be approximately €3.0m in the second half of 2016 (€6.0m in a full year).

General

FBD's combined operating ratio was 101.0%, leading to an underwriting loss of €1.6m (2015: €103.5m).

Investment Return

FBD's total investment return for the first six months of 2016 was an annualised 1.92% (2015: 1.1%), with 0.06% (2015: 1.2%) recognised in the income statement and 1.86% (2015: -0.1%) recognised in the statement of other comprehensive income. The decision by the citizens of the UK to leave the EU led to a sharp increase in volatility in June. FBD's low risk allocation protected its investment assets from this volatility. In the first half the portfolio saw strong returns as it benefited from the decision in 2015 to increase the allocation to corporate bonds.

FINANCIAL SERVICES

The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions), less holding company costs. These generated a solid performance in a tough environment, delivering a profit of €0.5m (before restructuring charges) (2015: €1.1m).

In 2015 the Group carried out a review of FBD Financial Solutions and concluded that there was further opportunity for FBD in the life and pensions area. However, the Group identified a need to transform the operating model to generate greater long term value. Earlier this year FBD Financial Solutions entered into a preferred provider arrangement with New Ireland, one of Ireland's largest life companies. This arrangement enables FBD to provide a customer focussed life and pensions advisory service to customers, reduce expenses and make the business more profitable. The life and pensions transformation project is on target and is expected to generate a profit from 2017 onwards.

On 23 May 2016 FBD divested its 70% shareholding in Passage East Ferry Company for a total consideration of €2.7m, realising a profit on disposal of €1.9m. The Passage East Ferry Company was a non-core asset, and the proceeds realised will be used for general corporate purposes.

Loss per share

The diluted loss per share was 9 cent per ordinary share, compared to a loss of 243 cent per ordinary share in 2015.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders' funds at 30 June 2016 amounted to €210.5m (December 2015: €215.9m) The reduction in shareholders' funds is mainly attributable to the following:

- Losses in the period of €3.1m
- The increase in the defined benefit pension scheme obligation of €10.8m after tax driven mainly by a 1% reduction in the discount rate, recognised in the statement of other comprehensive income. The action taken by the Group in 2015 to restructure and de-risk its defined benefit scheme limited the impact of the decrease in the discount rate. Prior to the restructuring of the scheme, the impact of a 1% reduction in the discount rate would have been significantly more material
- Mark to market gains on the Group's Available for Sale investments of €8.0m after tax recognised in the statement of other comprehensive income
- Share based payments of €0.4m.

Net assets per ordinary share are 607 cent, compared to 623 cent per share at December 2015.

Solvency

Solvency II became effective from 1 January 2016. The Group's economic capital is within its target range of 110-130% of SCR.

Investment Allocation

This table shows the assets of the Group.

Underwriting investment assets	30 June 2016		31 December 2015	
	€m	%	€m	%
Deposits and cash	336	34%	398	40%
Corporate bonds	491	50%	432	43%
Government bonds	100	10%	101	10%
Equities	21	2%	24	2%
Unit trusts	24	2%	25	3%
Investment property	15	2%	15	2%
Underwriting investment assets	987	100%	995	100%
Own land & buildings	16		16	
Working capital & other assets	110		117	
Reinsurers' share of provisions	77		80	
Plant and equipment	58		56	
Total assets	1,248		1,264	

Investment Background

ECB led quantitative easing continues to drive yields and investment returns lower. The uncertainty created by "Brexit" and rising political risk globally exacerbates the low rate dynamics prevalent in investment markets. The continuing low interest rates in the Eurozone present challenging conditions to generating positive returns over the medium term. These structural issues, in tandem with high valuations for risk assets underpins our low allocation to such assets. Uncertainty about the outlook for global growth and elevated political risks, justifies our cautious strategy.

FBD's Investment Allocation

During the first half FBD further increased its allocation to corporate bonds and reduced exposure to term deposits.

OUTLOOK

From an economic perspective, the recent "Brexit" decision introduces business and trading uncertainty for all indigenous Irish businesses, including FBD and our core customers in farming and other small businesses. While the ultimate outcome of this historic vote is difficult to quantify at this stage, it may have negative effects for business and business confidence in Ireland, particularly in the medium term. FBD is Irish and conducts all its business in Ireland, with Irish consumers and Irish businesses. FBD will not therefore be directly materially affected in the near term by currency exposures or trade flows.

Despite rate hardening, industry profitability continues to be challenging, and the Group believes that the industry may continue to be loss making for 2016.

The Group will continue to simplify its strategy. FBD will dedicate its resources primarily to its direct farm, small business and consumer customers, and will concentrate on those markets where it has developed a significant competitive advantage.

The Group is committed to taking whatever action is required to return the business to profitability. The Group intends to maintain underwriting discipline and to deliver sustainable shareholder value through growth in book value.

The Group believes substantial reform is necessary to tackle claims inflation and the cost of claims for the benefit of all insurance users. In the absence of reform these costs are passed onto insurance customers through higher premiums.

The Group continues to target a sub-100% combined operating ratio by Q4 2016 (excluding catastrophic weather events), and a full year's underwriting profitability in 2017.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2016

	Notes	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Revenue	3	198,179	203,864	401,889
Income				
Gross premium written		180,845	184,778	363,263
Reinsurance premiums		(25,415)	(25,954)	(50,497)
Net premium written		155,430	158,824	312,766
Change in provision for unearned premiums		(3,410)	(4,402)	388
Net premium earned		152,020	154,422	313,154
Net investment return		271	5,405	20,260
Financial services income		3,888	6,800	12,634
Total income		156,179	166,627	346,048
Expenses				
Net claims and benefits		(109,827)	(211,245)	(341,260)
Underwriting expenses	4	(38,790)	(42,062)	(85,725)
Movement in other provisions		(4,998)	(4,581)	(11,581)
Financial services expenses		(3,346)	(5,729)	(9,130)
Restructuring and other costs		(1,266)	-	(11,415)
Finance costs		(3,255)	-	(1,357)
Revaluation of property, plant and equipment		-	-	175
Pension curtailment		-	-	28,340
Result before taxation		(5,303)	(96,990)	(85,905)
Income taxation credit		542	12,052	11,277
Result for the period from continuing operations		(4,761)	(84,938)	(74,628)
Discontinued operations				
Result for period from discontinued operations including profit/(loss) from sale		1,651	574	1,061
Result for the period		(3,110)	(84,364)	(73,567)
Attributable to:				
Equity holders of the parent		(3,031)	(84,392)	(73,685)
Non-controlling interests		(79)	28	118
		(3,110)	(84,364)	(73,567)
		Half year ended 30/06/16 (unaudited)	Half year ended 30/06/15 (unaudited)	Year ended 31/12/15 (audited)
Loss per share	Notes	Cent	Cent	Cent
Basic	8(a)	(9)	(244)	(213)
Diluted	8(a)	(9)	(244)	(213)

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2016

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Result for the period	(3,110)	(84,364)	(73,567)
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available for sale assets	9,161	(671)	(1,762)
Taxation credit/(charge) relating to items that will or may be reclassified to profit or loss in subsequent periods	(1,145)	168	698
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain/(loss) on retirement benefit obligations	(12,320)	3,354	15,914
Taxation (charge)/credit relating to items not to be reclassified in subsequent periods	1,540	(419)	(1,989)
Other comprehensive income/(expense) after taxation	(2,764)	2,432	12,861
Total comprehensive expense for the period	(5,874)	(81,932)	(60,706)
Attributable to:			
Equity holders of the parent	(5,795)	(81,960)	(60,824)
Non-controlling interests	(79)	28	118
	(5,874)	(81,932)	(60,706)

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

ASSETS	30/06/16 (unaudited) €000s	30/06/15 (unaudited) €000s	31/12/15 (audited) €000s
Property, plant and equipment	74,351	67,392	72,617
Investment property	14,550	20,799	14,550
Investment in joint venture	-	47,647	-
Loans	752	1,001	832
Deferred taxation asset	12,938	17,170	13,139
Financial assets			
Available for sale investments	548,010	239,587	489,837
Investments held for trading	88,571	146,705	94,375
Deposits with banks	305,676	451,472	371,333
	<u>942,257</u>	<u>837,764</u>	<u>955,545</u>
Reinsurance assets			
Provision for unearned premiums	14,821	16,208	15,332
Claims outstanding	62,484	48,144	64,751
	<u>77,305</u>	<u>64,352</u>	<u>80,083</u>
Retirement benefit asset	-	-	9,110
Current taxation asset	4,557	8,793	8,813
Deferred acquisition costs	25,695	29,128	27,545
Other receivables	63,891	67,091	59,506
Cash and cash equivalents	31,606	25,196	22,244
Total assets	<u>1,247,902</u>	<u>1,186,333</u>	<u>1,263,984</u>

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2016

EQUITY AND LIABILITIES	Notes	30/06/16 (unaudited) €000s	30/06/15 (unaudited) €000s	31/12/15 (audited) €000s
Equity				
Ordinary share capital	7	21,409	21,409	21,409
Capital reserves		18,964	19,371	18,553
Other reserves		18,232	-	18,232
Retained earnings		151,875	136,704	157,670
		210,480	177,484	215,864
Shareholders' funds – ordinary equity interests				
Preference share capital		2,923	2,923	2,923
		213,403	180,407	218,787
Equity attributable to equity holders of the parent				
Non-controlling interests		-	361	451
		213,403	180,768	219,238
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		181,483	184,250	178,584
Claims outstanding		739,033	715,297	748,144
		920,516	899,547	926,728
Other provisions		12,361	7,920	10,938
Convertible debt		50,647	-	50,036
Retirement benefit obligation		3,202	50,900	-
Deferred taxation liability		1,851	5,266	2,990
Payables		45,922	41,932	54,054
		1,034,499	1,005,565	1,044,746
Total liabilities				
		1,247,902	1,186,333	1,263,984

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2016

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Cash flows from operating activities			
Result before taxation for continued and discontinued operations	(3,652)	(96,416)	(84,789)
Adjustments for:			
Loss/(profit) on disposal of investments held for trading	4,999	(1,130)	(535)
Loss on investments available for sale	1,428	2,870	5,493
Interest and dividend income	(3,806)	(6,144)	(13,123)
Depreciation of property, plant and equipment	4,232	4,323	8,392
Share-based payment expense/(credit)	411	615	(203)
Revaluation of investment property	-	-	(3,450)
Revaluation of property, plant and equipment	-	-	(175)
Profit on the sale of investment property	-	-	(8,915)
(Decrease)/increase in insurance contract liabilities	(3,433)	118,873	130,320
Increase in other provisions	1,423	-	3,018
Effect of foreign exchange rate changes	-	(840)	(485)
Joint venture trading result	-	(480)	(1,461)
Profit on disposal of discontinued operation	(1,915)	-	-
Operating cash flows before movement in working capital	(313)	21,671	34,087
(Increase)/decrease in receivables and deferred acquisition costs	(4,647)	(6,918)	1,004
(Decrease)/increase in payables	(7,156)	4,791	(30,408)
Cash (used in)/ generated from operations	(12,116)	19,544	4,683
Interest and dividend income received	5,923	4,222	12,339
Income taxes refunded	4,257	152	126
Net cash (used in)/generated from operating activities	(1,936)	23,918	17,148
Cash flows from investing activities			
Purchase of investments held for trading	(6,506)	(69,256)	(32,561)
Sale of investments held for trading	7,312	40,109	55,149
Realisation of investments held to maturity	-	-	-
Purchase of available for sale investments	(211,231)	(95,938)	(408,318)
Sale of available for sale investments	160,792	77,786	136,202
Purchase of property, plant and equipment	(6,502)	(9,090)	(18,209)
Sale of property, plant and equipment	-	-	-
Sale of investment property	-	-	18,259
Decrease/(increase) in loans and advances	80	(30)	139
Decrease in deposits invested with banks	65,656	43,437	123,577
Cash inflow from sale of discontinued operation (net)	1,930	-	48,500
Net cash provided by/(used in) investing activities	11,531	(12,982)	(77,262)
Cash flows from financing activities			
Ordinary and preference dividends paid	(113)	(11,780)	(11,950)
Dividends paid to non-controlling interests	(120)	(150)	(150)
Proceeds from issue of convertible bond	-	-	68,268
Net cash (used in)/generated from financing activities	(233)	(11,930)	56,168
Net increase/(decrease) in cash and cash equivalents	9,362	(994)	(3,946)
Cash and cash equivalents at the beginning of the period	22,244	26,190	26,190
Cash and cash equivalents at the end of the period	31,606	25,196	22,244

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2016

	Ordinary share capital €000s	Capital reserves €000s	Other reserves €'000	Retained earnings €000s	Attributable to Ordinary shareholders €000s	Preference share capital €000s	Non-controlling interests €'000	Total equity €000s
Balance at 1 January 2016	21,409	18,553	18,232	157,670	215,864	2,923	451	219,238
Result after taxation	-	-	-	(3,031)	(3,031)	-	(79)	(3,110)
Other comprehensive income	-	-	-	(2,764)	(2,764)	-	-	(2,764)
Total comprehensive income for the period	21,409	18,553	18,232	151,875	210,069	2,923	372	213,364
Recognition of share based payments	-	411	-	-	411	-	-	411
Dividend paid to non-controlling interests	-	-	-	-	-	-	(120)	(120)
Disposal of subsidiary undertaking (note 5)	-	-	-	-	-	-	(252)	(252)
Balance at 30 June 2016	21,409	18,964	18,232	151,875	210,480	2,923	-	213,403
Balance at 1 January 2015	21,409	18,756	-	230,444	270,609	2,923	483	274,015
Result after taxation	-	-	-	(84,392)	(84,392)	-	28	(84,364)
Other comprehensive income	-	-	-	2,432	2,432	-	-	2,432
Total comprehensive income for the period	21,409	18,756	-	148,484	188,649	2,923	511	192,083
Recognition of share based payments	-	615	-	-	615	-	-	615
Dividend paid on ordinary shares	-	-	-	(11,780)	(11,780)	-	-	(11,780)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(150)	(150)
Balance at 30 June 2015	21,409	19,371	-	136,704	177,484	2,923	361	180,768

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2016

Note 1 Statutory information

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

- “ the financial information for the half year to 30 June 2016 has been prepared to meet our obligation to do so under the listing rules of the main securities market of the Irish Stock Exchange and S.I. No. 277 of 2007;
- “ the financial information for the half year to 30 June 2016 does not constitute the statutory financial statements of the company;
- “ the statutory financial statements for the financial year ended 31 December 2015 have been annexed to the annual return and delivered to the Registrar;
- “ the statutory auditors of the company have made a report under section 391 Companies Act 2014; and
- “ the matters referred to in the statutory auditors’ report were unqualified, and did not include a reference to any matters to which the statutory auditors drew attention by way of emphasis without qualifying the report.

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

Note 2 – Accounting policies

Basis of preparation

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

Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the condensed financial statements.

Consistency of accounting policy

The accounting policies and methods of computation used by the Group to prepare the interim financial statements for the six month period ended 30 June 2016 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2015 except as described below.

The following new and revised Standards and Interpretations have been adopted in these financial statements in the current period:

- Annual Improvements 2012-2014 Cycle
- Clarification of Acceptable Methods of Depreciation & Amortisation (Amendments to IAS 16 and IAS 41)
- Disclosure Initiative (Amendments to IAS 1)

The adoption of these standards has not had any significant impact on the amounts reported in this interim report.

Critical accounting estimates and judgements in applying accounting policies.

The critical accounting estimates and judgements used by the Group in applying accounting policies are the same as those used to prepare the Group Annual Financial Statements for the year ended 31 December 2015. While there have been some changes in estimates of amounts in the current financial period these changes do not have a significant impact on the results for the period.

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Risks and uncertainties

The principal risks and uncertainties faced by the Group are outlined on pages 21-23 of the Group's Annual Financial Statements for the year ended 31 December 2015 and remain unchanged.

Reclassification

The comparative information for discontinued operations has been reclassified to result for the period from discontinued operations within the condensed consolidated income statement.

Note 3 – Segmental information

(a) Operating segments

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

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

Half year ended 30/06/2016

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	193,740	4,439	198,179
Result before taxation	(4,579)	(724)	(5,303)
Income taxation credit	572	(30)	542
Result after taxation	(4,007)	(754)	(4,761)

Half year ended 30/06/2015

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	197,163	6,701	203,864
Result before taxation	(98,061)	1,071	(96,990)
Income taxation credit/(charge)	12,257	(205)	12,052
Result after taxation	(85,804)	866	(84,938)

Year ended 31/12/2015

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	389,255	12,634	401,889
Result before taxation	(90,265)	4,361	(85,904)
Income taxation credit/(charge)	10,924	352	11,276
Result after taxation	(79,341)	4,713	(74,628)

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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. Restructuring costs and income taxation are direct costs of each segment. Segment profit is the measure reported to the chief operating decision maker, the Group Chief Executive, for the purposes of resource allocation and assessment of segmental reporting. There has been no material change to the assets by reportable segment from the disclosure in the 2015 Annual Report.

(b) Geographical segments

The Group's operations are located in Ireland.

Note 4 – Underwriting result

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Gross premium written	<u>180,845</u>	<u>184,778</u>	<u>363,263</u>
Net premium earned	152,020	154,422	313,154
Net claims incurred	<u>(114,825)</u>	<u>(215,826)</u>	<u>(352,841)</u>
	<u>37,195</u>	<u>(61,404)</u>	<u>(39,687)</u>
Gross management expenses	(40,830)	(45,552)	(92,307)
Deferred acquisition costs	(1,850)	700	(882)
Reinsurers' share of expenses	5,643	5,964	12,799
Broker commissions payable	<u>(1,753)</u>	<u>(3,174)</u>	<u>(5,335)</u>
Underwriting expenses	<u>(38,790)</u>	<u>(42,062)</u>	<u>(85,725)</u>
Underwriting result	<u>(1,595)</u>	<u>(103,466)</u>	<u>(125,412)</u>

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

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2016

Note 5 – Discontinued operations

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Passage East Ferry Company Ltd result for the period including profit on sale	1,651	94	393
Joint venture result for the period including loss on sale	-	480	668
	<u>1,651</u>	<u>574</u>	<u>1,061</u>

On 23 May 2016 the Group disposed of its 70% interest in the Passage East Ferry Company Limited. Total consideration received for the disposal of the 70% interest was €2,662,800. A profit on disposal of €1,914,000 has been recorded during the half year ended 30 June 2016. In addition a loss of €263,000 for the period up to the date of disposal, including €79,000 attributable to non-controlling interests, has been recorded in the half year ended 30 June 2016.

On 24 August 2015, the Group announced it had entered a conditional agreement for the divestment of its stake in its joint venture, FBD Property Leisure Ltd, through a sale of the Group's entire shareholding to Farm Business Developments plc, the other shareholder in FBD Property & Leisure Ltd, and the redemption of all of its loan notes in FBD Property & Leisure Ltd. The sale was approved by shareholders on 23 October 2015. Total consideration received for the sale of the joint venture was €48,500,000. Full details of the loss on disposal and the Group's share of the joint ventures profit up to date of disposal are available in Note 7 (d) of the Group Annual Report for the year ended 31 December 2015.

Note 6 – Dividends

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Paid in Period:			
2014 final dividend of 34.0 cent (2013: 33.25 cent) per share on ordinary shares of €0.60 each	-	11,780	11,780
Dividend of 8.4 cent per share on 14% non-cumulative Preference shares of €0.60 each	113	-	
Dividend of 4.8 cent per share on 8% non-cumulative preference shares of €0.60 each	-	-	169
	<u>113</u>	<u>11,780</u>	<u>11,949</u>

FBD HOLDINGS PLC
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For the half year ended 30 June 2016

Note 7 – Ordinary share capital

	Number	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
(i) Ordinary shares of €0.60 each				
Authorised:				
At beginning and end of period	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>	<u>30,796</u>
Issued and fully paid:				
At beginning and end of period	<u>35,461,206</u>	<u>21,277</u>	<u>21,277</u>	<u>21,277</u>
(ii) 'A' Ordinary shares of €0.01 each				
Authorised:				
At beginning and end of period	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Issued and fully paid:				
At beginning and end of period	<u>13,169,428</u>	<u>132</u>	<u>132</u>	<u>132</u>
Total Ordinary Share Capital		<u>21,409</u>	<u>21,409</u>	<u>21,409</u>

The number of ordinary shares of €0.60 each held as treasury shares at 30 June 2016 was 813,084.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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Note 8 – Loss per €0.60 ordinary share

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

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Earnings/(loss)			
Result for the period	(3,110)	(84,364)	(73,567)
Non-controlling interests	79	(28)	(118)
Preference dividends	-	-	(169)
Result for the period – attributable to equity shareholders	<u>(3,031)</u>	<u>(84,392)</u>	<u>(73,854)</u>
Adjustments to exclude profit from discontinued operations	<u>(1,651)</u>	<u>(574)</u>	<u>(1,061)</u>
Result for the purpose of basic and diluted earnings per share (excluding discontinued operations)	<u>(4,682)</u>	<u>(84,966)</u>	<u>(74,915)</u>
Number of shares	30/06/16	30/06/15	31/12/2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	34,648,122	34,648,122	34,648,122
Effect of dilutive potential of share options outstanding	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>34,648,122</u>	<u>34,648,122</u>	<u>34,648,122</u>
Earnings/(loss) per share		Restated	Restated
From continuing and discontinued operations	Cent	Cent	Cent
Basic earnings/(loss) per share	<u>(9)</u>	<u>(244)</u>	<u>(213)</u>
Diluted earnings/(loss) per share	<u>(9)</u>	<u>(244)</u>	<u>(213)</u>
From discontinued operations	Cent	Restated Cent	Restated Cent
Basic earnings/(loss) per share	<u>5</u>	<u>1</u>	<u>3</u>
Diluted earnings/(loss) per share	<u>5</u>	<u>1</u>	<u>3</u>
From continuing operations	Cent	Restated Cent	Restated Cent
Basic earnings/(loss) per share	<u>(14)</u>	<u>(245)</u>	<u>(216)</u>
Diluted earnings/(loss) per share	<u>(14)</u>	<u>(245)</u>	<u>(216)</u>

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

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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Note 9 – Capital Commitments

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Capital commitments at period end authorised by the Directors but not provided for in the Financial Statements:			
Contracted for	<u>3,704</u>	<u>1,400</u>	<u>8,083</u>
Not contracted for	<u>-</u>	<u>1,900</u>	<u>-</u>

The above capital commitments relate to an investment in the underwriting policy administration system that commenced in 2013. Rollout of the new system commenced in late June 2016.

Note 10 – Retirement Benefit Plan Assets/(Obligation)

The Group operates a funded defined benefit retirement scheme for qualifying employees. During the year ended 31 December 2015 the Group completed a review of the defined benefit pension scheme with the primary goals to reduce the IAS19 deficit and the inherent volatility of the scheme. The outcome of the review was as follows:

- The defined benefit scheme ceased for future accrual of benefits.
- The link to future salary increases was replaced with deferred pension increases.
- FBD will no longer fund for future discretionary pension increases.
- Current employees within the scheme were offered membership in a new defined contribution arrangement for future service.
- Current employees within the scheme were provided with the option to take an enhanced transfer value of their past benefits into the new defined contribution scheme. A significant majority took up this option.
- The investments in the scheme were significantly de-risked to reduce the volatility of the IAS19 balance sheet position.

The Group recognised a pension curtailment gain of €28.3m for the year ended 31 December 2015.

Full details of this scheme are available in Note 31 of the Group Annual Report for the year ended 31 December 2015.

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

	30/06/16 (unaudited) €000s	30/06/15 (unaudited) €000s	31/12/15 (audited*) €000s
Fair value of plan assets	122,000	146,600	115,600
Present value of defined benefit obligation	(125,210)	(197,500)	(106,490)
Net retirement plan asset/(obligation)	<u>(3,210)</u>	<u>(50,900)</u>	<u>9,110</u>

FBD HOLDINGS PLC
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Note 11 – Financial Instruments

(a) Financial assets

	30/06/16 (unaudited) €000s	30/06/15 (unaudited) €000s	31/12/15 (audited) €000s
(i) At amortised cost			
Investments held to maturity		-	-
Deposits with banks	305,676	451,472	371,333
	305,676	451,472	371,333
(ii) At fair value			
Available for sale investments – unquoted investments	844	843	844
Available for sale investments – quoted debt securities	547,166	238,744	488,993
Available for sale investments	548,010	239,587	489,837
Investments held for trading – quoted shares	21,643	19,310	25,671
Investments held for trading – quoted debt securities	43,038	102,373	44,082
Investments held for trading – UCITs	23,890	25,022	24,622
Investments held for trading – unquoted debt securities	-	-	-
Investments held for trading	88,571	146,705	94,375
(iii) At cost			
Cash and cash equivalents	31,606	25,196	22,244

Fair value measurement

The following table compares the fair value of financial assets with their carrying values:

	30/06/16 (unaudited) Fair value €000s	30/06/16 (unaudited) Carrying value €000s	30/06/15 (unaudited) Fair value €000s	30/06/15 (unaudited) Carrying value €000s	31/12/15 (audited) Fair value €000s	31/12/15 (audited) Carrying value €000s
Financial assets						
Loans	752	752	1,161	1,001	998	832
Financial investments	942,257	942,257	837,764	837,764	955,545	955,545

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

- Other receivables
- Cash and cash equivalents
- Payables

FBD HOLDINGS PLC
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The following tables provide an analysis of financial instruments 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 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Among the valuation techniques used are net asset or net book value or the net present value of future cash flows based on conservative operating projections.

30 June 2016 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Investment property	-	14,550	-	14,550
Loans	-	752	-	752
Other receivables	-	63,891	-	63,891
Financial assets				
Investments held for trading - quoted shares	21,643	-	-	21,643
Investments held for trading - quoted debt securities	43,038	-	-	43,038
Investments held for trading - UCIT Funds	23,890	-	-	23,890
AFS* investments - quoted debt securities	547,166	-	-	547,166
AFS* investments - unquoted investments	-	-	844	844
Deposits with banks	305,676	-	-	305,676
Cash and cash equivalents	31,606	-	-	31,606
Total assets	973,019	79,193	844	1,053,056
Liabilities				
Payables	-	45,922	-	45,922
Convertible debt	-	50,647	-	50,647
Total liabilities	-	96,569	-	96,569

* Available for sale

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30 June 2015 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Investment property	-	20,799	-	20,799
Loans	-	1,161	-	1,161
Other receivables	-	67,091	-	67,091
Financial assets				
Investments held for trading - quoted shares	19,310	-	-	19,310
Investments held for trading - quoted debt securities	102,373	-	-	102,373
Investments held for trading - UCIT Funds	25,022	-	-	25,022
AFS* investments - quoted debt securities	238,744	-	-	238,744
AFS* investments - unquoted investments	-	-	843	843
Deposits with banks	451,472	-	-	451,472
Cash and cash equivalents	25,196	-	-	25,196
Total assets	862,117	89,051	843	952,011
Liabilities				
Payables	-	41,932	-	41,932
Total liabilities	-	41,932	-	41,932

* Available for sale

30 December 2015 (audited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Investment property	-	14,550	-	14,550
Loans	-	998	-	998
Other receivables	-	59,506	-	59,506
Financial assets				
Investments held for trading - quoted shares	25,671	-	-	25,671
Investments held for trading - quoted debt securities	44,082	-	-	44,082
Investments held for trading - UCITs	24,622	-	-	24,622
AFS* investments - quoted debt securities	488,993	-	-	488,993
AFS* investments - unquoted investments	-	-	844	844
Deposits with banks	371,333	-	-	371,333
Cash and cash equivalents	22,244	-	-	22,244
Total assets	976,945	75,054	844	1,052,843
Liabilities				
Payables	-	54,054	-	54,054
Convertible debt	-	50,036	-	50,036
Total liabilities	-	104,090	-	104,090

* Available for sale

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

	30/06/16 (unaudited) €000s	30/06/15 (unaudited) €000s	31/12/15 (audited) €000s
Opening balance Level 3 financial assets	844	948	948
Additions	-	-	-
Disposals	-	(103)	(103)
Unrealised gains/(losses) recognised in Consolidated Income Statement	-	-	-
Realised (losses)/gains recognised in Consolidated Income Statement	-	(2)	(1)
	<hr/>	<hr/>	<hr/>
Closing balance Level 3 financial assets	844	843	844

Available for sale investments grouped into Level 3 consist of a number of small unquoted investments. The values attributable to these investments are derived from a number of valuation techniques including net asset or net book value or the net present value of future cash flows based on conservative operating projections. A change in one or more of these inputs could have an impact on valuations. The maximum exposure the Group has in relation to Level 3 valued financial assets at 30 June 2016 is €844,000 (30 June 2015: €843,000; 31 December 2015: €844,000).

(b) Financial liabilities

The Group had no financial liabilities at 30 June 2016, 30 June 2015 or 31 December 2015 except for those disclosed in Note 11 (a).

Note 12 – Transactions with related parties

For the purposes of the disclosure requirements of IAS 24, the term “key management personnel” (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and Company Secretary of FBD Holdings plc and the members of the Executive Management Team. Full disclosure in relation to the compensation of the Board of Directors and details of Directors’ share options are provided in the Report on Directors’ Remuneration in the 2015 Annual Report. An analysis of share-based payment to key management personnel is also included in Note 38 of the 2015 Annual Report.

Note 13 – Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2016, 30 June 2015 or 31 December 2015.

Note 14 – Information

This half yearly report and the Annual Report for the year ended 31 December 2015 are available on the Company’s website at www.fbdgroup.com.

FBD HOLDINGS PLC
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For the half year ended 30 June 2016

Note 15 – Alternative performance measures (APM's)

The Group uses the following alternative performance measures: Loss ratio, expense ratio, combined operating ratio, annualised investment return and net asset value per share.

Loss ratio (LR), expense ratio (ER) and combined operating ratio (COR) are widely used as a performance measure by insurers, and give users of the financial statements an understanding of the underwriting performance of the entity.

Annualised investment return is used widely as a performance measure to give users of financial statements an understanding of the performance of an entities investment portfolio.

Net asset value per share (NAV) is a widely used performance measure which provides the users of the financial statements the book value per share.

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

	Half year ended 30/06/16 (unaudited) €000s	Half year ended 30/06/15 (unaudited) €000s	Year ended 31/12/15 (audited) €000s
Loss ratio			
Net claims and benefits	109,827	211,245	341,260
Movement in other provisions	4,998	4,581	11,581
Total claims incurred	<u>114,825</u>	<u>215,826</u>	<u>352,841</u>
Net premium earned	<u>152,020</u>	<u>154,422</u>	<u>313,154</u>
Loss ratio (total claims/Net premium earned)	<u>75.5%</u>	<u>139.8%</u>	<u>112.7%</u>
Expense ratio			
Other underwriting expenses	38,790	42,062	85,725
Net premium earned	<u>152,020</u>	<u>154,422</u>	<u>313,154</u>
Expense ratio (underwriting expenses/Net premium earned)	<u>25.5%</u>	<u>27.2%</u>	<u>27.4%</u>
Combined operating ratio			
	%	%	%
Loss ratio	75.5%	139.8%	112.7%
Expense ratio	25.5%	27.2%	27.4%
Combined operating ratio	<u>101.0%</u>	<u>167.0%</u>	<u>140.1%</u>
Annualised investment return			
	€000s	€000s	€000s
Investment return recognised in consolidated income statement	271	5,405	20,260
Investment return recognised in statement of comprehensive income	9,161	(671)	(1,762)
Total investment return	<u>9,432</u>	<u>4,734</u>	<u>18,498</u>
Average underwriting investment assets			
	984,244	871,598	905,577
	<u>1.9%*</u>	<u>1.1%*</u>	<u>2.0%</u>

*Annualised

FBD HOLDINGS PLC
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Net asset value per share (NAV per share)	€000s	€000s	€000s
Shareholders' funds – equity interests	<u>210,480</u>	<u>177,484</u>	<u>215,864</u>
Number of shares			
Weighted average number of ordinary shares	<u>34,648,122</u>	<u>34,648,122</u>	<u>34,648,122</u>
	Cent	Cent	Cent
Net asset value per share	<u>607</u>	<u>512</u>	<u>623</u>

Note 16 – Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 11 August 2016.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2016

RESPONSIBILITY STATEMENT

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

We confirm that to the best of our knowledge:

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

On behalf of the Board

Michael Berkery
Chairman

Fiona Muldoon
Group Chief Executive

11 August 2016

Independent review report to FBD Holdings plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly report of FBD Holdings plc for the six months ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by FBD Holdings plc, comprise:

- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

What a review of condensed consolidated interim financial statements involves

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

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

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

Our responsibilities and those of the directors

The half-yearly report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin

11 August 2016

Notes:

1. The maintenance and integrity of the FBD Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.